



## Minutes of the Border to Coast Joint Committee Tuesday 9 March 2021 - Virtual Meeting

### Present

#### Members

Councillor Tim Evans (Chair)  
Councillor Mark Davinson, Councillor Jane Evison, Councillor John Horner, Councillor Wilf Flynn, Councillor Doug McMurdo, Councillor Patrick Mulligan, Councillor Mick Stowe, Councillor Eddie Strengiel and Councillor Mel Worth  
Deirdre Burnet and Nicholas Wirz (Scheme Member Representatives)

#### Border to Coast Ltd Representatives

Daniel Booth, Rachel Elwell, Chris Hitchen, Fiona Miller and Tom Sankey

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

#### Fund Officers

Ian Bainbridge, Alison Clark, Paul Cooper, Neil Mason, Julie McCabe, Victoria Moffett, Tom Morrison, Nick Orton, Jo Ray, Gill Richards and Neil Sellstrom

#### Statutory Officer Representative(s)

George Graham

#### Apologies were received from

Councillor Eileen Leask and Councillor Anne Walsh

### 1 APOLOGIES/DECLARATIONS OF INTEREST

The Chair welcomed everyone to the meeting. Apologies were noted as above.

The Chair requested that the Committee's best wishes were conveyed to Cllr Leask.

There were no declarations of interest.

### 2 MINUTES OF THE MEETING HELD ON 24 NOVEMBER 2020

RESOLVED – That the minutes of the meeting held on 24<sup>th</sup> November 2020 be agreed as a true record.

### 3 COVID-19

R Elwell reported that staff were still successfully working from home. The return to the office would be done in line with government guidance.

N Wirz commented that, while realising that Teams had been a godsend for transacting business during the restrictions, the Committee's effectiveness was restricted by this means. Whilst recognising that Teams was an effective format for some meetings he hoped that Committee meetings would move away from Teams as soon as was possible.

The Committee discussed the fact that legislation allowing for virtual meetings elapsed at the beginning of May. The situation was still unclear as to whether this would be extended. The difficulties of holding face-to-face meetings under the current restrictions was discussed and also the possibility of hybrid meetings. The situation would be monitored.

### 4 SCHEDULE OF FUTURE MEETINGS - GEORGE GRAHAM

A report was submitted which set out the proposed schedule of future meetings for the Joint Committee through to the 2023/24 Municipal Year, confirmed the dates previously agreed and also adding a second regular Responsible Investment workshop to enable members to provide early input into the annual policy review cycle.

RESOLVED – That members note the proposed dates for meetings of the Joint Committee and member workshops as set out in the Appendix to the report.

### 5 ANNUAL ELECTIONS 2021 - GEORGE GRAHAM

A report was considered which set out the process for elections to the following roles:

- Chair and Vice-Chair of the Joint Committee
- Scheme Members Representatives on the Joint Committee
- Non-Executive Director to sit on the Border to Coast Company Board

Members were reminded that the electorate for the Chair, Vice-Chair and Non-Executive Director were the members of the Joint Committee on a one Fund one vote basis, while that for the Scheme Member Representative(s) was drawn from the Scheme Member representatives on the Local Pension Boards, again on a one Fund one vote basis. Each Fund would be invited to nominate a candidate for each role (or to declare that they are not nominating), and provide a supporting statement for any nominated candidate.

As it was unknown at this stage whether meetings in person would be possible in June, it was proposed to conduct the elections by "post". The report suggested that the election for scheme member representatives be undertaken before the June meeting because of their term of office and the remainder immediately after the

June meeting. As in the previous elections the single transferable vote system would be used.

The Committee felt that it would be sensible to extend the terms of office of the current Scheme Member representatives to enable all elections to take place after the June meeting. The Chair, Vice-Chair and Scheme Member representatives would then take office from the September meeting. The Non-Executive Director would take office from October or as soon as practical following FCA approval.

As the Chair, Cllr Evans was standing down in May, the Vice-Chair, Cllr Coupe, would chair the June meeting of the Committee (if re-appointed).

With regard to the Scheme Member representatives, it was decided that the top candidate should serve for three years and the second for two years to allow a regular pattern of election. Going forward Scheme Member representatives would be elected for three-year terms.

Cllr Worth proposed a vote of thanks to Cllr Evans for all his work for the Committee over the past year. This was seconded by Cllr McMurdo. The Chair thanked the Committee and officers for their support in what had been an interesting and fulfilling experience.

RESOLVED – That the Committee agree:

- i) That the election process by “post” as set out in the report be adopted.
- ii) That all elections be held after the June meeting of the Committee.
- iii) That the Scheme Member representative with the highest number of votes be elected for a three-year term and the second for a two-year term. Subsequently, Scheme Member representatives would be elected for three-year terms.

