



Minutes of the Border to Coast Joint Committee

Thursday 29th September 2022 - Border To Coast, Toronto Square, Leeds, LS1 2HJ

Present

Members

Councillor Doug McMurdo (Chair)

Councillor Eddie Strengei, Councillor Patrick Mulligan, Councillor John Mounsey, Councillor Nick Harrison, Councillor David Coupe, Councillor Jim Foreman

Councillor Michael Stead (in absence of Councillor Mark Abley)

Councillor Nick Marriner (in absence of Councillor Mel Worth in the room)

Nicholas Wirz (Scheme Member Representative)

Border to Coast Ltd Representatives

Rachel Elwell, Fiona Miller, Ewan McCulloch, Chris Hitchen, Milo Kerr

Jane Firth (Item 5 onwards), Mark Lyon (Item 6 onwards), Graham Long (Item 15 onwards)

Fund Officers

Julie McCabe, Alison Clark, Paul Cooper, Tom Morrison, Jo Ray, Nick Orton, Ian Bainbridge, Victoria Moffett

Statutory Officer Representative(s)

George Graham, Andrew Felton, Anna D'Alessandro, Julian Neilson

Apologies were received from

Councillor Mark Abley, Councillor Wilf Flynn, Councillor Christopher Kettle, Councillor Mel Worth, Councillor Nigel Wilkinson,

1 APOLOGIES FOR ABSENCE/DECLARATIONS OF INTEREST

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

Councillor Coupe declared an interest in item 3 as the nominee for the Non-Executive Director role.

2 MINUTES OF THE MEETING HELD ON 20TH JUNE 2022

Nicholas Wirz noted that the minutes did not cover the issue he raised in connection with the Governance Review and the approach to Scheme Member representation. Ian Bainbridge gave an update on the position and it was agreed that the minutes would be amended to reflect the discussion on this matter in June 2022.

RESOLVED – Subject to the issue noted above that the minutes of the meeting held on 20th June 2022 be agreed as a true record.

3 JOINT COMMITTEE ELECTION RESULTS

A report was submitted detailing the results of the elections to the various roles associated with the Joint Committee and requesting members consider the appointment of a Vice Chair at the meeting and the arrangements for filling a casual vacancy for a Scheme Member Representative.

RESOLVED –

- i. That the election of Cllr Doug McMurdo as Chair be noted.
- ii. That the nomination of Cllr David Coupe as a Non-Executive Director of the Company be noted.
- iii. The term for Partner Fund Non Executive Directors be increased from two years to three.
- iv. That Cllr Patrick Mulligan be appointed a Vice Chair of the Joint Committee for the forthcoming year.
- v. That the resignation of Ms Dierdre Burnett as a Scheme Member Representative be noted and a letter of appreciation for Ms Burnett's service to the Committee be sent.
- vi. That the Secretary make arrangements for the election of a new Scheme Member representative following the same procedure as used previously.
- vii. Consideration to be given to removing the requirement for Scheme Member representatives to be limited to two terms.

4 JOINT COMMITTEE BUDGET

A report was submitted which gave an update on the budgetary position for 2022/23

It was noted that, to date, the major costs incurred related to legal work in respect of the Governance Review with further expenditure likely on secretariat support and legal work related to Global property.

RESOLVED – That the report be noted.

5 RESPONSIBLE INVESTMENT UPDATE

A report was considered which updated the Committee on Responsible Investment Activity. The report highlighted the Company's success in recognition under the Stewardship Code and publication of the latest TCFD report, as well as voting activity that had taken place over the main "proxy voting" season.

In discussion it was highlighted that:

- The Company was in the process of seeking to appoint to 3 vacant roles in the Responsible Investment Team but that there was significant competition for such roles.
- There was a need for those managers not operating within the Pool to be regularly informed of both the Border to Coast voting guidelines and other information such as LAPFF voting alerts.

RESOLVED – That the report be noted.

