SUPERANNUATION FUND COMMITTEE

Friday, 23rd June, 2017

10.30 am

Medway Room, Sessions House, County Hall, Maidstone

(Would Members please note that there will be an induction session at 9.30 am in the Medway Room)

Kent County Council
kent.gov.uk

AGENDA

SUPERANNUATION FUND COMMITTEE

Friday, 23rd June, 2017 at 10.30 am	Ask for:	**Denise Fitch**
Medway Room, Sessions House, County Hall, Maidstone	Telephone:	**03000 416090**

Membership

Conservative (8):	Mr C Simkins (Chairman), Mr P V Barrington-King, Mr P Bartlett, Mr N J D Chard, Mr P C Cooper, Mr R A Marsh, Mr J McInroy and Mr J Wright
Liberal Democrat (1)	Mr D S Daley
Labour (1)	Mr T Dhesi
District Council (3)	Cllr J Burden, Cllr P Clokie and Cllr N Eden-Green
Medway Council (1)	Cllr L Wicks
Kent Active Retired Fellowship (2)	Mrs M Wiggins and Mr D Coupland
UNISON (1)	Mrs S Lysaght

Please note: that the unrestricted part of this meeting may be filmed by any member of the public or press present.

By entering into this room you are consenting to being filmed. If you do not wish to have your image captured please let the Clerk know immediately.

UNRESTRICTED ITEMS

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

A. COMMITTEE BUSINESS

A1 Substitutes

A2 Election of Vice-Chairman

A3 Declarations of Interests by Members in items on the Agenda for this meeting.

A4 Minutes - 17 March and 25 May 2017

Motion to exclude the Press and Public

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

(During these items the meeting is likely NOT to be open to the press and public)

B. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

B1 Baillie Gifford (Pages 7 - 8)

B2 DTZ (Pages 9 - 10)

B3 Fund Structure (Pages 11 - 54)

UNRESTRICTED ITEMS

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

C. MATTERS FOR REPORT/DECISION BY THE COMMITTEE

C1 Access Local Government Pension Scheme Pooling (Pages 55 - 70)

C2 Fund Position Statement (Pages 71 - 88)

C3 Pensions Administration (Pages 89 - 94)

C4 Fund Employer Matters (Pages 95 - 100)

Meeting dates 2017/18

To note the following meeting dates for 2017/18 – all meetings are programmed to start at 10.00am in the Medway Room, Sessions House:

Friday 8 September 2017
Friday 17 November 2017
Friday 9 February 2018
Friday 23 March 2018

John Lynch,
Head of Democratic Services
03000 410466

Thursday, 15 June 2017

In accordance with the current arrangements for meetings, representatives of the Managers have been given notice of the meeting and will be in attendance for Item(s) B1 and B2.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 23 June 2017

Subject: **ACCESS LOCAL GOVERNMENT PENSION SCHEME POOLING**

Classification: Unrestricted

Summary: To update the Committee on the progress made on pooling.

FOR INFORMATION

INTRODUCTION

1. This report updates on progress on pooling since the last report to the Committee in February 2017.

DISCUSSIONS WITH THE LOCAL GOVERNMENT MINISTER

2. Prior to May the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Chairmans group was meeting monthly and a major focus for them was a dialogue with the then Local Government Minister Marcus Jones MP. The Chairmans group concluded that their alternative proposals were not going to be accepted and they therefore agreed to proceed with the operator procurement. Attached in Appendix 1 is the Eversheds summary of the final position reached with DCLG.

JOINT COMMITTEE

3. To establish a Joint Committee required a formal Council decision from each of the 11 participating Councils. Council at KCC agreed the report on 16 March (report attached in Appendix 2) and all Councils have now agreed.

4. KCC is providing committee services to the Joint Committee and are currently organizing a first meeting for July. The Committee will then meet quarterly.

INVESTMENT MANAGER RATIONALISATION

5. To date the main focus of ACCESS has been on governance issues and the Operator role. Discussions within the ACCESS Officer Working Group have identified the need to look in far greater detail at the current investment manager structures of the constituent Funds to better identify areas of cross-over and areas where there are significant differences in approach. The officers are drawing up a

specification for this piece of work and then a selection process to select a supplier.

6. Legal advice from Squires, Patton, Boggs is that existing investment manager mandates of individual funds can be transferred in to the pool by adding the Operator as a signatory to the agreement. This should allow the 11 Funds to transfer in much of their existing manager rosta in to the pool.

7. It has now been decided that this piece of work will take priority over the Operator procurement.

OPERATOR PROCUREMENT

8. The key element of pooling is the procurement of the Operator who will run the Authorised Contractual Scheme (ACS) and other collective investment vehicles. The ACCESS Chairman have decided that ACCESS will initially rent an Operator and in the early part of the procurement process initial discussions have been held with a number of Operators. The Operator will provide the Financial Conduct Authority regulated fund structure, custodian and depository services which the pooled funds will then be invested in.

9. KCC is leading the Operator procurement with the KCC Treasury and Investments Manager as lead officer supported by KCC Procurement. A revised timetable is being prepared as a result of the delay in proceeding with the procurement.

10. In Appendix 3 a suggested split of responsibilities of the respective parties is set out. This reflects the ACCESS Chairmans view of the sovereignty of the individual Funds.

RECOMMENDATION

11. Members are asked to note this report.

Nick Vickers
Business Partner (Pension Fund)
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DX 154280 Cheapside 8

eversheds-sutherland.com

East Sussex County Council
East Sussex County Council,
County Hall,
St Anne's Crescent,
Lewes,
East Sussex
BN7 1UE

(for the participating funds below)

Date: 16 May 2017
Your ref:
Our ref: BATCHER\319243-000001
Direct: +44 20 7919 0996
Email: richardbatchelor@eversheds-sutherland.com

BY EMAIL

Dear Sirs,

ACCESS: DCLG Response to Final Proposal

We have reviewed the letter to the administering authorities participating in the ACCESS group of 27 January 2017 and the subsequent letter of 22 March 2017 from Marcus Jones MP on behalf of the Department for Communities and Local Government ("DCLG"). In the most recent letter, DCLG confirmed its policy was that each pool structure should include an FCA regulated entity (which could include an FCA regulated operator and collective investment vehicle).

We confirm that, in our view, the letter was unequivocal in its rejection of the "collaborative joint procurement" put forward by the ACCESS group to DCLG. This was stated to be on the basis that the proposal did not involve an FCA regulated entity.

Following the ACCESS group's alternative proposal for collaborative joint procurement in December 2016, DCLG accepted the ACCESS group's original July 2016 proposal to appoint an FCA regulated operator to an authorised collective investment vehicle. Of the two options presented by the ACCESS group to DCLG, and by rejecting the collaborative joint procurement, the Minister effectively directed the ACCESS group to implement their July 2016 proposal (being the proposal that included an FCA regulated entity).

Yours faithfully,

Eversheds Sutherland

Eversheds Sutherland (International) LLP

Participating funds:
Cambridgeshire
East Sussex
Essex
Hampshire
Hertfordshire
Isle of Wight
Kent
Norfolk
Northamptonshire
Suffolk
West Sussex

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By:	Chairman Superannuation Fund Committee
To:	County Council – 16 March 2017
Subject:	**LOCAL GOVERNMENT PENSION SCHEME POOLING INTER-AUTHORITY AGREEMENT**
Classification:	Unrestricted

Summary: To agree the inter-authority agreement for the Council to participate in the ACCESS pool.

FOR DECISION

INTRODUCTION

1. In the summer 2015 budget the Chancellor of the Exchequer announced the Government's intention to enforce the pooling of LGPS investments. The criteria published in November 2015 required the pools to have a minimum of £25bn of assets. The drivers for the changes were to reduce cost and increased investment in infrastructure.

CURRENT POSITION

2. This Council charges the Superannuation Fund Committee with the management of the Superannuation Fund. The Fund is now valued at £5.3bn, has 120,000 scheme members and over 500 participating employers. The Kent Fund has achieved good investment returns and pays some of the lowest investment manager fees of any of the 89 LGPS funds. Whilst the Committee believes that there were other ways of achieving the Government objectives it does welcome the fact that the only change in its role is that it will not appoint investment managers directly, but it will have a strong say in who the managers are. It also welcomes the fact that the highly successful £500m direct property portfolio will remain outside the pool.

3. In late 2015 / early 2016 discussions took place with other local County Council funds and in July 2016 the ACCESS (A Collaboration of Central, Eastern and Southern Shires) was established consisting of:

Cambridgeshire	Kent
East Sussex	Norfolk
Essex	Northamptonshire
Hampshire	Suffolk
Hertfordshire	West Sussex
Isle of Wight	

The wider membership was required to achieve the scale required.

4. Chairmen of the 11 Fund committees have been meeting monthly and officer representatives more frequently. Government require that a pool is legally established by April 2018 based upon a Financial Conduct Authority (FCA) regulated Collective Investment Vehicle (CIV).