## 6 JOINT COMMITTEE BUDGET - IAN BAINBRIDGE

A report was submitted which detailed the 2020/21 Joint Committee budgetary position and proposed a budget for 2021/22.

Members noted that to the end of February 2021 the only item of expenditure for the year was £2,500, this was for external legal advice to the Partner Funds in respect of two pieces of work.

The only other item of expenditure committed at present was in relation to secretariat support to the Joint Committee from South Yorkshire Pensions Authority.

Members noted that, whilst the current spending in 2020/21 would suggest a cut in the budget could be considered, the Joint Committee was still in its early days of operation and future spending requirements could still be identified. It was also

considered useful to have an agreed budget at a reasonable level that could cover advice to the Joint Committee and the Funds should this be needed.

It was proposed that the budget for 2021/22 should be retained at £40,000.

RESOLVED – That the Committee:

- i) Note the current budgetary position for 2020/21.
- ii) Agree a budget of £40,000 for 2021/22.

## **7 GOVERNANCE CHARTER UPDATE - RACHEL ELWELL**

A report was submitted which set out an updated Governance Charter.

Members noted that the following points had been updated:

- 3.6.1 Section 1: a change to reflect the merger of Northumberland and Tyne and Wear Pension funds in 2020.
- 3.6.2 Section 2: an update to the strategy section to reflect the 2021-2024 Strategic Plan.
- 3.6.3 Section 3: an update to the interactions between Border to Coast and Partner Funds.
- 3.6.4 Section 5.2: the update of Border to Coast's governance charter to reflect changes made to Executive-level governance during 2020.

A tracked-change version of the updated Governance Charter was attached as an Appendix to the report.

RESOLVED – That members approve the proposed changes to the Governance Charter for publication on the Border to Coast and Joint Committee websites.

## **8 2020 PARTNER FUND SATISFACTION SURVEY - RACHEL ELWELL**

A report was submitted which provided the results of the 2020 Partner Fund Satisfaction Survey.

Members were reminded that Border to Coast conduct an annual Satisfaction Survey of the Partner Funds. The survey was conducted in late 2020 and 39 responses were received, with at least three responses from each Partner Fund.

Overall the results were very positive and there was a high level of satisfaction in how Border to Coast were serving its Partner Fund. These included:

- Strong progress against strategic objectives.
- A high level of confidence that if Partner Funds raised an issue or concern it would be dealt with appropriately.

- Border to Coast's effective communication and engagement with key audiences (although issues with the data room remain).
- Close and constructive relationships with Partner Funds.
- A desire for Border to Coast to continue to add more value to its Partner Funds - particularly on Responsible Investment and in investment capabilities.

It was noted that Border to Coast had used the survey to identify areas for further development which had been used to facilitate a discussion with Partner Fund Officers to create a specific action plan to address the feedback received; this was at Appendix 1 to the report.

Good progress had been made on the feedback received from the feedback received in the 2019 survey, a summary was provided at Appendix 2 to the report.

RESOLVED – That members note the results of the Partner Funds Satisfaction Survey.

## 9 **BORDER TO COAST MARKET REVIEW - DANIEL BOOTH**

A report was submitted which provided an overview of market and fund performance as well as the broader macroeconomic environment.

RESOLVED – That the report be noted.

### Exclusion of the Public and Press

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest not to disclose information outweighs the public interest in disclosing it.

## 10 **REAL ESTATE UPDATE - TIM SANKEY**

A report was considered which gave a Real Estate update.

The report provided details of recruitment, a Partner Fund workshop. 1:1 meetings with the four Partner Funds with direct portfolios and an Invitation to Tender seeking consultant advice.

Members were informed that the Real Estate Programme had progressed since the June 2020 Joint Committee meeting when the last update had been received and was on schedule.

T Sankey gave a presentation to the Committee which gave details of the investment approach, the plan to transition assets and how Border to Coast's capability would be built.

RESOLVED – That the progress made in the Real Estate programme is noted.

**11 LISTED ALTERNATIVES FUND - FUND DESIGN AND PROSPECTUS  
SUBMISSION - DANIEL BOOTH**

A report was considered which covered the design of the proposed Listed Alternatives Fund including the expected fund size, performance and risk targets, benchmark, proposed share class, investment management arrangement, any operating model, regulatory (including portfolio stress testing) or procurement implications and the approach to transition.

RESOLVED – That Members:

- i) Note the Listed Alternatives Fund design as set out in the paper, the final details of which would be agreed through the ACS prospectus process.
- ii) Agree to delegate review and comment on the proposed changes to the ACS Prospectus to Partner Fund officers.

