



Minutes of the Border to Coast Joint Committee

Tuesday, 26 March 2024 - Border to Coast Offices, Toronto Square, Leeds, LS1 2HJ

Present Members: Chair:

Cllr Doug McMurdo, Bedfordshire Pension Fund

Vice-Chair:

Cllr George Jabbour, North Yorkshire Pension Fund

Cllr Doug Rathbone, Cumbria Pension Fund

Cllr David Sutton-Lloyd, Durham Pension Fund

Cllr Paul Hopton, East Riding Pension Fund

Cllr Eddie Strengiel, Lincolnshire Pension Fund

Cllr Jayne Dunn, South Yorkshire Pension Fund

Cllr Nick Harrison, Surrey Pension Fund

Cllr John Kabuye, Teesside Pension Fund

Cllr Anne Walsh, Tyne & Wear Pension Fund

Cllr Christopher Kettle, Warwickshire Pension Fund

**Scheme Member
Representatives:**

Nicholas Wirz

Lynda Bowen

Fund Officers

Andy Watkins, Bedfordshire Pension Fund

Pete George, Cumbria Pension Fund

Paul Cooper, Durham Pension Fund

Tom Morrison, East Riding & North Yorkshire Pension Funds

Jo Kempton, Lincolnshire Pension Fund

George Graham, South Yorkshire Pension
Fund

Neil Mason, Surrey Pension Fund

Nick Orton, Teesside Pension Fund

Paul McCann, Tyne & Wear Pension Fund

Chris Norton, Warwickshire Pension Fund

**Partner Fund
Nominated Non
Executive Directors**

Cllr David Coupe

Cllr John Holtby

**Border To Coast
Representatives:**

Joe McDonnell – Chief Investment Officer

Chris Hitchen – Chair

Fiona Miller – Deputy Chief Executive Officer

Richard Hawkins – Non-Executive Director

Graham Long – Head of External Management
Ewan McCulloch – Chief Stakeholder Officer
Sally Ronald – Head of Research
Alex Faulkner – Responsible Investment Manager
Teju Akande – Climate Change Manager

1 APOLOGIES FOR ABSENCE/DECLARATIONS OF INTEREST

The Chair welcomed everyone to the meeting including members of the public.

Apologies were noted as above.

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

George Jabbour declared a non-pecuniary interest in relation to the nature of his campaigning work, including the way public sector pension funds manage their funds.

The following changes to the Joint Committee 2024/25 membership were noted:

Cllr Anne Walsh, Tyne and Wear Pensions Authority, would be standing down from her role.

Cllr Eddie Strengiel, Lincolnshire Pension Fund, may not be returning to his role as he will become chair of the county council.

On behalf of the Joint Committee the Chair thanked both members for their contribution and support to the committee.

2 QUESTIONS FROM THE PUBLIC

Questions had been received from Ms Alison Whalley, Ms Jenny Condit and Lindsey Coeur-Belle which the Chair had agreed should be responded to.

The Chair provided responses in terms of the Joint Committee's position and the approach taken by the Border to Coast company on the issues raised was explained. A full copy of the questions and the responses is appended to the minutes.

3 MINUTES OF THE MEETING HELD ON 28TH NOVEMBER 2023

The minutes were received, and members were asked to approve.

RESOLVED – The minutes of the meeting held on 28 November 2023 be agreed as a true record.

4 SCHEDULE OF FUTURE MEETINGS

It was noted that the schedule required update to reflect that the next meeting will take place on 20 June and not the 18 June as stated.

RESOLVED – To note the scheduled dates for meetings of the Joint Committee and member workshops for the 2024/25 and 2025/26 municipal years as set out in the report.

5 JOINT COMMITTEE BUDGET

A report was presented updating the Joint Committee on the current position of the agreed budget confirming that the expenditure to date was £42,415.

It was proposed that the budget for 2024/25 should be increased to £50,000.

RESOLVED –

- i. To note the budget position for 2023/24.***
- ii. To agree a budget for 2024/25 of £50,000.***

6 EVOLVING THE WORK OF THE JOINT COMMITTEE

George Graham presented a report outlining the proposed changes to the Joint Committee's approach to the oversight of the work of the Border to Coast operating company and the how this is supported by the Officer Operations Group(OOG).

Discussions took place around the need to avoid duplication of the work of individual pension committees, with the quarterly performance reviews moving to an Investment OOG. The need to ensure a clear mechanism is in place for raising issues that may require Joint Committee input prior to the annual review was also raised.

