



Border to Coast Joint Committee

Date of Meeting: 26th March 2024

Report Title: Evolving the Work of the Joint Committee

Report Author: George Graham (Director – SYPA) for Officer Operations Group

1.0 Executive Summary:

1.1 This report proposes changes to the way in which the Joint Committee exercises its role in overseeing the work of the Border to Coast operating company and how this is supported by the Officer Operations Group (OOG) reflecting the move from the Company's establishment phase to steady state operation.

2.0 Recommendation:

2.1 It is recommended that the Joint Committee 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.

3.0 Background and Options

3.1 As part of work to support both the Partnership's 2030 Strategy and the move of the operating company from its establishment phase to steady state operation the Officer Operations Group (OOG) has been considering how Partner Funds should effectively exercise their collective responsibilities in relation to oversight of the Partnership and in particular the operating company. This has involved Partner Fund Officers undertaking two two-day sessions at South Yorkshire Pensions Authority's offices in Barnsley and devoting a significant proportion of a regular OOG meeting to this task.

3.2 While each partner fund must remain responsible for oversight of its own assets managed within the pool collective oversight of the operation of the pool (which it must be remembered is not just the operating company) is a process that culminates in the work of the Joint Committee. To date the Joint Committee has exercised this function through a particular focus on, high level approval of new investment propositions, quarterly performance information for the various investment propositions, recommending collective policies to individual Pension Committees, receiving information on partner funds progress with transition to the Pool and more recently receiving annual reviews of investment propositions. This agenda has run in parallel to rather than being directly supported by the work of the OOG. The current inflexion point as the partnership moves to steady state operation is an opportunity to consider whether this arrangement is serving the partnership well and whether it can be improved.

- 3.3 Meetings of the Joint Committee can feel crowded in terms of there being (too) many items on the agenda to be dealt with in a relatively fixed timescale meaning that the level of scrutiny being achieved can appear superficial. In addition, the focus on quarterly performance is unhelpful and tends to duplicate the focus of individual pension committees therefore adding little to the overall level of assurance that is available about whether individual propositions are performing as intended. More recent Joint Committee meetings have also received annual proposition reviews which perhaps provide a better vehicle for considering whether propositions are performing as intended. However, to date these reviews have not been considered at all by the OOG.
- 3.4 Therefore to provide a longer-term focus to the Joint Committee's oversight of the performance of individual investment propositions it is proposed that the Committee no longer receive quarterly performance information but review the performance of the individual propositions through the cycle of annual reviews which has already been established. To support this from an officer point of view there will be an "Investment OOG" a suitable period prior to each Joint Committee meeting which will examine each proposition review and identify issues which should be probed by the Joint Committee. These will be highlighted in a short covering paper produced on behalf of the OOG to accompany the proposition reviews. The other aspects of the Joint Committee agenda, such as high-level approval for new propositions, agreement of collective policies and monitoring the transition of assets into the Pool will continue as now.
- 3.5 The aim of these changes is to provide more effective oversight of the work of the operating company in delivering the various propositions in a way which complements the work undertaken by individual pension committees and which harnesses the collective insight of partner fund officers and advisers through the "Investment OOG".
- 3.6 It is proposed, if agreed, to implement these changes from the next meeting of the Joint Committee. Given this and the need to allow any new process of this sort time 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 following the forthcoming local elections have settled down.

4.0 Conclusion

- 4.1 The proposals set out in this report contribute to improving the effectiveness of partner funds' collective oversight of the operating company and the propositions which it delivers while reducing the current level of duplication with the work of individual pension committees.

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