**12 CEO REPORT FEBRUARY 2021 - RACHEL ELWELL**

R Elwell presented the CEO report for the period since the last Joint Committee report which included:

- Interactions with Partner Funds.
- A summary of fund performance.
- An update on fund launches.
- An update on progress from a corporate functions perspective and the expected outturn for the operating budget.
- Activity in the world external to pooling.
- Risks, including Covid-19 risks.
- Responsible Investment.

RESOLVED – That the report be noted.

**13a UK LISTED EQUITY - NICK ORTON**

A report was submitted which summarised the performance and activity of the Border to Coast Listed Equity Fund over Q4 2020.

It was noted that performance was slightly below the benchmark for Q4 but continued to meet the performances objectives over longer periods.

The Fund had been largely able to match the strong performance of the benchmark during the quarter due to the following factors:

- Stronger performance from specialist funds.
- Strong selection and increasing exposure in both the Energy and Financials sectors.

- Strong selection in Consumer Discretionary and Communications Services.

The portfolio had maintained a relatively low risk profile and the sub-fund would continue to focus on long term fundamentals with a bias towards quality companies with strong balance sheets and earnings and income visibility.

RESOLVED – That the report be noted.

### **13b OVERSEAS DEVELOPED EQUITY - TOM MORRISON**

A report was considered which summarised the performance and activity of the Border to Coast Overseas Developed Equity Fund over Q4 2020.

The Committee noted that Fund performance was below its target over Q4 2020 but was above its benchmark since inception.

The Fund had continued to benefit from the recovery in equity markets, supported by extensive monetary and fiscal stimulus. Markets were buoyed by the prospect of vaccine bringing an end to the Covid-19 pandemic and carrying the prospect of an economic recovery; markets had remained firm through the quarter.

RESOLVED – That the report be noted.

### **13c EMERGING MARKET EQUITIES - GEORGE GRAHAM**

A report was considered which summarised the performance and activity of the Border to Coast Emerging Markets Equity Fund over Q4 2020. The Appendix to the report covered Border to Coast's annual review of the Fund.

It was noted that performance was below the benchmark for Q4 2020 and was below the benchmark and target since inception.

The key themes affecting the fund during the quarter were strong performance from the Materials and Financials sectors and the continued outperformance of the Technology sector. The Consumer Discretionary, Healthcare and Communication Service sectors underperformed.

The Fund had a higher risk profile compared to the other internally managed equity funds but was still considered to be relatively low risk for an active Emerging Markets portfolio.

Members were reminded that the Fund would transition to a hybrid fund with the appointment of two external China managers during 2021. The internally managed ex-China portfolio would continue to focus on long term fundamentals with a bias towards quality companies with strong balance sheets and earnings and income visibility, with a tilt towards value.

RESOLVED – That the report be noted.

**13d UK LISTED EQUITY ALPHA - NEIL MASON**

The Committee considered a report which summarised the performance and activity of the Border to coast Listed Equity Alpha Fund over Q4 2020. The Appendix to the report covered Border to Coast's annual review of the Fund.

It was noted that the Fund was above benchmark for the quarter and was above its benchmark and performance targets since inception.

The fourth quarter of 2020 had been positive for financial markets as investors took the emergence of effective Covid-19 vaccines as the beginning of the end of the pandemic. Equity markets reacted strongly with the FTSE All Share Index returning +12.6% over the period. The Fund continued to perform strongly, outperforming the benchmark index by around 4.1%, taking relative returns since the Fund's inception to +3.9% pa.

RESOLVED – That the report be noted.

**13e GLOBAL EQUITY ALPHA - PAUL COOPER**

A report was submitted which summarised the performance and activity of the Border to Coast Global Equity Alpha Fund over Q4 2020. The Appendix to the report covered Border to Coast's annual review of the Fund.

It was noted that the Fund had outperformed the benchmark by 5.3% over Q4, the Fund managed to recover most of the underperformance since the March sell-off but still remained down 2.1% since inception.

Despite a volatile year, the Fund remained well positioned on a forward looking basis although risks remained. Members noted that the abundant liquidity provided by Central Banks was leading to speculative excess in parts of the market.

RESOLVED – That the report be noted.

**14 UPDATE ON EMERGING MATTERS - RACHEL ELWELL/FIONA MILLER/IAN BAINBRIDGE**

None.

**15 ANY OTHER BUSINESS**

A briefing was requested on developments with Border to Coast's offices at Toronto Square, the availability/requirements of the extra space agreed and the intentions around re-occupancy.

R Elwell commented that it was hoped to hold the AGM in the offices if guidance allowed.

The Chair thanked Border to Coast and Partner Funds for all their assistance throughout what had been a challenging year.



CHAIR