It was noted that to allow any new process to settle it is proposed to leave the previously agreed proposal to carry out an effectiveness review of the Joint Committee in abeyance and return to it once these new arrangements and any changes in membership are in place.

RESOLVED:

- i. To approve the changes to the way in which the Committee's agenda is structured and the way in which the Committee relates to the OOG as outlined in the body of this report.***
- ii. To agree to leave the effectiveness review of the Joint Committee in abeyance as outlined in the report. A timeline to be provided by the OOG at the June meeting.***
- iii. To agree that the OOG will report to the Joint Committee by exception any in year issues.***

7 PROTOCOL FOR PUBLIC QUESTIONS

A report was presented that outlined a proposed protocol for dealing with public questions at the Joint Committee.

It was noted that the wording at 3.2b i) would be rephrased in relation to the geographical area.

RESOLVED – To approve the protocol for dealing with public questions at meetings of the Joint Committee as set out in the body of the report.

8 RESPONSIBLE INVESTMENT UPDATE

Sally Ronald 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 reference was made to engagement supporting priority themes, the ongoing work to prepare for the voting season and consultations related to responsible investment.

Members discussed the importance of communications with Pension Committees and ensuring that the Economic Activity of Public Bodies (Overseas Matters) Bill does not erode local input into responsible investment activities.

It was noted that further information around the Bill would be made available from LAPFF and SAB.

Engagement with key banks was discussed, looking at existing collaborative systems. Measuring the success of the RI policy was also discussed with an option for case studies to be presented at future meetings.

The Committee noted and congratulated Border to Coast on the achievements set out in the report:

- Pensions for Purpose - Paris Alignment Award – Best Climate Change Policy Statement.
- Principles for Responsible Investment (PRI) assessment outcomes
- Retention of signatory status to the UK Stewardship Code

RESOLVED – To note the contents of the report.

9 MARKET REVIEW

Joe McDonnell presented a report to update members on the quarter 4 market environment and fund performance. It was noted that the report now includes commentary on debate across the asset allocation committee.

Members discussed the oversight of performance of below benchmark equities and questioned how these would be improved. Examples were given of ways forward including review of management structures within companies along with the annual reviews that are schedule for these companies.

RESOLVED – To note the contents of 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.

10 **FACTOR-BASED INDEXED EQUITIES**

A report was presented detailing the proposal to launch a factor-based indexed equity fund. The paper set out the background of the work that has already taken place and gave suggested timelines, dependant on Pensions Committee approvals. It was noted that the Company's Board had interrogated the timeline and were happy with the proposals.

The committee considered the proposal and following discussion around key areas noted their support.

RESOLVED - To note the overview of the Factor Based Indexed Equities

11 **MULTI ASSET CREDIT AND STERLING INVESTMENT GRADE CREDIT ANNUAL REVIEWS**

Graham Long presented a report summarising the annual reviews of Sterling Investment Grade and Multi Asset Credit and setting out further work to be undertaken to re-evaluate MAC secondary benchmarks and manager allocations.

Following discussion around the basis of the manager ratings and risks associated to key persons it was:

RESOLVED – To note the contents of the report.

12 STERLING INDEX-LINKED BONDS ANNUAL REVIEW

A report was presented that detailed the annual review of the Sterling Index-linked Bond Sub-fund. Key points were noted in relation to performance, benchmarking and resourcing. It was noted that no substantive changes to the Sub-fund were considered necessary following the annual review.

Following discussion around timescales and window of opportunity it was:

RESOLVED – To note the contents of the report.

13 CEO REPORT

The CEO report was presented updating the Committee on activity across the whole range of the Company's activity.

The Committee were updated on the following key areas:

- Partner Fund collaboration.
- An update on progress in relation to corporate functions including the expected outturn for the Operating Budget.
- The key business risks to the organisation, noting that Political risk continues to be significant.

Following discussion around impact of delays in recruitment it was:

RESOLVED: To note the contents of the report.

14 INVESTMENT REVIEW QUARTER ENDED 31 DECEMBER 2023

Richard Hawkins was welcomed to the Committee.

A review of the performance and activity of the Border to Coast Investment Funds over Q4 2023 was presented which set out detail in the following key areas:

- Market Value.
- Performance.
- Market Background.

Following discussion, it was:

RESOLVED – To note the contents of the report.

15 STANDING ITEM - UPDATE ON EMERGING MATTERS

The Committee discussed the work that SAB is carrying out in relation to the sanctions Bill. The Procurement Bill was also noted as coming into force in October 2023.

CHAIR