



**Minutes of the Border to Coast Joint Committee**  
**Wednesday 11 September 2019 - Aspire, Leeds**

**Present**

**Members**

Councillor David Coupe, Councillor Mark Davinson, Councillor Tim Evans, Councillor Wilf Flynn, Councillor Doug McMurdo, Councillor Bob Stevens, Councillor Mick Stowe, Councillor Eddie Strengiel, Councillor Jeff Watson and Councillor John Weighell

Nicholas Wirz (Scheme Member Representative)

**Border to Coast Ltd  
Representatives**

Daniel Booth, Rachel Elwell, Chris Hitchen and Fiona Miller

Councillor Sue Ellis, Shareholder non-executive directors on BCPP Ltd's Board of Directors ("Partner Fund nominated NEDs")

**Fund Officers**

Amanda Alderson, Ian Bainbridge, Alison Clark, Clare Gorman, Neil Mason, Julie McCabe, Michael Nicolaou, Nick Orton, Jo Ray, Gill Richards and Craig Tyler

**Statutory Officer  
Representative(s)**

Julian Neilson

**Apologies were  
received from**

Councillor Eileen Leask, Councillor Richard Meredith, Councillor Mel Worth and George Graham

**1 APOLOGIES/DECLARATIONS OF INTEREST**

Apologies were noted as above.

There were no declarations of interest.

**2 MINUTES OF THE MEETING HELD ON 4 JUNE 2019**

RESOLVED – That, subject to Daniel Booth's name being removed from the list of Fund Officers and added to the list of Border to Coast representatives, the minutes of the meeting of the Committee held on 4 June 2019 be agreed as a true record.

3 **ANNUAL ELECTION OF COMMITTEE CHAIR AND VICE-CHAIR. ANNUAL NOMINATION TO THE BORDER TO COAST BOARD - IAN BAINBRIDGE**

The Committee considered a report which set out the process by which the Committee would select its Chair and Vice-Chair and make a nomination to the Board of Border to Coast for a Non-Executive Director.

It was proposed to hold a selection process at the close of the meeting. The Joint Committee would select, in the following order:

- A nominee for Non-Executive Director for a two year term (2019-2021)
- A Chair for the Joint Committee for one year (2019-2020)
- A Vice-Chair for the Joint Committee for one year (2019-2020)

Cllr Sue Ellis announced that, with regret and after a great deal of thought, she would be resigning as a Non-Executive Director to the Board of Border to Coast for personal reasons.

The Chair thanked Cllr Ellis for all her hard work for Border to Coast, noting that she had been involved since the inception of the Pool.

After discussion the Committee decided that they would nominate one Non-Executive Director after the close of the meeting and a postal vote would be arranged to deal with the nomination of the second Non-Executive Director.

C Hitchen, whilst respecting that decision, requested that the postal vote be carried out as quickly as possible. The two new NED's would have to be trained and be approved by the FCA which would take time and there was a danger the Board could be inquorate.

S Ellis commented that she would, where possible, work with the Board until the two NED's were in place.

With regards to the voting system, it was noted that there was the possibility for a tied vote to occur. After discussion it was decided that if this occurred the matter would be decided by the toss of a coin.

Officers queried whether the Committee wished the term of office to be served by the Chair and Vice-Chair to run to the June 2020 or September 2020 meeting of the Joint Committee.

The Committee decided that the June meeting was preferable.

RESOLVED:

- i) That the Committee note the guidance about the roles as set out in the report.
- ii) That members undertake a selection procedure for the roles as set out above using the single transferable vote method following the conclusion of the meeting.

- iii) That the nominee for the second Non-Executive Director would be selected by a postal vote as soon as possible.
- iv) That if there was a tied vote for any of the roles that this would be decided by the toss of a coin.
- v) That the term of office served by the Chair and Vice-Chair of the Committee should be until the June 2020 meeting of the Committee.

#### **4 JOINT COMMITTEE BUDGET - IAN BAINBRIDGE**

I Bainbridge presented a report which detailed the position on the Committee's 2019/20 Budget.

Members were reminded that at the Joint Committee meeting on 11th March 2019 a budget of £40,000 was approved for 2019/20.

To the end of August 2019 total expenditure committed against the budget of £40,000 was £7,000.

It was noted that the largest element of cost was in relation to legal work which related to advice from Counsel in connection with the appointment of a Partner Fund Nominated Non-Executive Director.

Members were informed that further external legal advice may be required in connection with the Border to Coast Compensation Policy; the advice may be needed in connection with any potential amendment to the Shareholder Agreement.

RESOLVED – That the 2019/20 budgetary position be noted.

