



## Minutes of the Border to Coast Joint Committee

Tuesday, 13 June 2023 - Border to Coast Offices, Toronto Square, Leeds, LS1 2HJ

### Present

Partner Fund	Councillor	Officers in Attendance
Bedfordshire	Cllr Doug Mc Murdo (in the Chair)	Andy Watkins
Cumbria	Cllr Doug Rathbone	Pam Duke Alison Clark
Durham	Cllr David Sutton-Lloyd	Paul Cooper
East Riding	Cllr Paul Hopton	Tom Morrison (also North Yorkshire)
Lincolnshire	Cllr Eddie Strengel	Jo Kempton
North Yorkshire	Cllr George Jabbour	
South Yorkshire	Cllr Jayne Dunn	George Graham
Surrey	Cllr Nick Harrison	Neil Mason
Teesside	Cllr Jill Ewan	Nick Orton
Tyne and Wear	Cllr Anne Walsh	Paul McCann
Warwickshire	Cllr Christopher Kettle	Andrew Felton Victoria Moffett

### Scheme Member Representatives

Linda Bowen  
Nicholas Wirz

### Border to Coast Pensions Partnership Attendees

Name	Position
Chris Hitchen	Chair
Cllr David Coupe	Shareholder Nominated Non-Executive
Cllr John Holtby	Shareholder Nominated Non-Executive (from item 10)
Rachel Elwell	Chief Executive Officer
Fiona Miller	Deputy Chief Executive Officer
Joe McDonnell	Chief Investment Officer
Mark Lyon	Deputy Chief Investment Officer
Graham Long	Head of External Management
Jane Firth	Head of Responsible Investment
Milo Kerr	Head of Customer Relationship Management

The Chair welcomed a number of new members to the Committee.

### **1. Apologies for Absence and Declarations of Interest**

There were no apologies.

Cllr Jabbour declared a non-pecuniary interest in relation to the nature of his campaigning work and commentary.

Members declared no further interests in addition to those included in the relevant register.

### **2. Minutes of the Meeting Held on 21<sup>st</sup> March 2023**

RESOLVED – That the minutes of the meeting held on 21<sup>st</sup> March 2023 be agreed as a true record.

### **3. Schedule of Future Meetings**

RESOLVED – To note the scheduled dates for meetings of the Joint Committee and member workshops for the next three years as set out in the report.

### **4. Membership of the Committee**

George Graham introduced a report on behalf of the Secretary to the Joint Committee setting out the revised membership of the Committee following the recent local elections and proposing to conduct the election for the role of Vice Chair at the next meeting.

RESOLVED –

- i. To note the membership of the Joint Committee.
- ii. To approve the proposal to appoint a Vice Chair at the September meeting of the Joint Committee.

### **5. Annual Elections**

There were no matters to report.

### **6. Joint Committee Budget**

Nick Orton as Chair of the Officers' Operations Group presented a report setting out the 2022/23 outturn for the Joint Committee's budget together with a forecast for 2023/24.

RESOLVED –

- i. To note the budget outturn for 2022/23.
- ii. To note the forecast budget position for 2023/24.

### **7. Responsible Investment Update**

Jane Firth presented a report providing the Committee with an update on the Responsible Investment activity undertaken by the Company on behalf of Partner Funds over the period since the last meeting. Particular attention was drawn to the work being done with Partner Funds on developing climate reporting and the development of ESG practice by private market managers reflected in the annual questionnaire results. In discussing the report members raised the following issues:

- How many votes against management had been carried which would indicate the success of the various policies being tightened. It was explained that this would be available on the completion of “voting season”. However, it was emphasised that significant minority votes against management did result in action on the part of companies.

RESOLVED – To note the report.