5. The ACCESS pool has proved to be the right pool for the Kent Fund. All 11 Funds believe in the sovereignty of the underlying Funds and the need to keep as much decision making locally and that decisions are made for the benefit of scheme members, pensions and employers. There are eight pools in total and some of these are looking to set up investment managers and take decision making away from the underlying Funds.

6. The ACCESS Chairmen believe that the Government's objectives can be achieved without the significant additional costs of the FCA regulated investment vehicle through collaborative joint procurement. This issue has been discussed with Marcus Jones MP the Local Government Minister. The Minister's position is that he does not accept that the collaborative joint procurement approach does meet the Government's objectives. At their meeting on 15 February the Chairmen agreed that they would proceed with the procurement of a FCA regulated CIV operator but they still with to pursue the collaborative joint procurement approach further. This report is therefore written to allow the inter-authority agreement to apply on either the FCA regulated CIV operator or the collaborative joint procurement approach.

INTER-AUTHORITY AGREMENT

7. The Monitoring officers of Governance the 11 Councils assisted by Eversheds have been tasked by the Chairmen in producing a legally binding Inter-Authority Agreement. The governing principles for the agreement agreed by the Chairmen are:

   - working collaboratively,
   - all Councils will have an equitable voice,
   - avoiding unnecessary complexity, and
   - operating economically applying VFM considerations.

8 It is proposed that the Pool will be governed by a Joint Committee constituted under S101 of the Local Government Act 1972 and made up of one elected councilor chosen by each Council from their pension committees. It is proposed that the Joint Committee will be "hosted" by Kent County Council.

COST SHARING

9. It is the aim of the ACCESS Pool that costs are shared equitably between the member funds. Some costs will be shared equally between the member funds, or costs will be shared according to the value of investments by each fund as follows:

Costs to be shared equally between the member funds:

- The pool establishment costs including strategic and technical advice, legal advice, project management costs and the costs associated with running either the procurement process to appoint a CIIV Operator or to set up a collaboratively procured framework of investment managers.

- Under the CIV Operator pool model, any set-up costs charged by the Operator for the overall creation of the sub-fund structure.

- The ongoing costs of managing and governing the pool including the host authority’s costs of hosting the Joint Committee and providing the secretariat function, the cost of any external advice commissioned by the Joint Committee and any re-procurement processes for either the CIV Operator or investment manager framework.

Costs in relation to funds’ investments will be shared according to the value of each fund’s investments, either:

- As charged by the CIV Operator for the sub-funds that each fund is invested in; or

- Charged directly to the funds by Investment Managers they have invested with through Collaborative Joint Procurement.

Other costs will not be shared and will be borne by the fund that they are incurred by, which includes:

- Each fund’s costs of participating in the pool, such as attendance at meetings.

- Any transition costs of moving assets to or within the pool.

WITHDRAWAL AND TERMINATION

10. Any fund can withdraw from the IAA and therefore the ACCESS Pool by giving 12 months notice to expire on 31 March. Following the signing of the IAA, any fund that wishes to withdraw from the pool will be liable for its share of the costs (not relating directly to investments) for the remainder of the contract period of the CIV Operator or in the case of Collaborative Joint Procurement until the commitment period for any open frameworks expires, unless otherwise agreed by the Joint Committee.

OTHER PROVISIONS

11. The IAA will cover a number of other standard areas including dispute resolution, information and confidentiality, data protection, freedom of information, equal opportunities, and change in identity of Administering Authorities.

TIMESCALES

12. The Government requires LGPS funds to begin transferring their investments into pools by no later than April 2018. In order for the ACCESS Pool to meet this deadline, the procurement processes will need to commence in or around April 2017. The ACCESS Pool has committed to move forward in a way that will enable either proposal to meet the Government's April 2018 deadline.

13. It is therefore necessary to seek decisions now to enable establishment of the Joint Committee and commence the procurement processes for either proposal. To achieve this, it is necessary for all of the ACCESS Authorities to make decisions at Council meetings in February / March 2017.

14. This approach was endorsed by the Superannuation Fund Committee at it's meeting on 10 February.

RECOMMENDATON

15. Council is asked to agree:

    (1) That authority is delegated to the Corporate Director Finance and Procurement, in consultation with the Chairman of the Superannuation Fund Committee to agree the approach to pooling that County Council will take, based upon the Government's responses to the two options put forward by the ACCESS Pool and the views of the local authorities that make up the ACCESS Pool.

    (2) If the Corporate Director Finance and Procurement, in consultation with the Chairman of the Superannuation Fund Committee agrees to adopt pooling based on the use of a CIV Operator, then authority is delegated to the Corporate Director Finance and Procurement in consultation with the Chairman of the Superannuation Fund Committee, to finalise and agree the terms of an IAA to implement this model, and the Council resolves to delegate the functions to the Joint Committee as specified in Appendix 2 with effect from the date of execution of the IAA;

    (3) If the Corporate Director Finance and Procurement, in consultation with the Chairman of the Superannuation Fund Committee agrees to adopt pooling based on Collaborative Joint Procurement, then authority is delegated to the Corporate Director Finance and Procurement in consultation with the Chairman of the Superannuation Fund Committee to finalise and agree the terms of an IAA to implement this model and the Council resolves to delegate the functions to the Joint Committee as specified in Appendix 3 with effect from the date of execution of the IAA; and

(4) That authority is delegated to the General Counsel to make consequential amendments to the County Council's Constitution to reflect the agreed approach to pooling and the creation of the Joint Governance Committee. Any amendments to the Constitution will be reported to a future meeting of the County Council.

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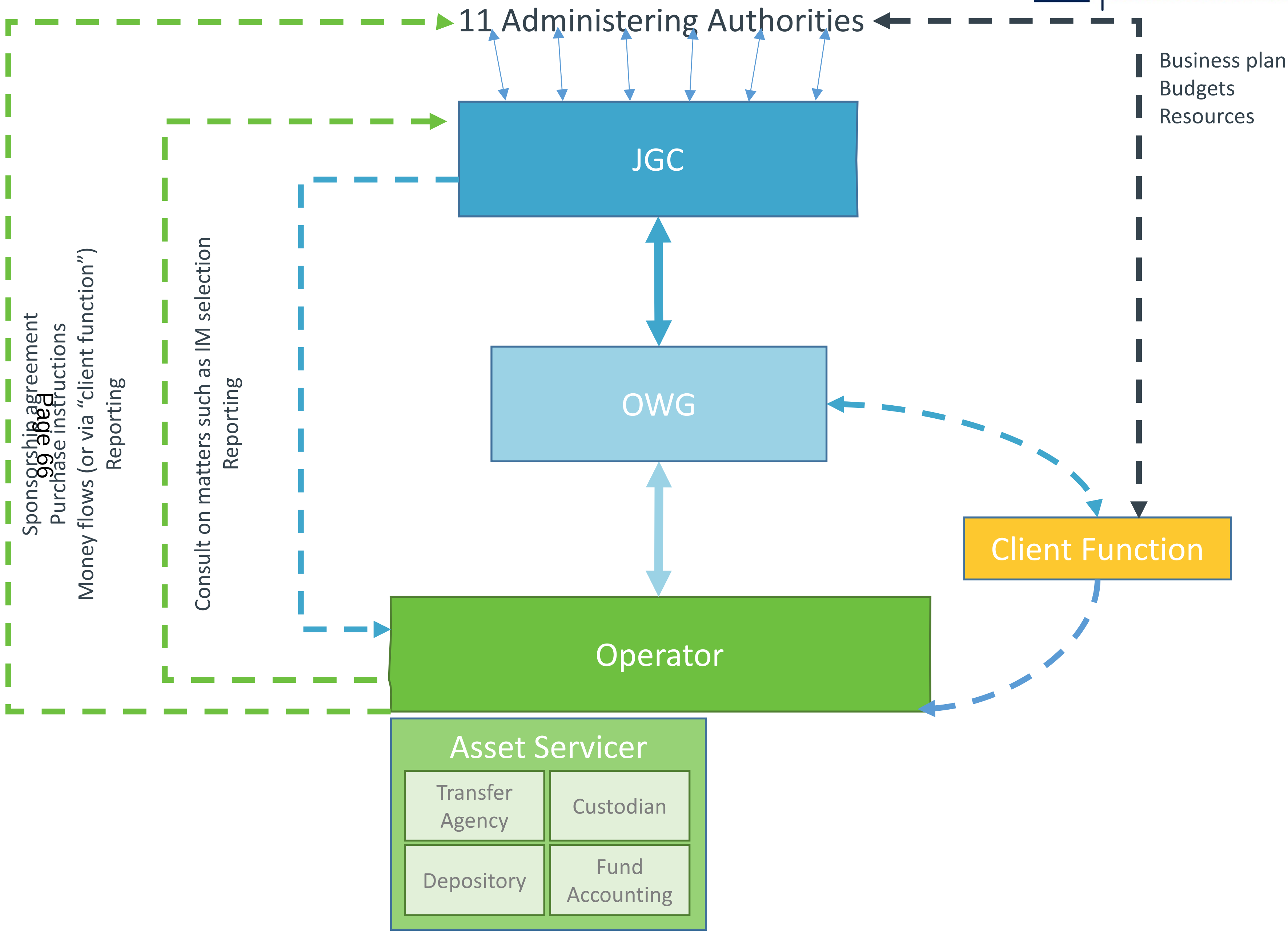
Roles and Responsibilities

