



Minutes of the BCPP Joint Committee
Tuesday 10 July 2018 - County Hall, Northallerton

Present

Members

Councillor John Weighell (Chair)
Councillor Steve Bloundele, Councillor Mark Davinson,
Councillor Sue Ellis, Councillor Tim Evans, Councillor John
Holtby, Councillor Eileen Leask, Councillor Doug McMurdo,
Councillor Bob Stevens, Councillor Eddie Strengiel, Councillor
Jeff Watson and Councillor Mel Worth

BCPP Ltd

Representatives Rachel Elwell, Chris Hitchen, Fiona Miller and John Harrison

Fund Officers

Amanda Alderson, Ian Bainbridge, Clare Gorman, David
Hayward, Neil Mason, Nick Orton, Jo Ray, Gill Richards, Peter
George, George Graham and Michael Nicolaou

Statutory Officer Representative(s)

Julian Neilson and Andy Watkins

Tanya Castell and Norah Burns (from BCPP Ltd)

**Apologies for absence were
received from**

Paul Campbell

1 APOLOGIES FOR ABSENCE/DECLARATIONS OF INTEREST

Apologies were noted as above.

2 MINUTES OF THE MEETING HELD ON 13TH MARCH 2018

RESOLVED: That the minutes of the meeting held on 13 March 2108 be agreed as
a true record.

**3 CONDUCT OF ELECTIONS FOR CHAIR AND VICE-CHAIR OF JOINT
COMMITTEE AND NOMINEES FOR DIRECTORSHIP OF BORDER TO COAST
PENSIONS PARTNERSHIP - DAVID HAYWARD**

The Committee considered a report which set out the procedures to be followed in
selecting a Chair and Vice-Chair of the Committee and the nomination of two
candidates for approval by the Board of the Company and subsequently its
shareholders.

It was proposed that the elections would take place immediately following the close of the meeting and in the following order.

- Election of candidates for Non-Executive Director roles
- Election of Chair of Joint Committee
- Election of Vice-Chair of Joint Committee

Elections were proposed in the above order because successful candidates for the role of Non-Executive Directors would have to stand down from the Joint Committee and therefore would not be eligible to stand for the positions of Chair and Vice-Chair of the Joint Committee.

With regard to the ballot for the Non-Executive Director roles, it was agreed that Committee Members would vote for the two roles on one ballot paper, with the right to vote for two candidates and with the person getting the largest number of votes being appointed to the two-year post and the second highest to the one-year post. There would be a further ballot in the event of a tie.

RESOLVED: That:

- i) The elections would take place in the order and at the time proposed in the report.
- ii) That the procedure for elections should be as set out in the report, subject to the agreement above.

4 GOVERNANCE CHARTER - RACHEL ELWELL

A report was presented to introduce the Border to Coast Governance Charter for the Committee's consideration.

The Charter had been jointly developed by Border to Coast and Partner Fund officers and set out the roles and responsibilities across the Pool.

Cllr McMurdo commented that he fully supported the document but that some of the language lacked clarity, especially around the use of 'partner fund', 'shareholder' and 'administering authority'.

R Elwood would re-visit the wording with assistance from D Hayward and I Bainbridge.

Cllr Ellis questioned whether the guiding principles were true to what was originally agreed.

R Elwell replied that they were a precis of the original principles, but would look at again to ensure accuracy.

RESOLVED:

- i) That the Committee note the report, delegate making the requested changes to officers to be approved by the Chair and Vice-Chair.
- ii) Approve the publication of the Governance Charter in due course.

5 JOINT COMMITTEE MEMBERSHIP - IAN BAINBRIDGE

A report was submitted which had been produced in light of the Scheme Advisory Board's issue of reviewed guidance.

The review had concluded that the Scheme Advisory Board would expect that employers and member representatives were involved by Scheme Managers in assisting with the assurance of transparent reporting from pools and ensuring the effective implementation of strategies by pools. Such involvement should include the consideration of provision of direct representation on oversight structures.

Members were informed that the guidance was not mandatory. The Joint Committee had the option of not offering employers or scheme members representation on the Joint Committee. If this was the case it was considered appropriate to adopt the "explain" approach and that clear reasons be set out why this was not considered appropriate.

The Committee noted that four of the eight pools already had or were intending to have scheme member representation on their oversight Committees. None had scheme employer representatives other than the administering authorities.