6 SUMMARY OF INVESTMENT PERFORMANCE AND MARKET RETURNS

A report was presented setting out the current macro-economic and market environment, providing the context for the review of the performance of individual investment propositions elsewhere on the agenda.

The key issues highlighted were the impact of the war in Ukraine and its effect on prices and as a driver of inflation with significant downside risks in all markets and levels of inflation and interest rates in developed markets not seen since before the Global Financial Crisis.

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.

7 SHAREHOLDER GOVERNANCE REVIEW

A report was presented summarising the conclusions reached by the work undertaken to review Shareholder Governance within the Partnership, reflecting on the lessons learned both over the first few years of the Partnership's existence and from other pools both within the UK and internationally.

RESOLVED – That the Committee

- i) Note the proposed changes to the Inter Authority Agreement, which subject to any further feedback, will be put to each of the Administering Authorities for approval in line with their own governance arrangements.
- ii) Note the proposed changes to the Shareholder Agreement, which will be put to each of the Administering Authorities and the Border to Coast Board for approval in line with their own governance arrangements.

- iii) Note the proposed changes to the Articles of Association, which will be put to the shareholders for approval via a shareholder resolution.
- iv) Note the change to the term of Partner Fund Nominated Non-Executive Directors from three terms of two years, only two of which may be served consecutively, to two terms of three years.

8 NET ZERO IMPLEMENTATION PLAN

A report was presented setting out the Company's "roadmap" for achieving Net Zero both within the various investment propositions and at corporate level, following the adoption of a 2050 Net Zero objective in November 2021. The plan included targets for emissions within individual propositions and followed the approach set out by the Net Zero Asset Managers' Initiative. Following discussion at the Joint Committee it was intended to publish the "roadmap" in early October.

RESOLVED – That the report be noted.

9 TCFD CONSULTATION

The Committee considered a report examining the consultation issued by the Department of Levelling Up Housing and Communities (DLUHC) on the introduction of TCFD reporting by LGPS funds. While there were similarities with the regime adopted for private sector funds it was noted that there were some key differences and that successful implementation would require significant collaboration between Border to Coast and Partner Funds. The intention was to have a draft response ready for discussion prior to the deadline to allow it to be shared with Partner Funds.

RESOLVED – That the report be noted.

10 ANNUAL REVIEWS OF INVESTMENT PROPOSITIONS

11 UK LISTED EQUITY

A report was submitted which summarised the performance and activity of the Border to Coast UK Listed Equity Fund over the previous year.

It was noted that performance since inception had been in line with the performance target, while taking less risk than allowed within the mandate.

Factors which benefitted and detracted from the Fund were contained within the report.

RESOLVED – That the report be noted.

12 OVERSEAS DEVELOPED EQUITY

A report was submitted which summarised the performance and activity of the Border to Coast Overseas Developed Equity Fund over the previous year.

It was noted that overall Fund performance was above its target since inception while taking less risk than allowed for in the mandate.

Factors which benefitted and detracted from the Fund were contained within the report.

RESOLVED – That the report be noted.

13 ALTERNATIVES

A report was considered which summarised the performance and activity of the Alternatives proposition following completion of its first three-year cycle.

The report highlighted the fact that commitments were more than twice the anticipated level and that capital had been deployed in line both with expected timeframes and risk parameters, while generating substantial cost savings.

While it remained early in the programme initial performance had been encouraging across all 3 asset classes.

RESOLVED – That the report be noted.

14 CEO REPORT

The Company's CEO submitted a report updating the Committee on activity across the whole range of the Company's activity. In discussion the following issues were highlighted.

- The continuing high level of engagement between Partner Funds and the company.
- Continued transition of assets in line with the overall plan.
- The potential for post-valuation strategy reviews to impact on various investment propositions.
- Positive operational performance including an increase in reported savings.
- The nature of the ongoing people risks facing the organisation.

RESOLVED – That the report be noted.

15 PERFORMANCE REPORT

A report was submitted which summarised the performance of the various investment propositions over the latest quarter.

RESOLVED – That the report be noted.

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

There were no further matters to update the Committee on.

CHAIR