

SUPERANNUATION FUND COMMITTEE

Friday, 18th May, 2012

10.00 am

**Medway Room, Sessions House, County Hall,
Maidstone**



AGENDA

SUPERANNUATION FUND COMMITTEE

Friday, 18th May, 2012 at 10.00 am Ask for: **Geoff Rudd**
Medway Room, Sessions House, County Telephone: **01622 694358**
Hall, Maidstone

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

A. COMMITTEE BUSINESS

1. Substitutes
2. Declarations of Interests by Members in items on the Agenda for this meeting.
3. Minutes (Pages 1 - 4)

B. MOTION TO EXCLUDE THE PRESS AND PUBLIC FOR EXEMPT ITEMS

That under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

(During these items the meeting is likely NOT to be open to the press and public)

C. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

1. Goldman Sachs Asset Management
2. DTZ Investment Management
3. Hymans Robertson
4. Asset Allocation and Projects (Pages 5 - 18)
5. Pooled Property Funds (Pages 19 - 26)

UNRESTRICTED ITEMS

(During these items the meeting is likely to be open to the public)

D. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

1. Appointment of a Tax Guarantor in Taiwan (Pages 27 - 28)
2. Application for Admission to the Fund (Pages 29 - 30)

Peter Sass
Head of Democratic Services
(01622) 694002

Thursday, 10 May 2012

- (i) *Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.*
- (ii) *In accordance with the current arrangements for meetings, representatives of the Managers have been given notice of the meeting and will be in attendance for Items C2 and C3.*

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room, Sessions House, County Hall, Maidstone on Friday, 2 March 2012.

PRESENT: Mr J E Scholes (Chairman), Cllr J Burden, Mr D C Carr, Mr D S Daley, Mr J A Davies, Mrs J De Rochefort, Mr N Eden Green, Mr M J Jarvis, Mr J F London, Mr R A Marsh, Mr S Richards, Mr M V Snelling and Mrs M Wiggins.

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance and Procurement), Mr N Vickers (Head of Financial Services), Mrs S Surana (Senior Accountant - Investments), Mr S Tagg (Deputy Pensions Manager), Mr G Rudd (Assistant Democratic Services Manager) and Mr A Ballard (Democratic Services - Business Support Officer).

UNRESTRICTED ITEMS

A. COMMITTEE BUSINESS

8. Minutes

(Item A3)

Resolved that the minutes relating to the unrestricted items of the meeting held on Friday, 10 February 2012 are correctly recorded and that they be signed by the Chairman.

C. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

9. Minutes

(Item C1)

Resolved that the exempt minutes of the meeting held on Friday, 10 February 2012, are correctly recorded subject to the resolution in paragraph 5 (1) being amended to read Head of Financial Services reporting to the Committee, and that they be signed by the Chairman.

10. GMO

(Item C2)

Mr A Hene, Mr N Bashir & Ms H Wiley of GMO were in attendance for this item in order to give a presentation and answer questions from the Committee members.

11. Barnett Waddingham - Local Government Pension Scheme

(Item C3)

(1) Mr G Muir of Barnett Waddingham was in attendance for this item in order to give a presentation and answer questions from Committee Members.

(2) RESOLVED that the report be noted.

12. Fund Structure

(Item C4 - Report by the Chairman of the Superannuation Fund Committee and the Corporate Director Finance and Procurement).

The Committee agreed a number of issues relating to the structure and management of the fund.

D. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

13. External Audit

(Item D1 - Report by the Chairman of the Superannuation Fund Committee and the Corporate Director Finance and Procurement).

(1) Mr D Wells and Ms E Olive of the Audit Commission were in attendance for this item in order to give a presentation and answer questions from Committee Members.

(2) The Committee RESOLVED that the report be noted.

14. Treasury Strategy

(Item D2 - Report by the Chairman of the Superannuation Fund Committee and the Corporate Director Finance and Procurement).

(1) This report was introduced by Mr N Vickers (Head of Financial Services) and provided members with an update on a range of issues.

(2) The Committee RESOLVED that the following counterparties be agreed;

- (a) JP Morgan Sterling Liquidity Fund - £20m limit
- (b) Scottish Widows Global Liquidity Fund - £20m limit
- (c) Insight Sterling Liquidity Fund - £20m limit
- (d) Blackrock Institutional Sterling Government Liquid Reserves Fund - £20m limit
- (e) Goldman Sachs Sterling Government Liquid Reserves Fund - £20m limit; and
- (f) Nat West SIBA - £20m limit.

15. Fund Position Statement

(Item D3 - Report by the Chairman of the Superannuation Fund Committee and the Corporate Director Finance and Procurement).

(1) This report was introduced by Mr N Vickers (Head of Financial Services) and the Committee discussed a number of issues;

(2) RESOLVED that the report be noted.

16. Application for Admissions to the Fund

(Item D4 - Report by the Chairman of the Superannuation Fund Committee and the Corporate Director Finance and Procurement).

(1) This report was introduced by Mr N Vickers (Head of Financial Services). An updated report was tabled during the meeting.