There then followed a lengthy discussion with a variety of opinions being proffered.

Cllr Evans commented that he did not see what this would bring to the Committee, Councillors were also employer and/or member representatives.

Cllr Ellis thought that a scheme member sitting as a participating observer would demonstrate openness and transparency. The Scheme Advisory Board was also recommending this and the Committee would come under scrutiny if it did not comply.

The Committee agreed that there should not be an employer representative observer post created on the Committee. It was noted that there was no significant demand from other employers for this and each of the administering authorities were already scheme employers.

Members also debated whether a scheme member representative could also be a Trades Union representative. It was decided that the scheme representative could be a Trades Union representative as long as they were a member of the Scheme.

A discussion was also held on a potential process for appointing scheme member representative(s). The general consensus was that this should be sourced from the Local Pension Boards at the Border to Coast administering authorities.

RESOLVED:

- i) That the Committee would not co-opt employer representative(s) onto the Joint Committee. The exact wording setting out the reasons for this decision would be brought back to the Joint Committee in order to meet the “comply or explain” approach.
- ii) That the Committee agreed to participating observer (non-voting) scheme member(s) being co-opted onto the Joint Committee subject to a further paper being brought to the next meeting detailing the process to be adopted and the terms of the appointment(s).
- iii) Any scheme member representative appointed should be a member of one of the funds participating in Border to Coast.
- iv) The term of appointments(s) should be aligned to the Council’s municipal year.
- v) Substitute(s) should be allowed.
- vi) If there was more than one scheme member representative, each representative should come from a different Border to Coast administering authority.

6 BORDER TO COAST PERFORMANCE MEASURES - RACHEL ELWELL

R Elwell presented a report to enable the Committee to consider the Border to Coast Performance Measures. The report had been compiled in consultation with officers and s151 officers.

The “Border to Coast Performance Measures Discussion Slide Pack” included a reminder of the principles and objectives set by Shareholders together with a potential framework for how Border to Coast might make a difference to investment outcomes for LGPs Funds.

The metrics were intended to give an overall pool view rather than an individual Partner Fund View.

Members noted that there could be a difference in the metrics during transition and in steady state. In particular, risk adjusted long-term performance measures were ultimately the most important but it would take time to develop a long-term track record. The short-term focus would be more on the development of capability to enable Partner Funds to implement their strategic asset allocation via the pool.

Following feedback from the Joint Committee, officers from Border to Coast and Partner Funds would be working to develop detailed metrics and associated actions for discussion at future Joint Committee and Board meetings

RESOLVED: That the report be noted.

7 REVISED CONFLICTS OF INTEREST POLICY - RACHEL ELWELL

R Elwell Presented a revised Conflicts of Interest Policy which set out how the Board and Company would identify and manage any actual, potential or perceived conflicts of interest.

The next step was to share the Policy with shareholders for approval (as this was a matter reserved to shareholders under the shareholder agreement); this would require 75% of shareholders to grant approval in order to be passed.

A possible practical approach to the day-to-day management of conflicts that may arise after appointment had been discussed with Partner Funds. A proposal had been made to authorise a panel of three statutory officers to provide sign-off outside of the annual review process.

RESOLVED: That the Committee note the revised Conflicts of Interest Policy.

8 FEEDBACK ON NATIONAL WORKING GROUPS - JO RAY

J Ray presented a report which summarised highlights from the national working groups attended since the last meeting of the Committee.

RESOLVED: That the report be noted.

9 PROPOSED FUTURE JOINT COMMITTEE MEETING DATES - CLARE GORMAN

A report was considered which detailed proposed future meeting dates. These were:

- Wednesday 21 November 2018;
- Tuesday 19 February 2019;
- Tuesday 4 June 2019;
- Wednesday 20 November 2019; and
- Tuesday 18 February 2020.

It was pointed out that the February dates could clash with half-term and/or budget setting meetings. C Gorman would look for suitable dates in early March. It was noted that venues were still to be confirmed.

As some dates were far into the future, Members were requested to forward any comments to C Gorman as time went on.

RESOLVED: That the proposed future Joint Committee meeting dates were noted, subject to a change of the February 2019 and 2020 dates to more suitable dates in March in each respective year.