ACCESS
Effective • Collective • Investment



Individual Fund Responsibilities

- Strategic decisions
  - Strategic asset allocation
  - ISS/FSS
  - Investment beliefs
- Policies
  - Responsible investment
  - Rebalancing policy
  - Voting policy
  - Stock lending – what is in/out – existing/future
- Monitoring/reporting
  - Monitoring investment performance of own portfolio
  - Performance and consolidated reporting for non-pooled assets
  - Reporting for own fund (for pooled assets)
  - Consolidated reporting for pooled/non-pooled assets
- Governance
  - Holding pool to account (e.g. if not happy with sub-fund performance, can ask for a review)
- Operational/BAU
  - Timing of transitions
  - Custody for non-pooled assets
  - Fund Manager relationships
  - Sub-fund choice (e.g. uk equity active)
  - Choice of single manager sub-funds

ACCESS
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Joint Committee Responsibilities

- Operator relationship
  - Agree on specification and supplier
  - Hold to account
- Sub-funds
  - Sub-fund design
  - Input into manager selection for each sub-fund
  - Access to alternatives (i.e. infrastructure)
  - Strategic migration plan
  - Consolidation of managers
- Value for money
- Strategic planning (including resourcing plan) , business plan and budget
- Governance
  - Conform with IAA (joiners/leavers/cost allocation)
  - Hold Officer Working Group (OWG) to account
  - Oversight of all assets under pool governance
- Implement common policies (e.g. stock lending/voting)
- Cross pool liaison
- Approve other advisors and suppliers

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Operator Responsibilities

Core responsibilities

- Fund administration
- All regulated functions and reporting
- Select and contract with fund managers
- Select and procure asset servicers (trading agent/depository/custodian/accounting)
- Establish and operate vehicles

Optional functions

- Manager searches/prepare shortlist
- Transition management
- Enhanced performance reporting
- Implementing individual fund rebalancing policy
- Executing funding level triggers
- Fiduciary policy (i.e. cross trading)

Client Unit Responsibilities

<u>Will act as the "intelligent client" of the Operator</u>

Core responsibilities

- Technical investment advice to OWG and JGC
- Secretarial support to the OWG and JGC
- Contract management with 3rd party operator
- Day to day facilitation and liaison, negotiation
- Interpretation
- Benchmarking costs/VFM

Questions for consideration on the Client Unit

- Scope of responsibilities?
- Hosted by one of the administering authorities?
- What amount of officer resource might be required on day 1?
- Will the Client Unit have seconded members of staff from the Host Authority only or from a number of Authorities?
- Will there be a physical office for the Client Unit & will this sit within the Host Authority?

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

To: Superannuation Fund Committee – 23 June 2017

Subject: **FUND POSITION STATEMENT**

Classification: Unrestricted

Summary: To provide a summary of the Fund asset allocation and performance.

FOR INFORMATION

INTRODUCTION

1. The Fund Position Statement is attached in Appendix 1.

QUARTER TO 31 MARCH

2. The Fund returned +5.27% in the Quarter, well ahead of the benchmark return of+3.43%.

3. Once again there were good returns from equities, with Global equities in sterling terms continuing to outperform UK equities. There were small positive returns on Fixed Income. UK Property performed surprisingly strongly in the quarter.

4. The overweight position in Equities continued (68% v 64%) but the Overseas Equities overweight is +7% over benchmark. Fixed Income is 4% underweight.

5. After the last quarter of 2016 where our active managers generally underperformed there was a much stronger performance in this quarter with Schroders UK equities, Woodford UK equities, Baillie Gifford Global equities, Sarasin Global equites and both the Goldman Sachs and Schroders Fixed Income mandates all outperforming their benchmarks .

12 MONTHS TO 31 MARCH

6. At Fund level the return of +21.14% compares with a benchmark of +18.12% so a very strong absolute return and significant outperformance of the benchmark. Within the equity managers there were some extremes of under and over performance:

Outperformance	
Baillie Gifford global equities	+31.77% v +30.82%
Schroders Global Active Value	+34.74 v 32.22%
M&G Global equities	+36.56 v +32.97%
Goldman Sachs fixed income	+8.81% v +3.51%

Outperformance	
Schroders fixed income	+5.52% v +0.60%
DTZ UK property	+11.31% v +3.83%
Underperformance	
Woodford UK equities	+12.68% v +21.96%
Sarasin global equities	+31.00% v +32.22%

7. On the two underperforming equity managers Woodford had outperformed in a year of negative index returns in 2015/16. The Income Fund we are invested in is unconstrained and typically looks to target returns in high single figures, the portfolio was positioned for a more difficult year and as it has in previous times when Mr Woodford was at Invesco Perpetual tends to do less well in buoyant markets. Woodford have announced some major changes in the portfolio positioning (Appendix 2). Sarasin have performed better in the latter part of 2016/17 and only marginally underperformed the benchmark.

ASSET ALLOCATION

8. The Committee will be reviewing asset allocation in detail later this year. At the current time it is recommended that no changes are made.

