



Minutes of the Border to Coast Joint Committee

Tuesday, 21 March 2023 - Border to Coast Offices, Toronto Square, Leeds, LS1 2HJ

Present

Partner Fund	Councillor	Officers in Attendance
Bedfordshire	Cllr Doug Mc Murdo	Andy Watkins Michael Batty
Cumbria	CC Mel Worth	Debbie Purvis
Durham	Cllr Mark Abley	Paul Cooper
East Riding	Cllr Nigel Wilkinson	Tom Morrison (also North Yorkshire)
Lincolnshire	CC Eddie Strenziel	Jo Kempton
North Yorkshire	Cllr Patrick Mulligan (in the Chair)	
South Yorkshire	Cllr John Mounsey	George Graham Gill Richards
Surrey	CC Nick Harrison	Neil Mason
Teesside	Cllr Eric Polano	Nick Orton
Tyne and Wear	Cllr Anne Walsh	Ian Bainbridge Paul McCann
Warwickshire		Andrew Felton Chris Norton

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
Ewan McCulloch	Chief Stakeholder Officer
Milo Kerr	Head of Client Relationship Management

Members of the Joint Committee agreed that Cllr Mulligan as Vice Chair should chair the meeting as due to personal circumstances Cllr McMurdo had been unable to prepare for the meeting.

1. Apologies for Absence and Declarations of Interest

Apologies were received from:

Cllr Christopher Kettle – Warwickshire

Linda Bowen - Scheme Member Representative

Nicholas Wirz – Scheme Member Representative

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

2. Minutes of the Meeting Held on 30th November 2022

RESOLVED – That the minutes of the meeting held on 30th November 2022 be agreed as a true record.

3. Schedule of Future Meetings

George Graham introduced a report on behalf of the Secretary to the Joint Committee setting out proposed dates for future meetings for the period up to 2025/26.

Members requested that place holders be issued so that dates were set aside in electronic diaries sufficiently far in advance and officers undertook to arrange this.

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

4. Annual Elections

George Graham introduced a report on behalf of the Secretary to the Joint Committee setting out a request from the Board of the Border to Coast Company in relation to the process for proposing Shareholder Nominated Non-Executive Directors intended to achieve stability during the transition to the new arrangements previously agreed by the Committee.

Members also discussed contingencies in the event that a Shareholder Nominated Non-Executive Director were not re-elected as a Councillor. The consensus view was that this would need to be considered on a case by case basis with some consideration being given to the remaining term.

Following discussion Cllr McMurdo proposed and Cllr Walsh seconded a resolution which was carried unanimously, and it was therefore:

RESOLVED – To recommend to shareholders that the term of office of Cllr John Holtby as a Non-Executive Director of Border to Coast be extended until September 2024.

5. Joint Committee Budget

Nick Orton as Chair of the Officers Operations Group presented a report setting out the forecast 2022/23 outturn for the Joint Committee's budget and proposing that a

budget of £40,000 for the 2023/24 financial year. Following discussion of the potential impact of the current level of inflation on future costs it was:

RESOLVED –

- i. To note the forecast outturn for 2022/23 and the associated forecast overspend which will be recovered equally from partner funds.
- ii. To approve a Joint Committee budget for 2023/24 of £40,000 to be contributed equally by partner funds.

6. Governance Charter

Rachel Elwell presented a report setting out an updated Governance Charter reflecting the changes made in governance arrangements following the recent Governance Review.

RESOLVED – To approve the updated Governance Charter.

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 Company's involvement in a number of new collaborative initiatives as well as to retention of Stewardship Code accreditation and the strengthening of the Team through the addition of new members of staff. In discussing the report members raised the following issues:

- The relationship between investment exclusions and the ability of the Company to achieve Net Zero across its investment portfolios. In response it was noted that exclusions of which there are currently a small number are distinct from divestment and that the position remains that engagement is preferred and prioritised and that fund managers are expected to fully review the risks and opportunities associated with investment in any particular company. In addition, engagement with companies is increasing in the current voting season including engaging with BP and Shell where, according to the Voting Policy, Border to Coast will be voting against the Chairs. It was also noted that ongoing dialogue around specific votes was maintained with other organisations such as LAPFF.
- The need to be able to demonstrate to stakeholders the success of engagement.