10 **BORDER TO COAST PROJECT UPDATE - RACHEL ELWELL AND FIONA MILLER**

The Committee considered the latest Project and Implementation Budget Update. The report included:

- Update on costs versus budget;
- Significant advances, including launch of the first sub-funds;
- Development of a Data Room to help Partner Funds evidence compliance with “necessary conditions”;
- Recruitment;
- Implementation of a Responsible Investment Policy;
- Progress with client reporting; and
- A positive first meeting with national officials from Unison.

RESOLVED: That the Committee noted the progress to date which covered project implementation progress, associated risks identified and the budget outturn predicted.

11 **BORDER TO COAST TRANSITION PLANNING 2018-2020 - RACHEL ELWELL**

A report was submitted to support discussion about the way in which Partner Funds transition into the pool over the next two years.

The Committee was reminded that the asset allocation template showing 38 sub-funds was drafted on the basis of the Partner Funds’ strategic asset allocations (SAAs) as at March 2016. Since then, for a number of reasons, Partner Fund SAAs were starting to change and were expected to continue to change during the transition period.

The Committee noted it would be helpful if Partner Funds share with Border to Coast at an early stage any significant changes to SAAs.

Members recognised the importance of all Partner Funds conferring on their SAAs and further recognised that compromises would have to be made. Great emphasis needed to be placed on relationships and communication both within the company and between the funds.

RESOLVED: That the report be noted.

12 **BORDER TO COAST ACS UK LISTED EQUITY ALPHA FUND - RACHEL ELWELL**

J Harrison presented a report which gave details of the launch of Border to Coast’s first externally managed ACS sub-fund, the Border to Coast UK Listed Equity Alpha Fund, which was planned for October 2018.

The Committee noted that a similar design and launch process was being followed as for the internally managed sub-funds due to launch in July 2018. A Working party of nominated Partner Fund pensions officers together with Border to Coast

officers and advisors had been considering the design of the sub-fund, including the ACS Appendix that would be required prior to launch.

The proposed addition to Appendix 1 of the Border to Coast ACS Prospectus and the timetable for the launch of the UK Listed Equity Alpha sub-fund were attached as appendices to the report.

RESOLVED: That the report and its appendices were noted.

13 BORDER TO COAST ALTERNATIVES CAPABILITY BUILD - RACHEL ELWELL

A report was submitted to inform Members of developments in the Border to Coast Capability Build.

Work had progressed on the development of a suitable structure that would enable Border to Coast to access alternative investments at scale on behalf of Partner Funds.

J Harrison thanked M Lyon for expediting this.

RESOLVED: That:

- i) The planned timeline for the launch of Alternatives be noted.
- ii) The proposed bringing forward of £150,000 of the 219/20 budget be supported, but noted that this was up to each of the Partner Funds as Shareholders to agree to this.

14 MATTERS ARISING FROM BCPP BOARD MEETINGS ON 26TH MARCH, 12TH APRIL AND 25TH JUNE 2018 - CHRIS HITCHEN

C Hitchen informed Members that that the Board had been very active in recent months with full meetings in April and May and a telephone meeting in June; the next meeting would be that afternoon. The meetings had mainly concerned matters related to “going live”.

15 STANDING ITEM - UPDATE ON EMERGING MATTERS - RACHEL ELWELL, FIONA MILLER AND IAN BAINBRIDGE

None.

16 RESULTS OF ELECTIONS HELD POST-JOINT COMMITTEE 10 JULY 2018

Immediately following the conclusion of the Joint Committee of the Border to Coast Pensions Partnership, elections were held to select candidates for two roles as Non-Executive Directors of the Company and for the Chair and Vice-Chair of the Joint Committee for 2018/2019.

The results of the elections were as follows:-

Non-Executive Directors:

Candidate receiving most votes - Councillor Sue Ellis

Candidate receiving next highest total - Councillor John Weighell

The two candidates have been put to the board of Border to Coast who have subsequently approved their appointment subject to completion of FCA approval process and ratification by shareholder resolution.

Note: In order to promote continuity on the Board it had been determined that appointments of Non-Executive Directors from Partner Funds would be for a two year term save for the first appointees where one Director will serve for only one year (thus allowing the annual selection of a single Director hereafter). It was agreed that Councillor Sue Ellis should serve an initial two year term and Councillor John Weighell a one year term.

Chair of Joint Committee

Candidate receiving the most votes - Councillor Doug McMurdo

Vice-Chair of Joint Committee

Elected unopposed - Councillor Tim Evans

CHAIR