RECOMMENDATIONS

9. Members are asked to note this report.

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FUND POSITION STATEMENT

Summary of Fund Asset Allocation and Performance

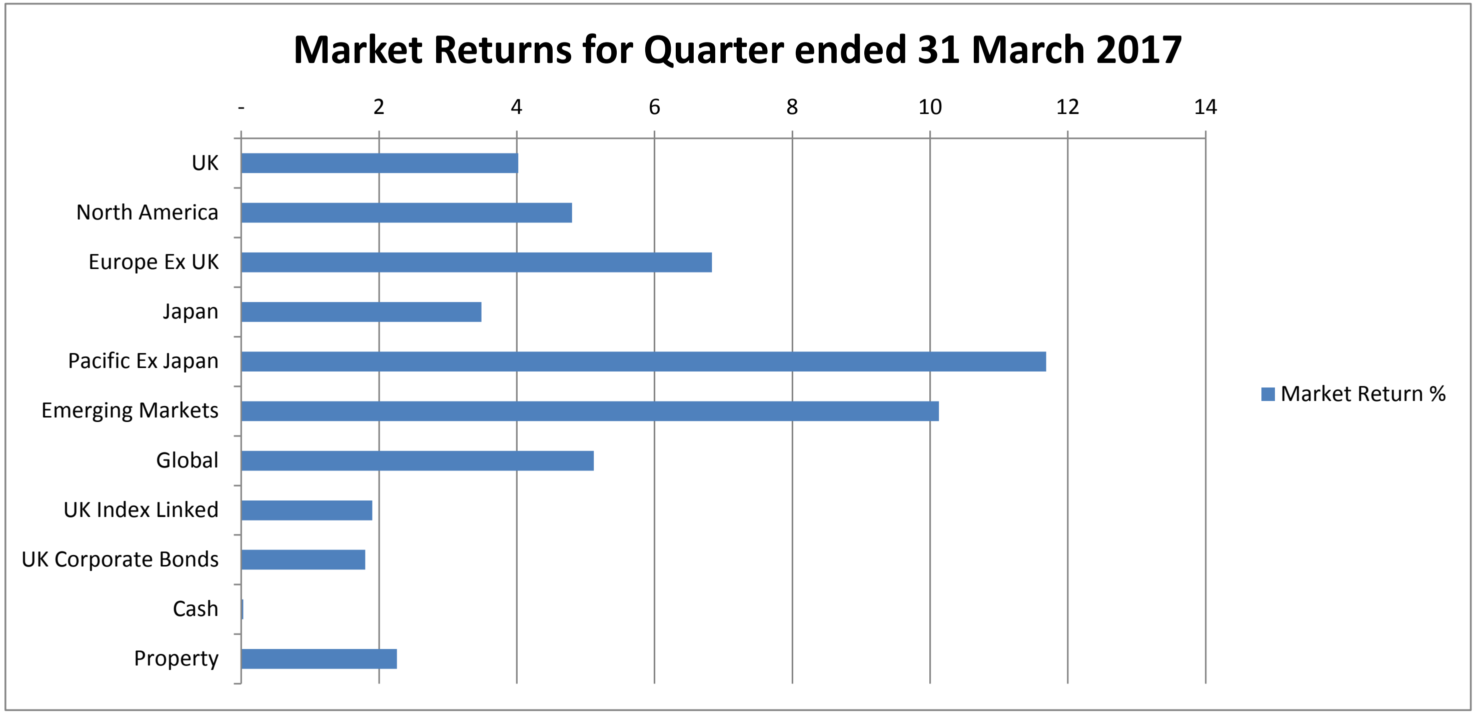
Superannuation Fund Committee

By: Chairman Superannuation Fund Committee
Corporate Director of Finance

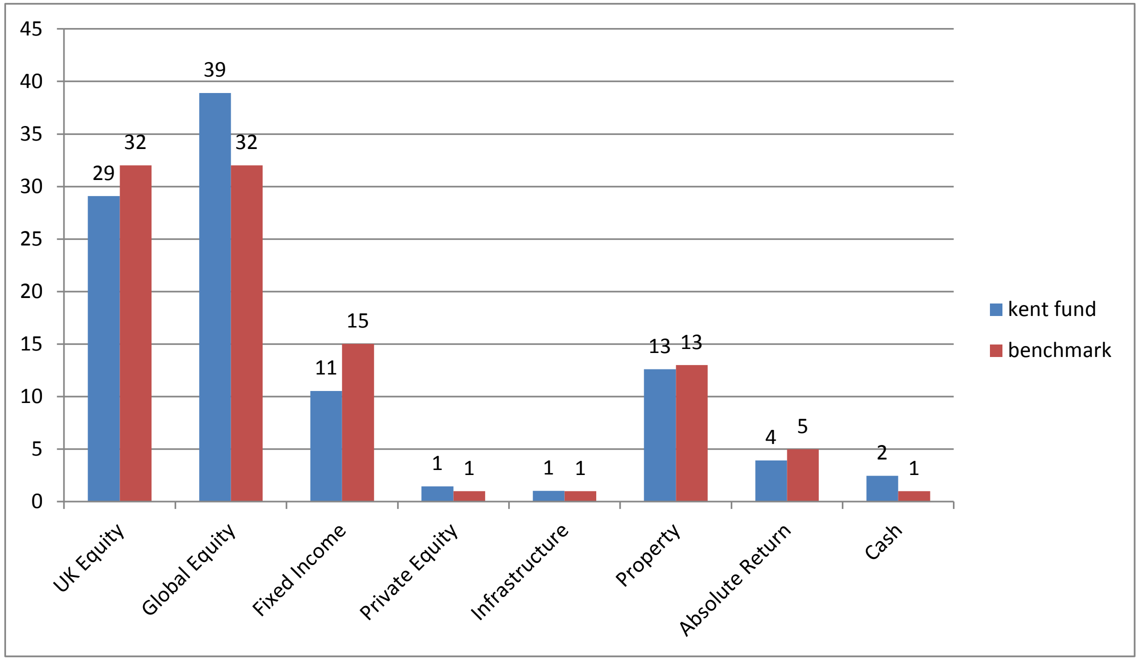
Kent County Council
Superannuation Fund Q4 2016-17

Nick Vickers - Business Partner

Market Returns for Quarter ended 31 March 2017

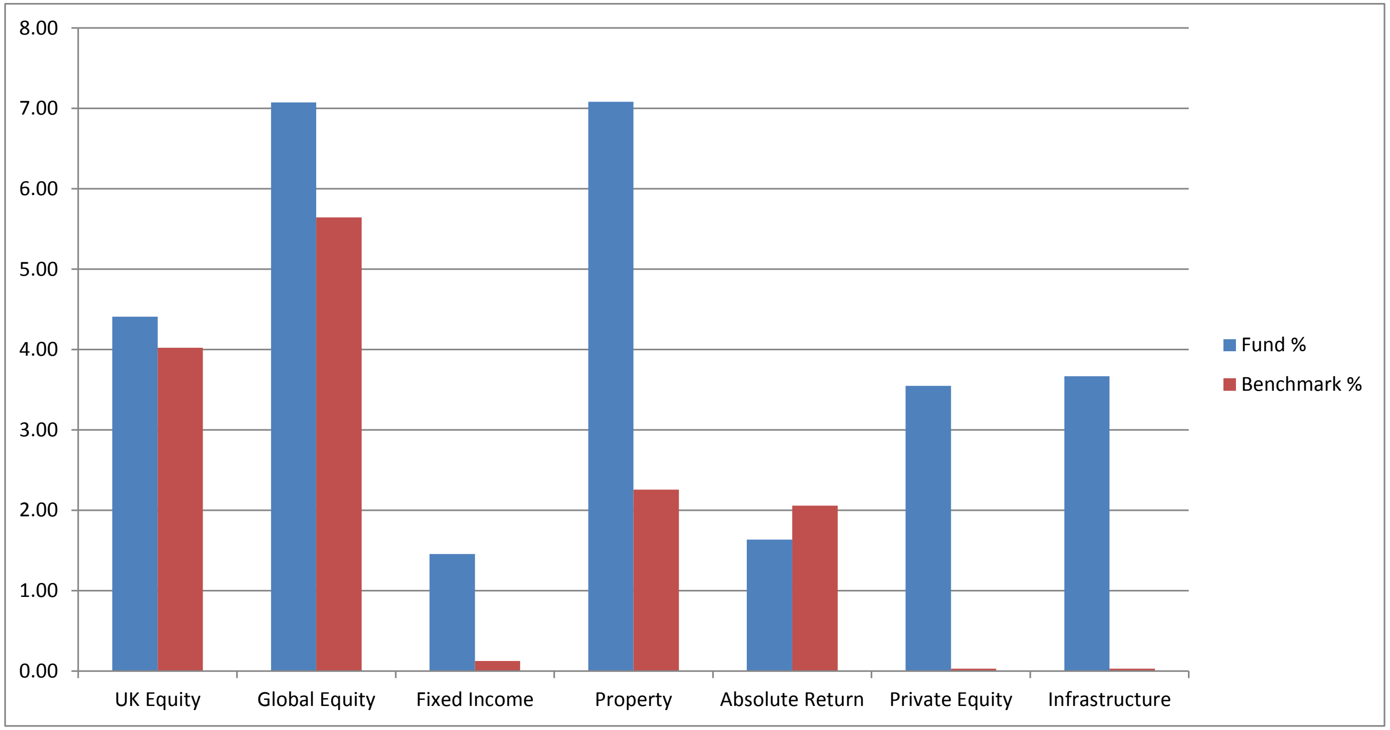


Fund Asset Allocation vs Benchmark as at 31 March 2017



	Kent Fund		Benchmark
Asset Class	£m	%	%
UK Equity	1,614	29	32
Global Equity	2,160	39	32
Fixed Income	586	11	15
Private Equity	81	1	1
Infrastructure	57	1	1
Property	699	13	13
Absolute Retu	218	4	5
Cash	136	2	1
Total	5,551	100	100

Fund Asset Class Performance for Quarter ending 31 March 2017



Asset Class	Fund %	Benchmark %
UK Equity	4.41	4.02
Global Equity	7.07	5.64
Fixed Income	1.46	0.13
Property	7.08	2.26
Absolute Return	1.64	2.06
Private Equity	3.55	0.03
Infrastructure	3.67	0.03

Market Value Summary by Fund Manager as at 31 March 2017

Fund Mandate	Market Value as at 31 December 2016 (£)	Market Value as at 31 March 2017 (£)	Change in Market Value (£)	% of Total Fund 31 March 2017
Baillie Gifford	1,093,630,396	1,202,266,779	108,636,383	21.66%
Schroders UK Equity	811,868,318	886,350,219	74,481,901	15.97%
DTZ	440,601,143	468,827,379	28,226,236	8.45%
Goldman Sachs	346,381,955	355,145,919	8,763,964	6.40%
Woodford	304,204,460	316,606,778	12,402,318	5.70%
M&G	274,791,461	316,673,416	41,881,955	5.70%
State Street UK Equity	288,311,454	311,836,159	23,524,705	5.62%
Schroders GAV	244,136,371	280,715,711	36,579,340	5.06%
State Street Global Equity	245,762,606	278,229,771	32,467,165	5.01%
Schroders Fixed Interest	235,935,012	241,655,102	5,720,090	4.35%
Pyrford	213,330,028	218,497,515	5,167,487	3.94%
Sarasin	193,512,040	215,648,876	22,136,836	3.88%
Fidelity	108,603,186	109,576,588	973,402	1.97%
Harbourvest	62,448,911	65,469,384	3,020,473	1.18%
Kames	58,641,720	59,726,495	1,084,775	1.08%
Partners	56,810,281	57,191,229	380,948	1.03%
DTZ Pooled Funds	47,578,722	47,567,224	-11,498	0.86%
Impax	40,116,968	42,993,176	2,876,208	0.77%
Internally managed cash	33,902,687	47,336,959	13,434,272	0.85%
YFM	10,643,969	15,217,243	4,573,274	0.27%
M&G Property	13,136,167	13,433,174	297,007	0.24%
Total Kent Fund	**5,124,347,855**	**5,550,965,096**	**426,617,241**	**100.00%**

