

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Friday, 15 November 2013.

PRESENT: Mr J E Scholes (Chairman), Mr D S Daley (Vice-Chairman), Cllr J Burden, Cllr P Clokie, Mr J A Davies, Ms J De Rochefort, Cllr N Eden-Green, Mr B E MacDowall, Mr R J Parry, Mr S Richards, Mr C Simkins, Cllr L Wicks and Mrs Z Wiltshire.

ALSO PRESENT: Miss S J Carey and Mr J D Simmonds, MBE

IN ATTENDANCE: Mr A Wood (Corporate Director of Finance and Procurement), Mr N Vickers (Head of Financial Services), Ms S Surana (Senior Accountant - Investments), Mr S Tagg (Senior Accountant Pension Fund), Mr P R Luscombe (Pensions Manager) and Miss T A Grayell (Democratic Services Officer).

UNRESTRICTED ITEMS

27. Minutes - 30 August 2013 and 10 September 2013
(Item A3)

RESOLVED that the minutes of the meetings held on 30 August and 10 September are correctly recorded and they be signed by the Chairman.

28. Motion to Exclude the Press and Public for Exempt Items

The Committee resolved 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 (OPEN ACCESS TO MINUTES)

29. Exempt Minute - 10 September 2013
(Item B1)

RESOLVED that the exempt minute of the meeting held on 10 September is correctly recorded and it be signed by the Chairman.

30. Baillie Gifford
(Item C1)

Mrs L Dewar and Mr I Tabberer from Baillie Gifford were in attendance for this item.

1. The Chairman welcomed Mrs Dewar and Mr Tabberer to the meeting and invited them to give an update on progress over the last ten years and respond to questions of detail from the Committee. Also circulated at the meeting were details of the performance of the portfolio being managed by Baillie Gifford on behalf of the Superannuation Fund.

2. RESOLVED that the information given in the update and in response to the Committee's questions be noted, and that Baillie Gifford be thanked for attending and for their work in managing the portfolio.

31. Fund Structure
(Item C2)

Mr A McKissick and Mr A Elliott from Hymans Robertson were in attendance for this item.

1. The Chairman welcomed Mr McKissick and Mr Elliott to the meeting. Mr Vickers introduced the report and, with Mr McKissick and Mr Elliott, responded to questions of detail from the Committee.

2. The Committee then debated at length the issues on which it had been asked to make a decision, and arrived at a conclusion on each of the five investment or appointment questions in the report. Mr McKissick and Mr Elliott were thanked for attending and assisting the Committee in its deliberations.

3. RESOLVED that:-

- a) the information given in the update be noted; and
- b) decisions on the investments and the appointment recommended in the report be confirmed, as directed by the Committee, following debate.

32. Pensions Administration System Framework
(Item C3)

1. Mr Vickers introduced the report and circulated a letter received from the current provider of the pensions administration system.

2. The Committee then debated the issues on which it had been asked to make decisions.

3. RESOLVED that:-

- a) the Corporate Director of Finance and Procurement be authorised to sign the framework agreement, subject to legal and procurement advice; and
- b) the decision on the procurement of a pensions administration system be delegated to the Corporate Director of Finance and Procurement, in consultation with the Superannuation Fund Committee.

UNRESTRICTED ITEMS (COMMITTEE IN OPEN SESSION)

33. Actuarial Valuation
(Item D1)

1. Mr Vickers introduced the report and responded to questions of detail from Members, who commended the Fund's good performance. The Chairman added that the County Council had risen in the league tables, largely as a result of the work of this Committee.

2. RESOLVED that the information set out in the report be noted.

34. Fund Structure
(Item D2)

RESOLVED that:-

- a) the UK Property position be noted;
- b) any sale decisions proposed by DTZ on the Indirect portfolio be delegated to the Corporate Director of Finance and Procurement, in consultation with the Chairman of the Superannuation Fund Committee;
- c) the revised Aurora Fund documentation be signed;
- d) the position on M&G be noted; and
- e) the Committee's thanks be conveyed to the staff involved in the negotiation of the above.

35. Fund Position Statement
(Item D3)

RESOLVED that:-

- a) the Fund position statement be noted; and
- b) the Equity overweight position be reduced in the future, but no action be taken on this at the present time.

36. Application for Admission to the Fund
(Item D4)

1. Mr Tagg and Mr Vickers introduced the report and responded to comments and questions of detail from the Committee. Members expressed concern about the arrangements for the delegation of approval for all new applications to join the Fund, set out in recommendation 5 of the report, and asked that a number of changes be made to strengthen the County Council's position, as follows:-

- a) to ensure that no decision on any contentious matters is taken under the officer delegation, but that all such matters be instead referred to the Committee for discussion and determination. There would need to be some means of identifying what would be covered by this category. Members also asked if it would be possible for the delegation to specify a financial value above which any applications would be referred to the Committee rather than determined under the delegation; and
- b) all decisions taken under the delegation be reported to the Committee at a later date for information.

2. RESOLVED that:-

- a) Project Salus be admitted to the Kent County Council Pension Fund;

- b) a Deed of Modification be entered into in respect of Capita Managed IT Solutions Ltd;
- c) an amended legal agreement be entered into with West Kent Housing Association;
- d) the arrangements agreed by the County Council in respect of any liabilities arising on the termination of Remade South East's membership of the Fund be noted;
- e) the arrangements for the delegation of approval for all new, routine applications for admission to the Fund to the Corporate Director of Finance and Procurement be approved, subject to the staff being transferred from a best value authority, appropriate financial guarantees or bonds being provided, scrutiny by finance and legal officers being undertaken, email notification to all Members of the Superannuation Fund Committee of all non-routine applications, and unanimous agreement from Members. All decisions taken be reported to the next available Committee meeting and these arrangements be subject to regular, at least annual, reviews. Any application which is considered non-routine be referred to the Superannuation Fund Committee for determination;
- f) the proposals for the recovery of the Pension Fund costs be agreed;
- g) once legal agreements have been prepared for the matters in resolutions a), b) and c) above, the Kent County Council seal be affixed to the legal documents; and
- h) a report be made to a future meeting of the Committee on applicant organisations which are neither bonded or guaranteed by a local employer.

37. Pensions Administration
(Item D5)

1. Mr Vickers and Mr Luscombe introduced the report and explained that a clarification of the changes to the administration of the Kent Pension Scheme would be issued in the week beginning 18 November 2013. The Chairman thanked Mr Luscombe for his extensive work on bringing in the changes to the scheme.

2. RESOLVED that the information set out in the report be noted.

38. Collaboration Work on Investment Manager Procurement
(Item D6)

RESOLVED that:-

- a) the Fund support the collaboration initiative by the Society of County Treasurers;
- b) the Fund agree to maintain 'headline' details of the mandates and contracts it has, on a shared database, to facilitate this collaboration. Only participating authorities will have access to the database, which, in the short

term, will be held by West Sussex, and, in the long term, by a neutral third party;

- c) there be a presumption that the Fund check the Society of County Treasurers database for any future procurements, when this is implemented, to see if an existing mandate or contract can be used in preference to individual Fund-by-Fund procurement; and
- d) any procurement the Fund undertakes have the standard form of words to permit other authorities to be added to the mandate / contract, as set out in the appendix to the report.

39. Dates of meetings in 2014
(Item D7)

RESOLVED that the dates reserved for the Committee's meetings in 2014 be noted, as follows:-

Friday 7 February 2014
Friday 21 March 2014
Friday 27 June 2014
Friday 29 August 2014
Friday 14 November 2014

All meetings will commence at 10.00 am in the Darent Room, Sessions House.

CLEARED FINAL DRAFT