Following discussion it was:

RESOLVED – To note the report.

8. Market Review

Joe McDonnell was welcomed to his first meeting as CIO and presented a report setting out the overall market background as context for the broader consideration of performance later on the agenda. It was emphasised that 2022 had been an

extremely difficult year from a macro perspective with equity and bond markets moving in concert and there being no diversification benefit. Looking forward both inflation and valuations seemed likely to moderate, although there continued to be significant volatility and headwinds such as reduced profit expectations.

In discussion members raised the following issues:

- The dangers of banking contagion
- The likelihood of significant defaults in credit markets
- Concerns about the future growth pattern in emerging markets

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. Emerging Strategic Development

Rachel Elwell presented a report setting out details of a process which had been commenced to examine the next stages in the development of the Partnership. This would be a significant piece of work directly involving members of the Joint Committee at various stages and was being overseen by a Steering Group involving both members of the Joint Committee and the Company Board.

RESOLVED – To note the report

10. Review of External Investments inc Multi Asset Credit and Sterling Investment Grade Credit Annual Reviews

Graham Long presented a report which set out the conclusions of the annual reviews of the Multi Asset Credit and Sterling Investment Grade Credit Funds as well as the conclusions of a review undertaken of the external investment process.

Members raised detailed questions regarding the performance of specific managers in the two investment funds and the reasons for the ratings attached to them and the means by which ratings would be reassessed.

A number of concerns were raised about the review of the external investment process and the process to ensure that it was completed in a sufficiently objective manner.

Following discussion, it was:

RESOLVED –

- i. To note the contents of the report
- ii. To agree to receive a report from the Chief Investment Officer on the conclusions of his work on the external investment process at the next meeting of the Committee.

11. Sterling Index Linked Bonds Annual Review

Mark Lyon presented a report on the annual review of the internally managed Sterling Index Linked Bond Fund, which is performing in line with targets and expectations.

RESOLVED – To note the report.

12. CEO Report

Rachel Elwell presented a report setting out details of work undertaken across all aspects of the Company's activity during the previous quarter.

Members raised questions around:

- Details of the rationale for some changes in the analysis of particular types of risk.
- Progress in addressing people risks.

Following discussion, it was:

RESOLVED – To note the report.

13. Investment Review Quarter Ended 31st December 2022

Mark Lyon and Graham Long presented a report setting out the performance of all the Company's investment products over the most recent quarter. In discussion members noted:

- Queries with regard to managers on watch and the reasons for that rating.
- Queries with regard to risk levels in certain products.

Following discussion, it was:

RESOLVED – TO note the report.

14. Standing Item Update on Emerging Issues

Fiona Miller provided an update on the issues emerging from recent announcements concerning LGPS as part of the Chancellor's Spring 2023 UK Budget speech and noted that the Cross Pool Group was likely to meet to discuss them.

15. Retiring Members and Officers

Cllr Mulligan paid tribute to the contribution made to the work of the Committee by Cllr Mel Worth as this would be his last Joint Committee meeting due to the change

in administering authority for the Cumbria fund as a result of local government reorganisation.

Cllr Mulligan also paid tribute to the work of Ian Bainbridge both in supporting the Joint Committee and as Chair of the Officer Operations Group, who would be retiring as Head of the Tyne and Wear Fund before the next meeting.

Cllr McMurdo paid tribute to the contribution to the work of the Committee of Cllr Mulligan who's last meeting this was as a result of Local Government Reorganisation in North Yorkshire.

Members of the Committee endorsed these tributes.

CHAIR