

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, 21 March 2014.

PRESENT: Mr J E Scholes (Chairman), Mr D S Daley (Vice-Chairman), Cllr P Clokie, Mr A D Crowther, Ms J De Rochefort, Cllr N Eden-Green, Ms S Lysaght (Substitute for Mr S Richards), Mr B E MacDowall, Mr T A Maddison, Mr R A Marsh, Mr R J Parry, Mr C Simkins, Mrs M Wiggins and Cllr L Wicks.

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

IN ATTENDANCE: Ms B Cheatle (Deputy Pensions Manager), Ms D Fitch (Democratic Services Manager (Council)), Ms A Mings (Treasury & Investments Manager), Ms S Surana (Senior Accountant - Investments), Mr S Tagg (Senior Accountant Pension Fund), Mr N Vickers (Head of Financial Services) and Mr A Wood (Corporate Director of Finance and Procurement).

UNRESTRICTED ITEMS

51. Minutes - 7 February 2014 *(Item A3)*

RESOLVED that the minutes of the meeting held on 7 February 2014 are correctly recorded and that they be signed as a correct record.

EXEMPT ITEMS (OPEN ACCESS TO MINUTES)

52. Motion to Exclude the Press and Public

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.

53. Exempt Minutes - 7 February 2014 *(Item C1)*

(1) Following the presentation by Harbourvest (minute no 43) Mr Vickers suggested that a date be arranged in the summer for an informal visit by members of the Committee to the offices of Harbourvest.

(2) RESOLVED that the exempt minutes of the meeting held on 7 February 2014 are correctly recorded and that they be signed by the Chairman as a correct record.

54. Schroder Investment Management
(Item C2)

(1) The Chairman welcomed Mr Day, Client Director and Ms Noffke, UK Equity Fund Manager, from Schroder Investment Management to the meeting and invited them to give a brief presentation to the Committee on the 3 mandates that they managed on behalf of the Fund. They answered questions from members of the Committee.

(2) RESOLVED that the presentation and the comments made by members of the Committee be noted.

UNRESTRICTED ITEMS
(Committee open to the press and public)

55. Fund Position Statement
(Item D1)

(1) Mr Vickers introduced a report which provided a summary of the Fund asset allocation and performance.

(2) The Committee discussed the Fund's overweight position in equities, and referred to the possibility of increasing investment in property. Concern was expressed at the impact that the volatile situation in the Crimea could have on the investment market

(3) Mr Vickers informed the Committee that Woodford Investment Management was due to start trading on 1 May 2014. It had been agreed by the Chairman and Mr Wood that Mr Vickers would meet with Woodford Investment Management and report back to the Committee at the next meeting.

(4) Mr Vickers explained that if the Committee wanted to take some money out of equities to protect the Fund from the potential volatility of the equities market then it may be necessary to put this money into Cash which would have a low rate of return but temporarily bank gains on equities. This would give the Committee time to look at other forms of investment, and have the flexibility to invest quickly. The Committee discussed withdrawing £150m of the Fund's £2.75bn equity holdings.

(5) RESOLVED that

- a) the Fund Position Statement be noted
- b) Mr Vickers report back to the Committee at their next meeting following his meeting with Woodford Investment Management
- c) delegated authority be given to the Corporate Director of Finance and Procurement in consultation with the members of the Committee to remove £150m from equities and to invest this money taking into account the views of members.

56. Fund Structure
(Item D2)

- 1) Mr Vickers introduced a report on a number of issues relating to the structure and management of the Fund, including the treasury strategy, probation staff transfer out of the Fund, DTZ Investment Management, the indirect property portfolio, Invesco, Sarasin and Kames.
- (2) RESOLVED that
 - a) the counterparties used for cash management be noted.
 - b) the Probation transfer be noted and the Corporate Director of Finance and Procurement be delegated authority in consultation with members of the Committee to make the necessary transfer of monies from the Fund, and .
 - c) the position on the DTZ discretionary portfolio be noted.
 - d) no action be taken to sell any of the indirect property holdings at this time.
 - e) the Invesco transition be noted.
 - f) the Sarasin transition be noted.
 - g) the Kames investment be noted.

57. Risk Register
(Item D3)

- (1) Mr Vickers introduced a refreshed version of the Pension Fund Risk Register which had last been presented to the Committee on 31 August 2012.
- (2) Members considered the Risk Register and asked that future updates include the risk score definitions.
- (3) RESOLVED that the Pension Fund Risk Register and the comments made by members of the Committee be noted.

58. Update on Local Government Pension Scheme Reforms
(Item D4)

- (1) Mr Vickers informed the Committee of the retirement of Mr Luscombe, Pensions Manager and introduced Ms Cheatle, Deputy Pensions Manager, who would be responsible for the Pensions Section from April 2014. Ms Cheatle would be responsible for implementing the new pensions regulations and technology over the next 5 years. .
- (2) The Chairman, on behalf of the Committee, recorded thanks to Mr Luscombe for the support that he had provided to the Committee and in particular acknowledged the leading role he has played nationally in the Local Government Pension Scheme..
- (3) Ms Cheatle introduced a report which updated the Committee on the current situation regarding reforms to the Local Government Pension Scheme. She informed the Committee that some of the new regulations had not been issued until 10 March 2014 and therefore the letter to all members of the scheme informing them of the changes was going to be sent shortly.
- (4) In response to a question Mr Tagg undertook to make parish councils aware, via the Kent Association of Local Councils, of the implications of passing a resolution to

enable their Clerk to join the Local Government Pension Scheme and that this information also be sent to those parish councils that were not members of KALC.

(5) RESOLVED that the report be noted.

59. Admissions to the Fund
(Item D5)

(1) Mr Tagg introduced a report which set out information on an application to join the Pension Fund and a number of admission matters.

(2) In relation to the Orbit South Housing Association Limited (previously Thanet Community Housing Association Limited) Mr Tagg explained that further legal advice was required and therefore the Committee's consideration of a new admission agreement needed to be deferred until their next meeting.

(3) RESOLVED that

- a) the admission to the Kent County Council Pension Fund of TCS Independent Limited be agreed,
- b) an amended agreement be entered into with Project Salus,
- c) an amended agreement be entered into with Children and Families Limited,
- d) an amended agreement and a termination agreement be entered into with Connexions Kent and Medway (2) (CXL Limited),
- e) an amended agreement be entered into with Maidstone Housing Trust/Golding Homes,
- f) a termination agreement be entered into with Mitie Cleaning and Support Services,
- g) Consideration of the admission agreement and supplementary agreement with Orbit South Housing Association Limited and parent company guarantee from their parent company, be deferred until the next meeting of the Committee,
- h) once legal agreements have been prepared for (a) to (f) above, the Kent County Council seal be affixed to the legal documents.

60. Date of next meeting - 27 June 2014 at 10.00am
(Item D6)