



Minutes of the Border to Coast Joint Committee

Tuesday, 8 March 2022 - Northallerton County Council Offices, County Hall,
Northallerton DL7 8AD

Present

Members

Councillor Doug McMurdo (Chair)
Councillor David Coupe, Councillor Wilf Flynn, Councillor
Nick Harrison, Councillor Bill Kellett, Councillor Michael Lee,
Councillor John Mounsey, Councillor John Weighell and
Councillor Mel Worth

Councillor John Horner (attended virtually)

Deirdre Burnet and Nicholas Wirz (Scheme Member
Representatives)

Border to Coast Ltd Representatives

Chris Hitchen, Graham Long, Fiona Miller, Ewan McCulloch,
Rachel Elwell and John Harrison

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

Fund Officers

Ian Bainbridge, Alison Clark, Paul Cooper, Julie McCabe,
Tom Morrison, , Nick Orton, Jo Ray and Gill Richards

Victoria Moffett (attended virtually)

Statutory Officer Representative(s)

George Graham

Apologies were received from

Councillor Patrick Mulligan, Councillor David Rudd and Councillor
Eddie Strengiel

1 APOLOGIES/DECLARATIONS OF INTEREST

The Chair welcomed everyone to the meeting.

Apologies were noted as above.

There were no declarations of interest.

2 MINUTES OF THE MEETING HELD ON 23 NOVEMBER 2021

RESOLVED – That the minutes of the meeting held on 23rd November 2021 be agreed as a true record subject to the correction of a typo in a Scheme Member Representatives name.

3 RATIFICATION OF DECISION TAKEN AT THE 23 NOVEMBER MEETING - IAN BAINBRIDGE

Members were reminded that the meeting of the Joint Committee held on 23rd November 2021 was not quorate with only six voting members present in person.

Consequently, it was proposed and unanimously agreed, that the meeting should proceed and any decisions would be made in principle and formally ratified at the next meeting of the Committee.

It was noted that there were a number of reports and items on the agenda where the action was to note the report or position – these items did not require ratification.

RESOLVED – That the Joint Committee ratify the following:

- i) Item 2 – minutes of the meeting held on 30 September 2021. **That the minutes of the meeting held on 30th September 2021 be agreed as a true record.**
- ii) Item 5 – Responsible Investment Policies Annual Review 2021. **The Joint Committee supports taking the revised policies to Pensions Committees for comment and for them to consider adoption of the principles in their own Responsible Investment Policies in line with industry best practice.**
- iii) Item 9 – Alternative Series 2 and Climate Opportunities. **The Joint Committee delegate to officers the authority to review the contractual documentation required to support the Alternatives Series 2 launch.**

4 SCHEDULE OF FUTURE MEETINGS - GEORGE GRAHAM

A report was submitted which set out the proposed schedule of meetings for the Joint Committee through to the 2024/25 Municipal Year, confirming the dates previously agreed.

RESOLVED – That Members note the proposed dates for the meetings of the Joint Committee and member workshops for the next three years as set out in the body of the report.

5 ANNUAL ELECTIONS - GEORGE GRAHAM

A report was considered which set out the process for election of the following roles:

- Chair and Vice Chair of the Committee
- Non-Executive Director to sit on the Border to Coast Company Board.

In answer to a question from N Wirz, it was confirmed that eligibility for the role of Partner Fund nominated Non-Executive Director to sit on the Company Board was restricted to elected councillors.

RESOLVED – That Members agree that the elections to the specified roles should take place as set out in the report.

6 JOINT COMMITTEE BUDGET - IAN BAINBRIDGE

A report was submitted which gave a budgetary update for 2021/22 and proposed a budget for 2022/23.

The Committee noted the areas of expenditure that had been committed against the budget head for 2021/22 and also noted that there may be a further charge against the 2021/22 budget for legal work in support of the review of governance arrangements, this should be delivered within the overall budget of £40,000. I Bainbridge commented that there was a chance that some or all of that expenditure could slip into 2022/23 and would therefore be met from next year's budget.

It was proposed that the budget for 2022/23 be maintained t £40,000.

Whilst the report referred to the Scheme Member Representatives as observers, it was noted that their role was more than to only observe.

RESOLVED: That the Committee:

- i) Note the current budget position for 2021/22.
- ii) Agree a budget for 2022/23 of £40,000.

7 2021 PARTNER FUND SATISFACTION SURVEY - RACHEL ELWELL

A report was submitted which presented the results of the 2021 Partner Fund Satisfaction survey.

The survey opened on 18th October and ran until 8th November. It was issued to 48 individuals covering Pension Committee Chairs, Pension Officers, S151 Officers and Independent Advisors; thirty five responses were received.

