

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, 4 November 2016.

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

ALSO PRESENT: Mr J D Simmonds, MBE

IN ATTENDANCE: Ms B Cheate (Pensions Manager), Ms D Fitch (Democratic Services Manager (Council)), Ms A Mings (Treasury and Investments Manager), Ms S Surana (Principal 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

190. Declarations of Interests by Members in items on the Agenda for this meeting. *(Item A2)*

None

191. Minutes *(Item A3)*

RESOLVED that the minutes of the meeting held on 16 September 2016 are correctly recorded and that they be signed by the Chairman.

192. 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

193. Barnett Waddingham *(Item B1)*

(Mr Muir, Ms Stephenson and Ms Hodge were present for this item)

(1) The Chairman invited Mr Muir to present the 2016 actuarial valuation of the Kent County Council pension fund and to answer questions from Committee members.

(2) Mr Muir's presentation included an explanation of the process for the Triennial Funding Valuation, the 2013 valuation results and the 2016 valuation including the assumptions upon which this was based.

(3) Mr Muir responded to questions from the Committee.

(4) RESOLVED that the 2016 Kent County Council Pension Fund valuation by Barnett Waddington be noted

(Mr Muir, Ms Stephenson and Ms Hodge left the meeting at the end of this item.)

194. Fund Structure

(Item B4)

(1) Mr Vickers introduced a report on commercially sensitive matters relating to the structure and management of the Fund which included an update on the DTZ managed property portfolio, and a proposal to invest in a Kames property fund which had been raised at the last meeting (minute no 183 refers).

(2) RESOLVED that the report be noted and no action be taken to invest in the Kames UK Active Value property Unit Trust II Fund.

UNRESTRICTED ITEM

Meeting open to the Press and Public

195. Fund Position Statement

(Item C1)

(1) Mr Vickers introduced a report which provided a summary of the Fund asset allocation and performance. The report also included the Fund Position Statement for quarter 2 (1 July to 30 September 2016).

(2) The Committee considered whether to re-allocate some of the Fund currently invested in Global Equities to UK Equities.

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

196. Motion to exclude the Press and Public

(Item)

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

197. M & G

(Item B2)

(Mr Rhodes and Ms Haughey were present for the item)

(1) The Chairman welcomed Mr Rhodes and Ms Haughey to the meeting. He invited them to present their report on the global equity mandate which they have managed since October 2013 on behalf of the Kent Fund and to answer questions from Committee members.

(2) The Chairman thanked Mr Rhodes for his clear presentation showing that the improved performance of the mandate.

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

(Mr Rhodes and Ms Haughey left the meeting at the end of this item.)

198. Sarasin

(Item B3)

(Mr Boucher and Mr Talbot-Rice were present for this item)

(1) The Chairman welcomed Mr Boucher and Mr Talbot-Rice to the meeting. He invited them to present their report on the global equity mandate which they have managed on behalf of the Kent Fund since March 2014 and to answer questions from Committee members.

(2) Mr Boucher and Mr Talbot-Rice explained why the mandate which they managed on behalf of the Fund had underperformed and emphasised the long term nature of the investment. Mr Boucher also stated that there would be a reduction in the fee scale next year. Mr Boucher and Mr Talbot-Rice answer a number of question from Committee members on the performance of the fund.

(3) Mr Boucher and Mr Talbot-Rice left the meeting after answering questions from Members.

(4) Committee discussed the future of this mandate.

(5) RESOLVED that Sarasin be given another year to improve their performance and that, if necessary, the Head of Financial Services report back to the Committee in six months' time on the performance of this mandate.

UNRESTRICTED ITEMS

Meeting open to the Press and Public

199. Investment Strategy Statement Guidelines

(Item C2)

(1) Mr Vickers reported that the Fund would be required to publish an 'Investment Strategy Statement' by 1 April 2017 in accordance with the LGPS (Management and Investment of funds) regulations 2016 and highlighted the guidelines published by DCLG. He confirmed that a draft statement would be submitted to the Committee on 24 March 2017.

(2) RESOLVED that the report be noted.

200. Local Government Pension Scheme Pooling *(Item C3)*

(1) Mr Vickers introduced a report which updated the Committee on progress with LGPS pooling arrangements.

(2) Mr Vickers circulated a copy of the letter that the Chairman had sent to the Secretary of State for Communities and Local Government on behalf of the Committee as agreed at the last meeting, and the response received. The Committee considered that this reply showed a lack of understanding of the impact of the Pooling arrangements on well managed schemes such as the Kent Fund. Mr Vickers reported that representatives of ACCESS had been invited to meet with the Minister.

(3) Mr Vickers clarified that the requested increase in the budget for the costs associated with the setting up of the ACCESS pool included legal fees relating to the Collective Investment Vehicle operator specification and the inter authority agreement, as well as Hymans Robertson project management support.

(4) The Committee expressed their concerns about the lack of detail available from the Department of Communities and Local Government in relation to the establishment of pooling arrangements, this was needed in order for the constituent Authorities to comply with their governance arrangements for the establishment of the Joint Committee.

(5) RESOLVED that:

(a) the report be noted and;

(b) the budget for pooling arrangements be increased to £250,000.

(Cllr Eden Green and Mrs Wiltshire abstained from voting on resolution (b) above.)

201. Pensions Administration *(Item C4)*

(1) Mrs Cheatle introduced a report which provided the Committee with a comprehensive update on administration issues including the workload position, achievements against Key Performance Indicators, change in Actuarial Guidance, communications and Guaranteed Minimum Pension reconciliation.

(2) The Committee expressed concern about the impact of the increasing volumes of work on officers within this section and the problems caused by the delayed issue of detailed amended actuarial guidance by the Department of Communities and Local Government.

(3) The Corporate Director for Finance and Procurement assured the Committee that stress levels within the team were monitored and the team had a low rate of sickness absence. He was aware of the recruitment issues due to the shortage of officers' experience in this work and confirmed that every effort such as career graded posts was made to develop and retain officers.

(4) The Chairman asked Mrs Cheatle to ensure that her team were aware that the Committee understood the pressures that they worked under and appreciated their efforts.

(5) RESOLVED that the report be noted.

202. Fund Employer Matters

(Item C5)

(1) Ms Mings introduced the first part of the report which provided information on the Fund employers at 30 September 2016 and contributions from Employers for the second quarter of 2016/17.

(2) Mr Tagg reported on applications to join the Superannuation Fund, a contract extension and a new resolution entity joining the Superannuation Fund.

(3) RESOLVED that

(a) the update on employers and the new resolution body joining the Superannuation Fund be noted; and

(b) the admission to the Kent County Council Superannuation Fund of the successful bidder for the Medway Council Youth Services Contract be approved; and

(c) a deed of Modification be entered into with Mytime Active; and

(d) the Chairman sign the minutes relating to recommendations (b) and (c) above after the meeting; and

(e) once legal agreements have been prepared for (b) and (c) above the Kent County Council seal be affixed to the legal documents.

203. Date of next meeting

(Item C6)

It was noted that the next meeting of the Committee would be held on Friday 10 February 2017 at 10.00am.