#### **5 ANNUAL PERFORMANCE OVERVIEW: UK EQUITY FUND AND OVERSEAS DEVELOPED FUND - DANIEL BOOTH**

A report was considered which provided the Committee with an overview of the performance of the UK Equity Fund and Overseas Developed Fund, together with risk metrics until 31<sup>st</sup> July 2019 and a summary of the upcoming product review process.

Members were reminded that Border to Coast launched the UK Listed Equity Fund and the Overseas Developed Equity Fund on 26<sup>th</sup> July 2018.

Since launch the UK Equity Fund had delivered a total return of 4.3% and a relative return of 2.0% which was above the annual return of benchmark +1.0%.

The UK Equity Fund outperformed in 9 of 13 months with strong performance registered from November 2018 onwards, the report contained details of the cumulative relative performance and the monthly relative performance.

D Booth informed the Committee that since launch, the Overseas Developed Equity Fund had delivered a total return of 3.6% and a relative return of 0.93% above the benchmark (net withholding tax) and 0.13% above the benchmark (gross withholding tax).

It was noted that as the portfolio is measured net of withholding tax it was best practice to measure the benchmark net of withholding tax as a like-for-like comparison.

Members were informed that as part of the annual proposition review, Border to Coast were evaluating the performance target, team structure, portfolio construction, benchmark and risk and compliance limits for the two funds.

The results of the review would be discussed with the Board and the invested Partner Funds before any decisions were made to make changes.

The key risks were noted as:

- Mismatch with customer requirements.
- Investment styles/strategies of managers do not perform as expected.
- Product evolution.

Further details of the risks were included in the report.

RESOLVED – That the report be noted.

### **Exclusion of the Public and Press**

## **6 CEO REPORT AUGUST 2019 - RACHEL ELWELL**

The Committee considered the CEO's report for the period since the last Joint Committee meeting which contained:

- Progress update including interactions with Partner Funds.
- A summary of risk positioning and performance of the launched funds.
- An update on progress with Global Equity Alpha.
- An update on progress with Investment Grade Credit and Multi-Asset Credit.
- An update on progress from a corporate functions perspective and the expected outturn for the 2019-20 Operating Budget.

During the period workshops and calls had been held with Pensions Officers and their advisors on Fixed Income, Global Equity Alpha, Multi-Asset Credit and Investment Strategy.

The final Climate Change Working Party had been held on 9<sup>th</sup> September and it was hoped Border to Coast would be in a position to be able to recommend the next steps in terms of proposed changes to the Climate Change policy, further work that could be undertaken and a communication plan for the November Joint Committee meeting.

A number of workshops were planned for the next quarter including Global Equity Alpha and Investment Grade Credit transitions, Alternatives next steps, finance and reporting and Responsible Investment. It was noted that the Annual Investment Conference was in Leeds on 10<sup>th</sup> and 11<sup>th</sup> October.

Included as an appendix to the report was the current Management Information that had been developed to allow the tracking of progress for each Partner Fund.

With regard to risks, it was noted that there were no new strategic risks, although the implications of the Partner Fund investment triennial review and political and regulatory risk were hot topics at the moment.

RESOLVED – That the report be noted.

## **7 ALTERNATIVE ASSET UPDATE - DANIEL BOOTH**

A report was submitted which gave an update on Alternative Assets.

Members noted that to date four commitments had been made across the Private Equity and Infrastructure sub-funds. A summary of each investment was included within the report.

Border to Coast had secured a fee discount on one fund and had secured capacity in three other funds. It was expected that future co-investment funds and co-investments would offer additional alternative fee savings.

The Committee was informed that the investment team currently had three further strategies in the near-term due diligence pipeline, which were due to proceed through Border to Coast's internal governance process imminently. Information on these was included within the report.

R Elwell informed the Committee that it was expected that investing the commitments within the agreed timeframe could be met, but Border to Coast were keeping a close eye on the situation given the level of assets to commit and strong demand across the market.

The report also contained an update on future Alternatives activity and details of the key risks.

RESOLVED – That the report be noted.

## **8 STANDING ITEM - UPDATE ON EMERGING MATTERS - RACHEL ELWELL/FIONA MILLER/IAN BAINBRIDGE**

None.

9 **ANY OTHER BUSINESS**

N Wirz requested that the Committee re-consider the number of Scheme Representatives on the Joint Committee as having just one was not fully compliant with MHCLG guidance.

Cllr Stowe suggested an ongoing dialogue on increasing the number and to re-consider the matter in the future.

It was noted that a number of Members and officers involved with the Committee were also Scheme members.

Post-Meeting Note

The results of the elections held at the close of the meeting were as follows:

Non-Executive Director – Cllr John Holtby (for a period of 2 years from approval by the Board)

Chair of the Joint Committee – Cllr Doug McMurdo (to June 2020)

Vice-Chair of the Joint Committee – Cllr Tim Evans (to June 2020)

CHAIR