Performance Returns as at 31 March 2017

	Quarter		1 Year		3 Year (p.a.)	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Total Fund	5.27	3.43	21.14	18.12	10.88	9.85
Uk Equity						
Schroders UK Equity	4.00	3.94	21.08	21.48	7.77	7.54
State Street UK Equity	4.14	4.02	22.13	21.96	7.76	7.68
Woodford	4.70	4.02	12.68	21.96	--	--
Global Equity						
Baillie Gifford	8.33	6.09	31.77	30.82	16.65	13.98
Sarasin	6.86	5.64	31.00	32.23	12.57	15.65
Schroders GAV	4.75	5.64	34.74	32.22	14.09	15.88
State Street Global Equity	5.72	5.76	33.44	33.80	16.97	17.14
Impax	4.47	5.64	30.00	32.22	12.45	15.88
M&G	4.89	5.78	36.56	32.97	12.68	16.28
Fixed Interest						
Goldman Sachs	2.65	0.86	8.81	3.51	4.50	3.53
Schroders Fixed Interest	0.85	0.13	5.52	0.60	2.93	2.22
Property						
DTZ	8.99	2.26	11.31	3.83	14.07	11.12
Fidelity	1.73	1.98	2.60	3.70	12.69	10.20
Kames	2.88	1.98	5.44	3.70	--	--
M&G Property	0.32	1.98	6.39	3.70	--	--
Private Equity						
Harbourvest	2.75	0.03	24.90	0.21	23.08	0.31
YFM	7.08	0.03	20.03	0.21	3.30	0.31
Infrastructure						
Partners	3.67	0.03	16.66	0.21	17.30	0.31
Absolute Return						
Pyrford	1.64	2.06	8.62	8.27	5.83	6.90

Fund Manager Benchmarks and Performance Targets

Asset Class / Manager	Performance Benchmark	Performance Target
UK Equities:		
Schroders UK Equity	Customised	+1.5% pa over rolling 3 years
Woodford	FTSE All Share	Unconstrained
State Street UK Equity	FTSE All Share	Match
Global Equities:		
Baillie Gifford	Customised	+1.5% pa over rolling 3 years
Sarasin	MSCI AC World Index NDR	+2.5% over rolling 3 - 5 years
M&G	MSCI AC World Index GDR	+3% pa
Schroders GAV	MSCI AC World Index NDR	+3% - 4% pa over rolling 3 years
Impax	MSCI AC World Index NDR	+2% pa over rolling 3 years
State Street Global Equity	FTSE World ex UK	Match
Fixed Income:		
Schroders Fixed Interest	3 months Sterling Libor	+4% pa over a full market cycle
Goldman Sachs	+3.5% Absolute	+6% Absolute
Property:		
DTZ	IPD Pension Fund Index	≥ 3 year rolling average of benchmark returns
Fidelity	IPD UK PF Property Fund Index	
Kames	IPD UK PF Property Fund Index	
M&G Property	IPD UK PF Property Fund Index	
Alternatives: (Cash / Other Assets)		
Private Equity – YFM	GBP 7 Day LIBID	
Private Equity – HarbourVest	GBP 7 Day LIBID	
Infrastructure – Partners Group	GBP 7 Day LIBID	
Infrastructure - Henderson	GBP 7 Day LIBID	
Absolute Return – Pyrford	Retail Price Index (RPI)	RPI + 5%
Internally managed cash – KCC Treasury and Investments team	GBP 7 Day LIBID	

Fund Structure as at 31 March 2017

UK Equities	Global Equities	Fixed Interest	Property	Cash/Alternatives
Schroders +1.5% £886 m	Baillie Gifford +1.5% £1,202 m	Goldman Sachs +6.0% Abs. £355 m	DTZ Property £516 m	Internally managed Cash £47 m
State Street 0.0% £312 m	M&G +3.0% £317 m	Schroders +4.0% £242 m	Fidelity Property £110 m	Partners Infrastructure £57 m
Woodford £317 m	Schroders +3.0% - +4% £281 m		Kames Property £60 m	YFM Private Equity £15 m
	State Street +0.0% £278 m		M&G Property £13 m	HarbourVest Private Equity £65 m
	Impax +2.0% £43 m			Pyrford Abs. Return RPI + 5% £218 m
	Sarasin +2.5% £216 m			

Total Fund £5.6 bn

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EQUITY INCOME FUND UPDATE, APRIL 2017

Mitchell Fraser-Jones, 12 May 2017

The views expressed in this article are those of the author at the date of publication and not necessarily those of Woodford Investment Management Ltd. The contents of this article are not intended as investment advice and will not be updated after publication unless otherwise stated.

It's been an active few weeks here in terms of strategy evolution. Neil has been keen to take advantage of what he sees as a compelling, contrarian opportunity in domestic stocks, which have become too cheap to ignore in the wake of the Brexit vote last year. In this video, he explains the background to this activity with more details of what's been bought and sold for the fund further down in our April fund roundup.

Political events continued to dominate UK equity market movements in April. A key feature was Emmanuel Macron's victory in the first round of the French presidential election which, although this outcome had been accurately forecast by the polls, was seen as a positive development by financial markets following the political shocks of 2016. Macron has since secured the French presidency, comfortably defeating Marine Le Pen in the final round. Although this result removes some of Europe's political risk in the near term, we do not believe that the structural issues that have led to the rise of populism and anti-establishment sentiment in France, and indeed elsewhere, will dissipate. Without the backing of a conventional political power base, Macron will find it hard to implement meaningful policy changes. Consequently, we expect the challenges of high unemployment, high public debt and an inflexible, uncompetitive labour market, to continue to impede the French economy.

Meanwhile, in the UK, Theresa May called a snap general election for June 2017, a move which is widely expected to secure the Conservative party a substantial parliamentary majority. This caused an immediate strengthening in sterling and, in turn, a decline in the UK stock market which is, of course, dominated by global-facing companies with substantial overseas revenues. More domestically-focused stocks tended to fare much better, however, suggesting that some of the foreign exchange market's enthusiasm for this political development has filtered through to the equity market.

The news has also fortified our growing conviction in an increasingly positive outlook for the UK economy, which now looks set to benefit from a prolonged period of economic and political stability. You can watch Neil talking about the reasons for his relatively upbeat view on the UK outlook and its implications for the portfolio's investment strategy in the video below.

Against this backdrop, the fund delivered a positive return in April, outperforming its benchmark which declined. The strongest contributors to performance included a number of financial holdings. The most prominent of these was Provident Financial. During the month, the company held a capital markets day, which allowed it to provide a detailed update on the progress of its operations. The company is seeing good momentum and delivering strong growth, and this has led to some upgrades to earnings forecasts for the years ahead. Redde also performed well after a positive trading update, and Legal & General made a strong contribution too, although there was no specific news to drive this.

Another positive performer was BTG, whose shares climbed higher following a reassuring trading update. We have been investors in the company for many years, and have seen it progress a number of key products across its interventional medicines pipeline. As so often happens with early-stage companies, the development process has taken longer than initially expected, as has the process of market penetration once products have made it to market. Following a period of slower-than-anticipated growth, however, a trading update in early April provided evidence that business momentum has started to pick up.

Hostelworld also performed well following the announcement of solid full year results at the end of March. The company reported growth in booking volumes and announced it would be paying a special dividend this year. Hostelworld is clearly making solid progress and appears to have put last year's trading disappointment behind it. At the time, we were confident that the decline in bookings volume was transitory and this now appears increasingly evident – Hostelworld's shares moved to new all-time highs during the month.

In terms of detractors from performance, shares in Allied Minds performed poorly, following the announcement of its decision to halt funding to seven subsidiaries. As we stated in the March update, we have built the investment case in Allied Minds around its more promising subsidiaries in which we have substantial confidence. These include Federated Wireless, Precision Biopsy and Spin Transfer Technologies – we have co-invested directly in each of these businesses and several others, all of which are, in our view, significantly undervalued and offer tremendous growth potential. For example, the opportunity that lies ahead for Federated Wireless, which is developing a mobile telecommunications spectrum sharing technology, could justify a higher valuation than that of its parent on its own. We expect positive news from Allied Minds and the subsidiary companies it is now concentrating its attention towards, in the months ahead as it accelerates the process of commercialisation.

Elsewhere, 4D Pharma, AstraZeneca and Prothena also underperformed during the month, although there were no fundamental developments to justify the declines.

Turning to portfolio activity, we have been busy in recent weeks, as Neil explains in our new video. As a result of our growing confidence in the long-term outlook for the UK economy, we have been selectively building a greater exposure to domestic cyclical businesses.

New holdings that have resulted from this strategic shift include Lloyds Banking Group. I have often heard Neil say that banks should be viewed as warrants on economic growth. In a modern 'fiat money' system, banks play a pivotal role in the economy through the creation of credit. When a banking system is functioning normally, credit creation fuels economic growth and the central bank monitors and influences the quantity of credit being created by adjusting base interest rates, as a tool for managing the economic cycle. In a benign economic environment, banks therefore offer leveraged exposure to economic growth.

For much of the post-financial crisis period, the UK banking system hasn't been functioning normally because it has been in a prolonged process of rehabilitation – rebuilding capital and slowly recognising losses that were incurred during the crisis. Importantly, that process now appears to be largely complete in the UK, as evidenced by the recent pick-up in bank lending activity and, although the banks will likely continue to rebuild capital, the domestic banking sector looks more attractive as an investment proposition than it has in many years.