It was noted that scores had remained very positive and slight improvements had been made in most areas. Overall, the satisfaction rate had increased - 'highly satisfied' had increased from 49% to 59%. In a new question, 62% 'strongly agree' (and 33% 'agree') that Border to Coast was a 'trusted partner' to their Partner Fund. There were no negative reviews.

Responsible Investment remained a priority for the Partner Funds and the ability to recruit and retain talent was regarded as an increasingly important issue.

The report contained a summary of responses to key survey questions and an Action Plan had been developed from the feedback of the 2021 survey which was attached as an appendix to the report.

RESOLVED – That the Committee note the results of the 2021 Partner Fund Satisfaction Survey.

8 MARKET REVIEW - JOHN HARRISON

J Harrison presented a report which provided an overview of the macroeconomic environment, the performance of Border to Coast funds and the medium-term investment outlook.

It was noted that the report was written before recent events in Ukraine, and their consequences, had unfolded.

Economic growth had recovered strongly and in the UK and Europe real GDP was back to pre-pandemic levels, with the US and China materially higher.

Inflation was rising as were energy prices and central banks would need to respond. Market consensus was that central banks would raise inflation rates far enough and fast enough to bring inflation back under control but not until 2023.

Individual fund performance was listed in the report and showed that almost all funds had outperformed their benchmarks in 2021.

Looking forward it was thought that returns would be challenging with volatility high. It was still unclear what the effects of the events in Ukraine would be.

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.

9 SHAREHOLDER GOVERNANCE REVIEW - RACHEL ELWELL AND IAN BAINBRIDGE

A report was considered which presented the results of a review of the governance of Border to Coast's governance arrangements.

A four stage process had been developed, details of which were outlined in section 3 of the report. The first two stages of the review had been completed and the third stage, which included the appointment of an external legal advisor for the Partner

Funds, was due to commence imminently. Approval was provided by the Joint Committee to progress with the appointment of a legal advisor.

It was noted that overall the governance framework and legal documentation was considered to be fit for purpose and the exercise was about evolution of approach.

It was further noted that the annual review of the Governance Charter had been postponed pending the outcome of the Governance Review.

Funds were asked to confirm as soon as possible if they supported the suggested changes ahead of the commission of external legal advice.

The Committee discussed the terms of office for the Chair and Vice-Chair, it was generally felt that these should be extended.

The terms of office of the Scheme Member representatives was also discussed

With regard to quoracy, there was a debate as to whether this should be expressed as a percentage rather than a number to allow for flexibility in the number of Partner Funds changed. There was also a discussion around what level the quorum should be set at. There were differing opinions on the issue and Partner Funds were asked to provide proposals for future discussion.

RESOLVED – That the:

- i) The Committee note the report.
- ii) Partner Funds to feedback on the issues highlighted.
- iii) Approval is provided to appoint a legal advisor to represent the Partner funds as part of this process.

10 EMERGING MARKET EQUITY ALPHA FUND LAUNCH - GRAHAM LONG

A report was submitted which provided an update on the launch of an externally managed Emerging Markets Equity Alpha proposition.

It was noted that a similar design and launch process used for all internally and externally managed sub-funds launched to date was being followed. The working party of nominated Partner Fund Officers and advisors working with Border to Coast Officers would consider the draft amendment to the ACS Prospectus that would be required for launch.

RESOLVED – That Members:

- i) Note the progress on the emerging Markets Equity Alpha Fund.
- ii) Delegate review and comment on the draft Prospectus to a working party of Partner Fund Officers under its Terms of Reference 2.2.4.

11 CEO REPORT FEBRUARY 2022 - RACHEL ELWELL

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

- 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 of the Operating budget.
- A brief discussion of activity in the world external to pooling.
- An overview of the key business risks to the organisation.

It was noted that people and political risk were heightened and action was being taken to try and mitigate where possible.

RESOLVED – That Members note the update provided.

12 INVESTMENT REVIEW QUARTER ENDED 31 DECEMBER 2021 - JOHN HARRISON, MARK LYON AND GRAHAM LONG

A report was submitted which summarised the performance and activity of the Border to Coast Investment Funds over Q4 2021.

RESOLVED – That the report be noted.

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

None.

Urgent Item

14 DISCUSSION PAPER

A paper was tabled to enable the Joint Committee to discuss how they may want to progress in relation to recent events in Eastern Europe.

Border to Coast officers updated the Committee on its current view on investing in Russia, Belarus and Ukraine.

The Committee discussed options and noted the contents of the paper.

CHAIR