

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, 20 March 2015.

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

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

IN ATTENDANCE: 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 Finance and Procurement).

UNRESTRICTED ITEMS

107. Minutes - 6 February 2015 *(Item A3)*

- (1) The Chairman welcomed Councillor Clokie to the meeting following his recent illness.
- (2) Mr Vickers updated the Committee in relation to minute no 102 (Schroder Investment Management Fixed Fund), he stated that, following a discussion with Hymans Robertson, it was intended to report back to the June meeting of the Committee on how Schroder's suggestion could add value to the fund.
- (3) Mr Vickers introduced James Marchant and John Peden, accountancy trainees currently on placement in the Treasury & Investments team, who were observing today's meeting.
- (4) RESOLVED that the minutes of the meeting hold on 6 February 2015 are correctly recorded and that they be signed as a correct record.

108. Motion to exclude the Press and Public *(Item A4)*

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

B. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

109. Fidelity *(Item A5)*

(Ms A Puhar, Mr M Richardson and Ms H Fleming from Fidelity were present for this item)

(1) The Chairman welcomed Ms Puhar, Mr Richardson and Ms Fleming from Fidelity to the meeting and invited them to present their report on the fund which they had managed on behalf of the Kent Superannuation Fund since November 2013 and answer questions from Committee members.

(2) RESOLVED that the presentation and the responses to the questions from the Committee be noted.

(Ms A Puhar, Mr M Richardson and Ms H Fleming left the meeting.)

110. Fund Structure *(Item A6)*

(1) Mr Vickers introduced a report which provided information on commercially sensitive issues relating to the investment strategy in respect of the M&G global dividend fund and the Henderson secondary PFI fund. Mr Vickers also circulated a letter from Henderson in relation to their fund.

(2) RESOLVED that the report be noted.

(Mr Simkins declared an Interest as he had been an employee of the parent company of Henderson Group plc up until 1993 and received a pension from them. He did not take part in the discussion or decision.)

UNRESTRICTED ITEMS

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

111. Pensions Board *(Item C1)*

(1) Mr Vickers introduced a report which provided feedback on the proposal for the establishment of the Pensions Board which had been approved for consultation by the Committee at its meeting on 6 February 2015. A summary of responses was attached as Appendix 1 and the response from UNISON was attached in full as Appendix 2.

(2) There was some discussion around the remit of the Pensions Board based on the comments in the response from UNISON. Mr Vickers confirmed that the wording of the proposal for the establishment of the Board reflected the wording of the Regulations.

(3) RESOLVED that the County Council be requested to establish a Local Pensions Board with effect from 1 April 2015 based on the proposal set out in Appendix 1 to this report with paragraph 10 (page 76 of the County Council book) amended as follows:

“10. Substitutes

Substitutes will be allowed for the Kent Active Retirement and Unison members of the Board but they must be a named individual who will undertake the necessary training and development.”

112. Fund Position Statement *(Item C2)*

(1) Mr Vickers introduced the report which provided a summary of the Fund's asset allocation and performance, and an update on associated investment issues. The Fund Position Statement as at 31 December 2014 was circulated with the agenda along with the Hymans Robertson Capital Markets Service Quarterly Update. The report included the cash position and the headline figures for the Fund's property allocation.

(2) Due to the anticipated length of the report from DTZ at the next meeting Members agreed that the 26 June 2015 meeting of the Committee would start at 9.30am and was likely to finish later than normal.

(3) The Committee considered whether it wished to consider increasing the sum invested in the Fidelity UK Real Estate Fund based on their performance and the report received from them earlier in the meeting.

(4) RESOLVED that authority be delegated to the Corporate Director of Finance and Procurement in consultation with the Chairman of the Committee to add £10m from cash to the Superannuation Fund's investment in Fidelity UK Real Estate Fund and that the Committee be consulted via email on the trigger points for the allocation of this sum.

113. Urgent Business

The Chairman referred to the additional report for item C3 which provided an update on the Oasis Community Learning Trust. This report had not been published with the papers for this meeting as the information was not available at that time. He stated that he had decided to take this as an item of urgent business due to the need for the Committee to decide if they wished officers to enter into further dialogue with the trust in order to prepare a report for decision at the next meeting of the Committee.

114. Admissions to the Fund *(Item C3)*

(1) Officers introduced a report which updated the Committee on an application to join the Superannuation Fund, a number of admission matters and an employer related matter.

(2) Mrs Mings tabled an urgent supplementary report relating to a proposal from the Oasis Community Learning Trust, which currently had three academies in Kent

and 41 academies in other areas, to consolidate all of their academies into the Kent Superannuation Fund. This change would require approval from the Secretary of State for Communities and Local Government. At this stage the Committee were being requested to consider whether they wished officers to have further dialogue with interested parties before submitting a full report to the June meeting of the Committee.

(3) Officers answered questions and noted comments from Members which included the following:

- Mrs Mings stated that one of the reasons why the Trust had chosen the Kent Superannuation Fund as opposed to one of the other 15 LGPS Funds that they currently participated in, was because the Kent Fund had the size and capacity to take on this number of academies.
- Mr Vickers confirmed that the Committee did not have to agree to this request.
- It was confirmed that this Trust had 1,000 members with an annual contribution of £5.5m which was larger than most District Councils.
- Mr Vickers confirmed that it was intended that the Trust would make a contribution to overheads.
- Concern was expressed about the inability to isolate the risk to the Kent Superannuation Fund if the Trust were no longer able, for whatever reason to operate all or any of their academies.
- There was a need to understand academy finances and it was essential that full due diligence be carried out and reflected in the report to this Committee.

(4) RESOLVED that:

- a) the admission to the Kent County Council Superannuation Fund of Coram Kent Adoption Limited be approved.
- b) an amended agreement can be entered into with Mytime Active.
- c) an amended agreement can be entered into with NSL Limited.
- d) a termination agreement may be entered into with Superclean Services Wothorpe Limited.
- e) an amended legal agreement can be entered into with Sopra Steria Limited.
- g) to note the update on Hextable Academy.
- h) the Chairman may sign the minute of today's meeting relating to recommendation a) above at the end of today's meeting.
- i) once legal agreements have been prepared for a) - e) above, the Kent County Council seal can be affixed to the legal documents.
- j) that officers be authorised to enter into further dialogue with the Oasis Community Learning Trust, representatives of central government and other administering authorities involved including a formal consultation.
- k) following the dialogue in i) above and full due diligence, a report on the proposal from the Oasis Community Learning Trust for the consolidation of their academies into the Kent Fund be submitted to the next meeting of this Committee for decision.

(In accordance with procedural rule 2.26(3) Mr Marsh requested that it be recorded that he did not vote in support of resolutions i) and j) above.)

115. Ms J De Rochefort

The Chairman extended the Committee's best wishes to Janet De Rochefort, the staff representative, as this would be her last meeting.

116. Date of next meeting - 26 June 2015 at 9.30am
(Item C4)