Specifically, we view Lloyds as a well-managed bank with a conservative approach to its balance sheet. Its valuation looks very attractive in our view, and it has the ability to pay a very healthy and growing level of dividend.

Another new holding is Forterra, a UK brick manufacturer. The UK brick industry has been structurally challenged for many years, with surplus capacity. As a result, the domestic industry has consolidated and Forterra is one of the last remaining players with a solid market position and a low cost base. The weakness in sterling since last summer has meant that importing bricks from Europe is no longer as economic and the long-term prospects for Forterra now look very attractive. We believe the company is well-positioned to benefit from steady growth in the UK construction industry in the years ahead and took the opportunity to buy a meaningful stake in the business at what we consider to be a very appealing valuation.

EQUITY INCOME FUND UPDATE, APRIL 2017

Mitchell Fraser-Jones, 12 May 2017

Other new additions to the portfolio in recent weeks include housebuilders Barratt Developments, Taylor Wimpey and student accommodation developer, Watkin Jones, construction materials businesses Eurocell and Topps Tiles, real estate businesses British Land, Hansteen, Londonmetric and Sirius Real Estate, technology service companies Softcat and Micro Focus and retailer Card Factory. We also participated in the IPO of Eddie Stobart Logistics, a business we know well as long-term investors in its parent group, Stobart. The IPO underscores how active and creative Stobart's management team is in realising shareholder value from its collection of assets.

We have funded these new additions through a combination of inflows, a slight reduction in the holding in British American Tobacco and the complete disposal of the fund's position in GlaxoSmithKline, where this evolution of strategy has catalysed a change of investment view. You can read Neil's explanation of this investment decision here.

In conclusion, clearly, it's been an active few weeks here in terms of portfolio activity. We have been keen to take advantage of what we see as a compelling, contrarian opportunity in domestic stocks and the portfolio is now poised to capture that opportunity. Looking ahead, we remain very confident that the fund is well-positioned to deliver attractive long-term returns to investors.

What are the risks?

The value of the fund and any income from it may go down as well as up, so you may get back less than you invested

Past performance cannot be relied upon as a guide to future performance

The annual management charge is charged to capital, so the income of the fund may be higher but capital growth may be restricted or capital may be eroded

The fund may invest in other transferable securities, money market instruments, warrants, collective investment schemes and deposits

The fund may invest in overseas securities and be exposed to currencies other than pound sterling

The fund may invest in unquoted securities, which may be less liquid and more difficult to realise than publicly traded securities

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GLAXIT

Neil Woodford, 12 May 2017

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Over a holding period of more than fifteen years, I have consistently believed that GlaxoSmithKline was capable of delivering growth and realising shareholder value. Neither has been forthcoming to the extent that I had hoped and expected.

Its core pharmaceuticals division has changed substantially but is still contributing broadly the same level of revenues as it was in 2004; the consumer healthcare division has delivered modest progress but its growth rate and margins have been well below that of its peers; Vaccines has performed well at times but growth has faltered in recent years; the one genuinely successful area has been the development of its HIV franchise, ViiV.

Put simply, investing in Glaxo has been a frustrating experience, with three out of the four business units perennial underperformers. Some investors remain hopeful of recovery but I am now less optimistic. I have become more concerned about the prospects for the one Glaxo engine that has been firing on all cylinders. ViiV's most important products, Triumeq and Tivicay, have been delivering robust growth over the past few years but that may now not be sustainable. There is a growing competitive threat in this market which could undermine Glaxo's franchise. US biotech company Gilead is currently conducting trials in a potential competitor to ViiV's Triumeq. Phase II data released in February suggested that this new treatment could undermine Glaxo's hitherto robust market position – phase III data is due later this year.

Over the past three years, ViiV has been responsible for more than half of Glaxo's growth. If the company's one remaining growth engine starts to falter, this could pose a threat to Glaxo's future revenue growth, earnings and cash flows. This new challenge for the company amplifies several other concerns that I have had and have discussed at length with the company on many occasions. The lack of a rich pipeline, for example, and the lack of strategic options which results from an already stretched balance sheet. These issues loom even larger for the company if ViiV's growth slows. Together, these concerns now make me less convinced that Glaxo's dividend is sustainable.

As investors will know, we take our role as stewards of our investors' capital very seriously. Engaging with company management teams is a critical part of our investment approach. We always seek to ensure that the executive and board of a company are aligned with us as shareholders and that the course they set for the business looks capable of creating long-term shareholder value. If we fear this alignment does not exist, or we feel an alternative strategy is more optimal, then we encourage the management of that business to consider change.

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GLAXIT

Neil Woodford, 12 May 2017

We have long been concerned such a misalignment exists between Glaxo and its shareholders. Throughout his nine years as Chief Executive, we consistently challenged Sir Andrew Witty on a number of issues, as we had his predecessor, Jean-Pierre Garnier. Primarily, these conversations have concerned Glaxo's corporate structure. I have long believed that value could be created for the company's shareholders if it split itself into separate, more specialised business units. The sum of the parts is significantly greater than the whole.

Furthermore, a more focused Glaxo would be the driver of better performance – the conglomerate structure has allowed management to disregard the parts of the business that have underperformed. For example, if future success pivoted on the richness of the pharma pipeline, it would have to pay a lot more attention to that pipeline. Instead, the growth delivered by other parts of the business have been seen as a hedge against the underperforming pharma division – management has never had to live or die by the pharmaceutical sword and as a result, that part of the business has not received enough attention.

The company has consistently argued that being diversified is a strength and there are synergies between the business units, particularly between the pharmaceutical division and consumer healthcare. Shareholders have never seen tangible evidence of this. Indeed, the structural underachievement of both the consumer healthcare and the pharmaceuticals unit suggests that these synergies simply do not exist. Splitting the group in to more focused units would allow dedicated management teams to independently realise the full potential of these businesses.

My viewpoint, and that of other like-minded institutional investors, has been heard but ultimately ignored – repeatedly. Andrew Witty has now gone, with Emma Walmsley commencing her tenure as Chief Executive in April. Even before taking her seat she has been keen to portray herself as a 'continuity candidate' and the prospect of a Glaxo breakup now looks more remote than ever.

In the event of a breakup being pursued, I would have viewed a dividend cut as a tolerable consequence of such a positive outcome for shareholder value more broadly. My base assumption now, however, is that Glaxo remains a healthcare conglomerate with a sub-optimal business strategy, and shareholders face a cut to the dividend. These characteristics do not appeal to me as an investor. That is why I have recently sold the fund's position in Glaxo.

As with all investment decisions, there have been many things to triangulate. A year ago, it would have been more difficult to replace Glaxo's income stream with other opportunities in which I had conviction the dividend was sustainable. That too has changed. In an ever-changing investment landscape, there is now a compelling selection of high-quality stocks where valuations and expectations are far too low. The strong yield characteristics of these new holdings has allowed me to sell Glaxo without endangering the income generating capacity of the portfolio. In fact, the prospects for income growth have improved. So, in some respects, selling Glaxo feels like the end of a chapter – but the rest of the story is becoming more exciting.

What are the risks?

The value of the fund and any income from it may go down as well as up, so you may get back less than you invested

Past performance cannot be relied upon as a guide to future performance

The annual management charge is charged to capital, so the income of the fund may be higher but capital growth may be restricted or capital may be eroded

The fund may invest in other transferable securities, money market instruments, warrants, collective investment schemes and deposits

The fund may invest in overseas securities and be exposed to currencies other than pound sterling

The fund may invest in unquoted securities, which may be less liquid and more difficult to realise than publicly traded securities

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GLAXIT

Neil Woodford, 12 May 2017

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By:	Chairman Superannuation Fund Committee Corporate Director of Finance and Procurement
To:	Superannuation Fund Committee – 23 June 2017
Subject:	**PENSIONS ADMINISTRATION**
Classification:	Unrestricted

Summary: To provide members with a comprehensive update of administration issues including:-

- Workload position
- Achievements against Key Performance Indicators (KPIs)
- Guaranteed Minimum Pension(GMP) Reconciliation
- Pension Administration Software Product

FOR INFORMATION

INTRODUCTION

1. This report brings members fully up to date with a range of issues concerning the administration of the Kent Pension Scheme.

WORKLOAD POSITION

2. Appendix 1 shows the year on year comparison of work levels being received in the section.

3. The majority of work categories have increased when compared to 2015/16 levels with the exception of a small reduction in the number of transfer out and divorce calculations undertaken.

4. There was a marked increase in the number of estimate and benefit calculations. This is partly due to a targeting of those scheme members who had not previously claimed their pension benefits to make them aware that late retirement additions to benefits were to decrease and that they may wish to consider taking payment of their benefits before the decrease. This resulted in an increase in the number of estimates and benefit calculations undertaken.

5. The level of enquiries and correspondence continues to increase. We encourage members of the scheme to visit our website www.kentpensionfund.co.uk to answer as many of their questions as possible however many still require a personal response. Emails are still growing as the preferred method of communication but this is still outstripped by the number of telephone calls received in the section, which averages at approximately 1780 each month.

