

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, 28 August 2015.

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

ALSO PRESENT: Miss S J Carey

IN ATTENDANCE: Mr N Vickers (Head of Financial Services), Ms B Cheatle (Pensions Manager), Ms A Mings (Treasury & Investments Manager), Ms S Surana (Senior Accountant - Investments), Mr S Tagg (Senior Accountant Pension Fund) and Mr J Cook (Scrutiny Research Officer).

UNRESTRICTED ITEMS

128. Minutes of the meeting held on 26 June 2015
(Item A3)

RESOLVED that the minutes of the meeting held on 26 June 2015 are correctly recorded and that they be signed by the Chairman.

129. 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 ITEM

130. Baillie Gifford
(Item B1)

(Mrs L Dewar and Mr G Roberts from Baillie Gifford were present for this item)

(1) The chairman welcomed Mrs Dewar and Mr Roberts from Baillie Gifford to the meeting and invited them to present their report on the investments portfolio which they manage on behalf of the Kent Fund. The Baillie Gifford representatives gave an overview of their investment activities, including details of market response to global factors.

(2) The Chairman thanked Mrs Dewar and Mr Roberts for the continued portfolio performance.

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

(Mrs Dewar and Mr Roberts left the meeting)

UNRESTRICTED ITEMS

131. Fund Structure

(Item C1)

(1) Mr Vickers presented the report detailing various issues relating to the structure and management of the Fund including updates relating to Woodford Investment, Impax Asset Management, DTZ Investors, M&G Residential Property Fund, Fixed Income Mandates, cash delegation, YFM Private Equity, Henderson Secondary PFI Funds and the future of LGPS investment management.

(2) RESOLVED that;

- a) the reports on Woodford, Impax, M&G, the Fixed Income Funds, DTZ and Henderson be noted.
- b) authority be delegated to the Corporate Director of Finance and Procurement, following email consultation with all Members of the Committee, to approve the drawing down of additional funds by DTZ up to a limit of £30m for the purposes of urgent investment opportunities.
- c) authority be delegated to the Corporate Director of Finance and Procurement to meet cash calls by reducing other assets at his discretion in consultation with the all members of the Committee.
- d) an additional £20m be allocated to the M&G Residential Property Fund in two tranches of £10m in 2016 and £10m in 2017.
- e) the Corporate Director of Finance and Procurement be given authority to engage with Goldman Sachs Asset Management to consider varying their investment mandate.
- f) the Committee agree to the requested lock-in period with Henderson.
- g) the investment mandate with YFM be not varied.
- h) the position on the future of LGPS investment management be noted.

132. Fund Position Statement

(Item C2)

(1) Mr Vickers presented a summary of the Fund asset allocation and performance. The Committee were advised that despite the financially challenging period, the Kent Fund was still performing well compared to other LGPS Funds.

(2) RESOLVED that the report be noted and that no changes be made to asset allocation.

133. Committee membership
(Item C3)

- (1) Mr Vickers introduced the paper, explaining the options presented to the Committee on how to meet current requirements to achieve political balance, emphasising the report was no in any way a comment on the contribution made by the current members of the Committee.
- (2) Mr Vickers explained that the need for a review of membership was due to the necessity for the ruling group on the County Council to have a majority of voting members on all Council committees and that this did not include District representatives.
- (3) Members discussed the issue, all agreeing that the Committee had historically acted apolitically, with all members working together to achieve the best outcomes for the Fund. It was also noted that the current members had an excellent level of knowledge and expertise.
- (4) RESOLVED that the decision on Membership changes be deferred to enable the Head of Financial Services to seek definitive advice on viable options from the Head of Democratic Services and to report back to the next meeting of the Committee.

134. Employer Issues
(Item C4)

- (1) Officers introduced a report which updated the Committee on Fund Employers and a number of admissions matters.
- (2) Members commented on the high workload involved in managing the numerous employers participating in the Kent Fund. They noted the issues relating to academies and that new academies and existing academy trusts are being encouraged to join multi academy trusts.
- (3) RESOLVED that the employer report be noted and:
 - a) an amended agreement be entered into with Capita IT Managed Solutions Ltd (re St George's CE Foundation School, Broadstairs) and;
 - b) a termination agreement be entered into with Victory Care Home Ltd and;
 - c) once legal agreements have been prepared for a) and b) above, the Kent County Council seal be affixed to the legal document.

135. Annual Report and Accounts
(Item C5)

- (1) Officers presented the Report and Accounts for 2014/15 and the External Audit Findings Report
- (2) RESOLVED that the
 - a) content of the Annual Report be approved including
 - The Funding Strategy Statement
 - The Statement of Investment Principles
 - Governance Compliance Statement
 - Communications Policy

- b) content of the Accounts for 2014/15 be noted
- c) Report and Accounts for 2014/15 be published
- d) external auditor's Audit Findings Report be noted,
- e) position with regard to the Governance and Audit Committee be noted

136. Custody Update

(Item C6)

- (1) Officers introduced the report detailing the outcome of the custody services review and contract tender.
- (2) Officers explained that The Northern Trust Company had been awarded the contract to deliver the back office function given their competitive pricing and capacity to deliver the service as required. The award would result in a 50% saving.
- (3) Members asked questions relating to the procurement process, receiving assurances of the adherence to KCC Policy under delegated Officer decisions.
- (4) RESOLVED that the outcome of the review and contract award be noted.

137. Pensions Administration Half Year Update

(Item C7)

- (1) Officers presented the report detailing the current status of the administration of the Kent Pension Scheme. It was explained that workloads had increased significantly as a result of changes to the pension scheme, increased correspondence and Freedom of Information requests, as well as staff shortages and IT system issues. Members expressed their concern over the current accommodation issues for the administration team.
- (2) Members praised the work of the team in continuing to deliver the service in the face of the many challenges.
- (3) RESOLVED that the report be noted.

138. Date of next meeting

(Item C8)

Noted that the next meeting date was 6 November 2015 at 10.00am.