(2) The Committee RESOLVED that:

(a) the admission to the Kent County Council Pension Fund of NSL Limited be agreed;

(b) the admission to the Kent County Council Pension Fund of Steria Limited be agreed;

(c) the withdrawal of Northgate Managed Services Limited (Building Schools for the Future) as a participating employer in the Pension Fund be noted;

(d) the admission to the Kent County Council Pension Fund of Northgate Managed Services (regarding St George's School) be agreed;

(e) the admission to the Kent County Council Pension Fund of Northgate Managed Services (regarding St John's School) be agreed;

(f) the admission to the Kent County Council Pension Fund of Northgate Managed Services (regarding Thamesview School) be agreed;

(g) the withdrawal of ABM Catering as a participating employer in the Pension Fund be noted;

(h) agreement be given that a Deed of Modification can be entered into in respect of MCCH Society Limited; and

(i) once legal agreements have been prepared for the above matters, the Kent County Council seal can be affixed to the legal documents.

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By: Chairman Superannuation Fund Committee
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 18 May 2012

Subject: **APPOINTMENT OF A TAX GUARANTOR IN TAIWAN**

Classification: Unrestricted

Summary: To seek authority for the signing of the Guarantee Agreement and Power of Attorney, and for the affixing of the Kent County Council seal to the Power of Attorney

FOR DECISION

INTRODUCTION

1. The Pension Fund from time to time invests via its fund managers in the Taiwan stock market. It is now required by the Taiwan authorities to appoint a Chinese legal entity as Tax Guarantor in Taiwan in relation to tax matters arising from these investments.
2. Having a Tax Guarantor in place will also enable our custodians, JP Morgan, to transfer cash proceeds from the sale of investments back to the UK.
3. KPMG UK act as advisors to the Pension Fund on tax matters and the intention is to appoint KPMG Ltd Taiwan as Tax Guarantor. The likely cost of this service based on the current value of funds held in Taiwan is £2,000 pa.
4. Authority is required from the Kent County Council Superannuation Committee for the signing of the Tax Guarantor Agreement and POA, and sealing of the POA.
5. The Agreement and POA have been reviewed by KCC Legal Services and Russin & Vecchi LLP, a Taiwan based lawyer.

RECOMMENDATION

6. Members are asked to:
 - (1) Authorise the Corporate Director of Finance and Procurement to sign the Tax Guarantor Agreement
 - (2) Authorise the Corporate Director of Finance and Procurement and Head of Financial Services to sign the Power of Attorney

- (3) Authorise Kent County Council Legal Services to affix the Kent County Council seal to the signed Power of Attorney

Alison Mings
Treasury and Investments Manager
Ext 6294

By: Chairman Superannuation Fund Committee
Corporate Director Finance and Procurement

To: Superannuation Fund Committee – 18 May 2012

Subject: **APPLICATION FOR ADMISSION TO THE FUND**

Classification: Unrestricted

Summary: To report on applications to join the Pension Fund.

FOR DECISION

INTRODUCTION

1. This report sets out information on applications from organisations to become admitted bodies within the Pension Fund and seeks committee approval to enter into an admission agreement with these organisations.

PRINCIPAL CATERING CONSULTANTS LIMITED (regarding Our Lady of Hartley CP School, Longfield)

2. KCC is awarding a contract to Principal Catering Consultants Limited for catering services at Our Lady of Hartley County Primary School, effective from 1 August 2012.
3. This involves the transfer of one employee from Our Lady of Hartley County Primary School to Principal Catering Consultants Limited. To ensure the continuity of pension arrangements for this employee, Principal Catering Consultants Limited have made an application for admission to join the Pension Fund.
4. The application has been made under Regulation 6 (2) (a) (i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity. The Fund Actuary has assessed the level of bond at £2400 for the first year and set an employer's contribution rate of 17.1%.
5. The completed questionnaire and Memorandum and Articles of Association provided by Principal Catering Consultants Limited have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion.

OAKWOOD HOUSE

6. KCC is awarding a contract for catering and hospitality services at Oakwood House. The indicative date for contract award and mobilisation is 8th October 2012 and start of the operational contract is 5th November 2012. Staff will be transferring between 8th October 2012 and 5th November 2012.
7. This involves the transfer of 4 employees from KCC to the successful bidder.
8. To ensure the continuity of pension arrangements for these employees, two bidders have made an application for admission to join the Pension Fund. There is a third bidder who if successful, will provide a comparable pension scheme of their own.
9. The admission applications have been made under Regulation 6 (2) (a) (i) of the Local Government Pension Scheme (Administration) Regulations 2008, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity. The Fund Actuary has assessed the level of bond at £55,000 for the first year and set an employer's contribution rate of 20%.
10. The completed questionnaire and Memorandum and Articles of Association provided by the two bidders have been examined by Legal Services to ensure compliance with the Local Government Pension Scheme Regulations. Legal Services have given a favourable opinion on each application.

RECOMMENDATION

11. Members are asked to:
 - (1) Agree to the admission to the Kent County Council Pension Fund of Principal Catering Consultants Limited (regarding Our Lady of Hartley CP School, Longfield), and
 - (2) Agree to the admission to the Kent County Council Pension Fund of the successful bidder for the Oakwood House contract, and
 - (3) Agree that once legal agreements have been prepared for the above matters, the Kent County Council seal can be affixed to the legal documents.

Steven Tagg
Investments and Treasury
Ext. 4625