6. The decrease in the number of deferred benefits shown in Appendix I for the years 2015/16 and 2017/18 is partially due to members now requiring 2 years' membership of the scheme before being entitled to a deferred benefit, an increase in the previous requirement of 3 months membership, however the main reason for the difference in the number of deferred benefits when compared to previous years is that due to increased workloads in other areas we have deferred benefit calculations that have not yet been processed.

ACHIEVEMENTS AGAINST KEY PERFORMANCE INDICATORS (KPIs)

7. Appendix 2 shows the achievements of the section in meeting its KPIs for the year 2016/17 compared to the previous 4 years.

8. We are required to complete 95% of the recorded KPI tasks, within the agreed target turnaround times.

9. In the categories of the calculation and payment of retirement benefits, dependants and correspondence, although these dipped during the year overall averages were within target.

10. However as a result of concentrating efforts on these areas of work and due to the changes to the scheme still impacting, especially with regard to data received from employers, and the requirement in the scheme regulations that annual benefit illustrations and deferred benefit updates have to be issued by 31 August, other areas of work have suffered.

11. KPIs during 2016/17 were also impacted by the late notification of actuarial guidance which the Secretary of State for the Department of Communities and Local Government (DCLG) obtains from the Government Actuary Department.

GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION

12. The option to contract-out of the State Second Pension (S2P) came to an end in 2016 when the Single State Pension was introduced.

13. When contracting-out ended in April 2016, HM Revenue and Customs (HMRC) no longer track contracted-out rights and will issue closure schedules to schemes so they can compare these against GMP amounts held on scheme records. This is known as GMP reconciliation.

14. Following this, from December 2018 HMRC is planning to send individuals information about their contracting-out history. As a result of the above, all schemes will need to reconcile their GMPs with those held on HMRC's records.

15. The Kent Pension Fund, along with all other contracted out pension schemes, is therefore undertaking a project to reconcile the information held in-house with the information held by HMRC.

16. Due to the amount of work involved in undertaking the project and the existing workload pressures within the section it was decided to instruct a company that specialise in GMP reconciliation to undertake the project.

17. Due to the costs involved it was decided to appoint the company by using the National LGPS Framework for Third Party Administration Services established by Norfolk CC.

18. Following the publication of the specification and tender details we have had 6 responses to the invitation to tender and an evaluation process with regard to these processes will now be undertaken.

PENSION ADMINISTRATION SOFTWARE PRODUCT

19. The pension section currently uses a product named Altair, owned and developed by Aquila Heywood, to administer the pension schemes. The contract with regard to the software product is currently renewed on an annual basis.

20. The Altair product is used by the majority of administering authorities to administer the Local Government Pension Scheme.

21. A recent productive and informative meeting was held with Aquila Heywood in order to extend the contract term for the Altair products and the Hosting services. Aquila Heywood are keen to mobilise their knowledge and experience to ensure that they support Kent County Council to improve the overall service provided to scheme members and employers.

22. Members will be kept informed of the progress of these discussions

RECOMMENDATION

23. Members are asked to note this report.

Barbara Cheatle
Pensions Manager
03000 415270

Appendix I

Tasks created in key administration areas
Workload summary

Case Type	2012/13	2013/14	2014/15	2015/16	2016/17
Benefit calculation	2056	1978	1928	1766	2238
Correspondence	1152	1467	3450	4719	5370
Divorce case	351	312	293	385	381
Estimate calculation	2672	2861	2541	2810	3145
Deferred benefit	4769	5244	2475	993*	1357*
Transfer in	365	374	189	204	286
Transfer out	403	478	558	651	644
Dependants	305	364	323	377	410
Total	**12,073**	**13,078**	**11,757**	**11,905**	**13,831**

*This represents the number of leavers that have been identified as deferred benefits and have been processed. It does not include members who have left the scheme where we have still to process the leaver

Appendix 2

Achievements against Key Performance Indicators

Case Type	Target Time	12/13		13/14		14/15		15/16		16/17	
		No	% in target	No	% in target	No	% in target	No	% in target	No	% in target
Calculation and payment of retirement benefit	20 days	2056	99%	1978	99%	1928	99%	1766	96%	2238	95%
Calculation and payment of dependant benefit	15 days	305	99%	364	99%	323	87%	377	86%	377	95%
Calculation and provision of benefit estimate	20 days	2672	99%	2861	98%	2541	63%	2810	62%	2810	67%
Reply to correspondence	15 days	1152	99%	1467	99%	3450	98%	4719	98%	4719	99%

NB. All target turnaround times commence when we have all the necessary documentation to complete the particular task.

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By:	Chairman Superannuation Fund Committee Corporate Director Finance and Procurement
To:	Superannuation Fund Committee – 23 June 2017
Subject:	**Fund Employer Matters**
Classification:	Unrestricted

Summary: To report on employer related matters, applications to join the Superannuation Fund and a number of admission matters.

FOR DECISION

INTRODUCTION

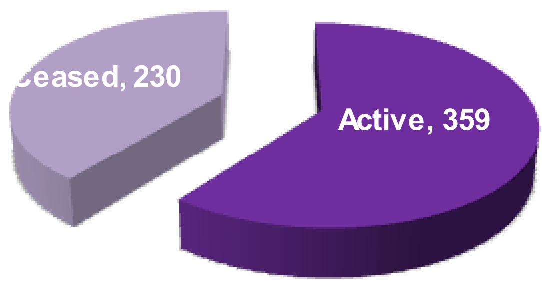
1. This report sets out information on employer related matters and applications from organisations to become admitted bodies within the Superannuation Fund. It also advises of two contract extensions and a termination. The Committee's approval is sought to enter into these agreements.

2. The Committee is advised that the minutes of the admission matters are to be signed at the end of today's meeting to facilitate completion on the desired dates.

EMPLOYERS IN THE FUND AT 31 MARCH 2017

3. There are currently a total of 589 employers in the Kent Pension Fund.

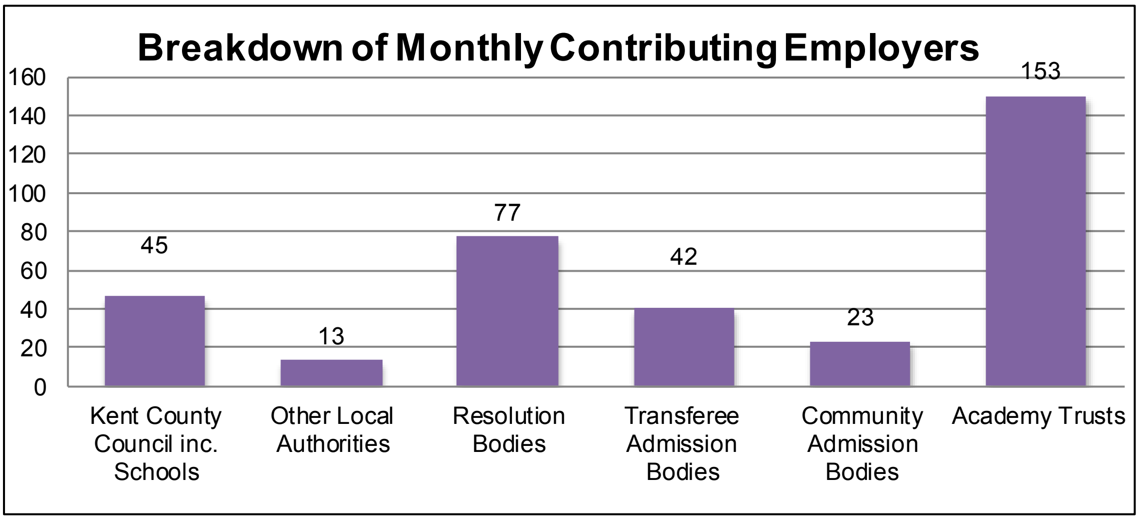
Split of Employers between Active and Ceased



4. During the 3 months to the end of March 2017 the number of Active employers who are regularly paying contributions has increased from 355 to 359 as the result of 8 new employers joining the Fund, being 1 parish council, 2 admitted bodies, 1 Kent school and 4 new academy trusts. The number of Ceased employers has increased from 226 to 230.

These no longer have active contributing members in the LGPS and the Fund has an existing or future liability to pay pensions.