## **8. Market Review**

Joe McDonnell presented a report reviewing market conditions and giving a high-level view of the performance of the various investment propositions. Particular attention was drawn to the impact of inflation on market sentiment and also the different characteristics of inflation in different geographies. In general markets had held up quite well although it was important to note that interest rates in the UK had returned to the post “mini budget” level. In relation to performance 5 of 9 propositions were ahead of benchmark with particularly strong longer-term performance from the internally managed funds recognised in recent award success. The propositions that had performed less well were felt to be well positioned in relation to evolving market conditions. In discussing the report members raised the following issues:

- The different likely path for UK inflation compared to other significant markets related both to the significant services component in the UK economy and areas of import dependence.
- The performance of the Multi-Asset Credit (MAC) Fund and the broad trajectory of returns. In this area it was felt that previous forecasts of a recovery (albeit slow and uneven) were being borne out by events due to the quality in the portfolio which reflects a lot of embedded value.
- A request to include the AUM for each of the investment propositions in future reports which was agreed, as providing added context. It was also agreed to include performance against target as well as benchmark in future reports to provide a clearer indication of success, or otherwise.
- In relation to the Listed Alternatives Fund it was emphasised that the portfolio had strong underlying characteristics but did have a high degree of interest rate sensitivity and had suffered from being underweight USD relative to GBP. However, the product demonstrated a strong running yield of c5% pa compared to c 2% from the S&P.
- The future of investment in China where it was noted that there seemed to be an upwards trend in growth albeit unclear whether the recovery will be sustained.

Following discussion it was:

RESOLVED – To note the report.

### **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.

### **9. CIO Review of the External Management Process**

Joe McDonnell presented a report on the results of his review of the process for procuring external managers and constructing and managing multi-manager externally managed, or hybrid, products. This had drawn broadly positive conclusions and had made some recommendations for future development including capabilities to support the dynamic asset allocation process. Members asked a number of detailed questions concerning both the conclusions of the review and some of the areas which the recommendations sought to address. Following discussion it was:

RESOLVED – To note the report.

### **10. Annual Proposition Reviews – Externally Managed Equity Propositions**

Graham Long introduced a report setting out the results of the annual reviews of the three externally managed equity propositions (UK Equity Alpha, Global Equity Alpha, and Emerging Market Equity). While there remained room to improve performance of each of the propositions, although noting that performance of Global Equity Alpha had recently improved and was now above target over a 3 year period, it was felt that they were generally well positioned in relation to market conditions and that all demonstrated strong ESG characteristics.

Following discussion it was:

RESOLVED – To note the report

### **11. Alternatives – UK Opportunities Proposition Development**

Mark Lyon introduced a report setting out details of the proposed design of a new multi-asset alternatives product focussed on opportunities to address investment in UK growth and “levelling up” in a way consistent with Partner Funds’ overall objectives. It was emphasised both that clear arrangements for managing potential conflicts around “local” investment would be in place but also that there would be a protocol for receiving and dealing with potential opportunities being fed from Partner Funds to underlying managers.

Members raised a number of detailed queries in particular around the need to maintain returns and to maintain a focus on genuinely investable propositions.

Following discussion, it was:

RESOLVED –

- i. To note the contents of the report
- ii. To delegate to officers the authority to review the contractual documentation required to support the launch of the UK Opportunities Proposition.

## **12. CEO Report**

Rachel Elwell introduced her quarterly report on the company's activity drawing attention to work on new propositions, corporate developments and the external environment in which the Company was operating. In debating the report the degree of communication and collaboration that goes on with other pools as a matter of routine was explained to members and following discussion it was:

RESOLVED – To note the report.

## **13. Investment Review Quarter Ended 31<sup>st</sup> March 2023**

Joe McDonnell, Graham Long and Mark Lyon introduced a detailed review of the performance of the various investment propositions over the most recent quarter. In particular attention was drawn to the availability of performance information for the first series of the alternatives programme. Members raised a number of detailed queries on specific propositions and asked that their congratulations be conveyed to the Equity and Alternatives Teams on their recent award success. Following discussion, it was:

RESOLVED – To note the report.

## **14. Standing Item Update on Emerging Issues**

There was nothing to report under this item.

The meeting closed at 3.25pm

CHAIR