5. The following chart shows the Employers from whom the Fund receives monthly contributions, by Employer Group.



6. The following is a list of new Active / Ceased employers in the Kent Pension Fund

Active Employers	Effective date
Scheduled Bodies	
Platt Parish Council	1 February
Kent County Council Incl Schools	
The Beacon School, Folkestone	1 February
Admitted Bodies	
Churchill Contract Services Limited (Burnt Oak)	1 February
Kier Limited	1 February
Academy Trusts	
The Turner Schools	1 January
The Woodland Academy Trust	1 January
The Barton Court Academy Trust	1 March
Balfour Junior	1 March

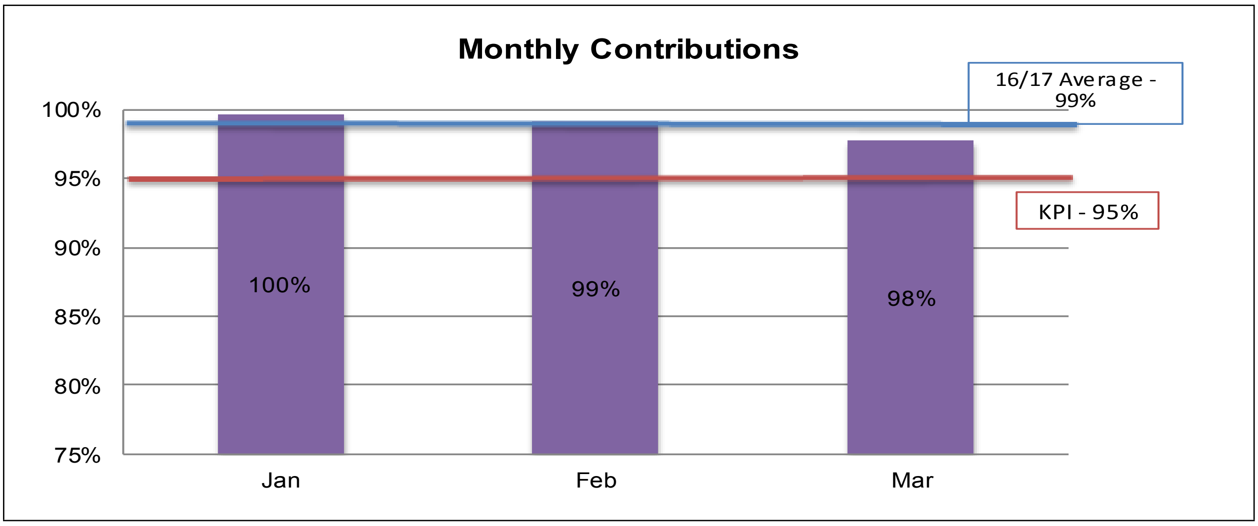
Ceased Employers	Effective date
Kent County Council Incl Schools	
Charles Dickens School	28 February
Westcourt School	31 January
Scheduled Bodies	
Staplehurst Parish Council	28 February
Academy Trusts	
Barton Court School	28 February

CONTRIBUTIONS FROM EMPLOYERS QUARTER 4 2016/17

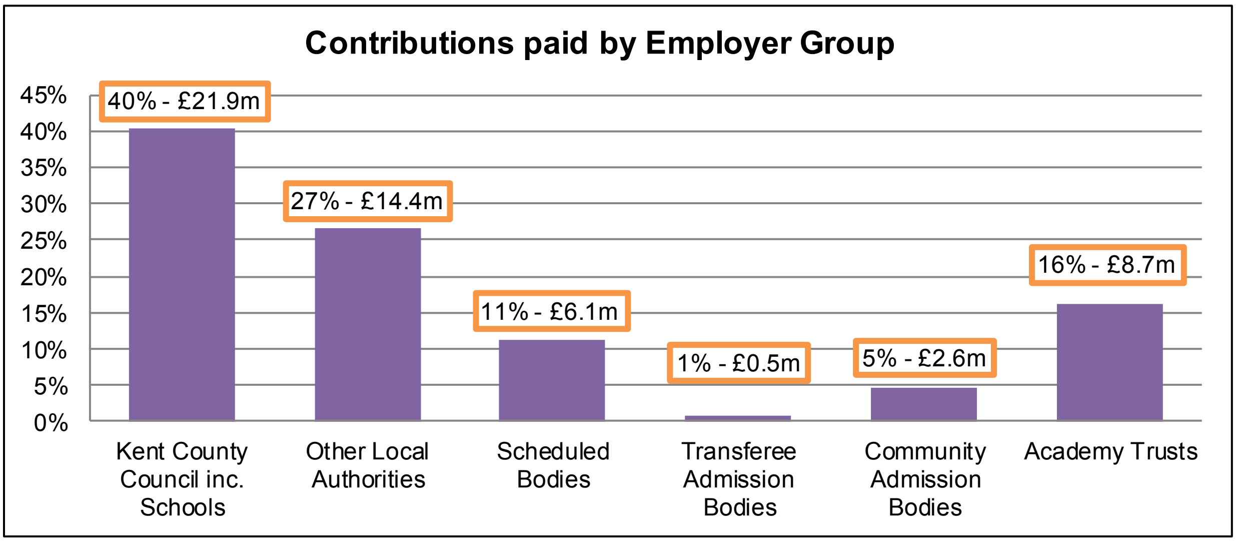
7. In quarter 4 2016-17 the Fund received £54.1m from Employers in respect of their monthly contributions (employer and employee) as follows:

	Jan	Feb	Mar
	£	£	£
Received Early	9,023,079	9,106,104	9,592,713
Cash on 19th	8,921,893	8,739,313	8,046,359
Received Late	63,447	166,562	408,164
Total	**18,008,419**	**18,011,978**	**18,047,235**

8. KCC monitors the timing of receipt of these contributions compared to a KPI of 95%. During quarter 4 2016-17 the KPI has been exceeded each month with an average 99% of all contributions being received on or before the due date.



9. The following table shows that KCC and other local authorities have paid £36.3m, 67% of all contributions received from employers.



PRINCIPAL CATERING CONSULTANTS LTD (re The Williamson Trust)

10. The Williamson Trust is awarding a contract for cleaning services from 1 August 2017. This involves the transfer of approximately 10 employees from the Williamson Trust to Principal Catering Consultants Ltd

11. To ensure the continuity of pension arrangements for these employees, Principal Catering Consultants Ltd has applied for admission to the Superannuation Fund.

12. The admission application has been made under Schedule 2 Part 3 1 (d) (i) of the Local Government Pension Scheme Regulations 2013, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.

13. The Fund Actuary will assess the level of bond and the employer's contribution rate.

14. The completed questionnaires and supporting documents provided by. Principal Catering Consultants Ltd has been examined by Officers to ensure compliance with the Local Government Pension Scheme Regulations, and Invicta Law Ltd has given a favourable opinion on the application.

SUPERCLEAN SERVICES WORTHORPE

15. Maidstone Borough Council is awarding a 5 year contract for cleaning services although the effective date is not yet known. This involves the transfer of approximately 2 employees from Maidstone Borough Council to Superclean Services Worthorpe Ltd.

16. To ensure the continuity of pension arrangements for these employees, Superclean Ltd has applied for admission to the Superannuation Fund.

17. The admission application has been made under Schedule 2 Part 3 1 (d) (i) of the Local Government Pension Scheme Regulations 2013, as amended, and under this regulation the admitted body is required to provide a form of bond or indemnity.

18. The Fund Actuary has assessed the level of bond at £19,000 for the first year and the employer's contribution rate has been set as 18% for a closed agreement.

19. The completed questionnaires and supporting documents provided by Superclean Services Worthorpe Ltd. has been examined by Officers to ensure compliance with the Local Government Pension Scheme Regulations, and Invicta Law Ltd has given a favourable opinion on the application.

BIRKIN CLEANING SERVICES LTD

20. Birkin Cleaning Services Ltd is a Transferee Admission Body which joined the Superannuation Fund on 2 November 2015 following the transfer of staff from Dartford Grammar School for Girls.

21. As this contract has been extended to 31 August 2018 it is necessary to extend the original admission agreement by way of a Deed of Modification.

PRINCIPAL CATERING CONSULTANTS (re Our Lady of Hartley)

22. Principal Catering Consultants Ltd is a Transferee Admission Body which joined the Superannuation Fund on 1 August 2012 following the transfer of staff from Our Lady of Hartley School.

23. As this contract has been extended to 31 December 2017 it is necessary to extend the original admission agreement by way of a Deed of Modification.

CXK LTD

24. Connexions Partnership Kent and Medway Ltd was a community admission body that joined the Kent Superannuation Fund on 27 May 2002.They subsequently changed their name to CXK Ltd.

25. As the last active member left on 30 June 2015 CXK Ltd became an exiting employer. CXK Ltd has paid their exit liability of £167,000.

26. It is proposed that we enter into a termination agreement with CXK Ltd.

RECOMMENDATION

27. Members are asked to note the employer report and to agree:

    a) to the admission to the Kent County Council Superannuation Fund of Principal Catering Consultants Ltd (re the Williamson Trust); and

    b) to the admission to the Kent County Council Superannuation Fund of Superclean Services Worthorpe; and

    c) that a Deed of Modification be entered into with Birkin Cleaning Services Ltd; and

    d) that a Deed of Modification be entered into with Principal Catering Consultants Ltd; and

e) that a termination agreement be entered into with CXK Ltd; and

f) that the Chairman may sign the minutes relating to recommendations a) to e) at the end of today's meeting; and

g) that once legal agreements have been prepared for these matters the Kent County Council seal can be affixed to the legal documents.

Steven Tagg
Treasury and Investments
03000 416747