

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room, Sessions House, County Hall, Maidstone on Friday, 17 November 2017.

PRESENT: Mr C Simkins (Chairman), Mr P V Barrington-King, Mr P Bartlett, Cllr J Burden, Cllr P Clokie, OBE, Mr P C Cooper, Mr D Coupland, Mr D S Daley, Cllr N Eden-Green, Mr P J Homewood, Mrs S Lysaght, Mr J P McInroy, Cllr L Wicks, Mrs M Wiggins and Mr J Wright.

ALSO PRESENT: Mr J D Simmonds, MBE

IN ATTENDANCE: Mr N Vickers (Head of Financial Services), Mr A Wood (Corporate Director of Finance), Ms B Cheatle (Pensions Manager) and Miss T A Grayell (Democratic Services Officer).

UNRESTRICTED ITEMS

29. Membership (Item A2)

It was noted that:

- a) Mr P J Homewood had joined the Committee in place of Mr R A Marsh. Mr Homewood was welcomed to the Committee by the Chairman.
- b) The Selection and Member Services Committee had agreed at its meeting on 10 October 2017 that the co-opted representative of Medway Council, Cllr L Wicks, be given voting rights on the Committee. This change was also welcomed.

30. Apologies and Substitutes (Item A1)

Apologies for absence had been received from Mr N J D Chard.

There were no substitutes.

31. Declarations of Interest by Members in items on the Agenda for this meeting. (Item A3)

There were no declarations of interest.

32. Minutes - 8 September 2017 (Item A4)

1. Cllr P Clokie requested that, as apologies and substitutes were reported at the start of each meeting, they be recorded in the minutes of the meeting. It was agreed that these would be added to the 8 September minutes and included as a regular item in future minutes.

2. Mr P Bartlett requested that his departure from the 8 September meeting after item B2 also be recorded in the minutes.
3. RESOLVED that, subject to the above amendments being made, the minutes of the meeting held on 8 September 2017 are correctly recorded and that they be signed by the Chairman after the meeting.
4. Under Minute 25, the Chairman thanked the Committee for providing the required details of their relevant skills, experience and expertise and emphasised the importance under the MIFID Regulations of training being kept up to date. He asked that all Committee Members advise Katherine Grey when they had completed any training. Committee Members asked that they be advised of training available which had been approved as suitable for them, so they could be sure of receiving a balanced range of training, and it was agreed that any Member being invited to attend training should check with Mr Vickers before accepting.

33. Motion to exclude the Press and Public for Exempt Business
(Item A5)

The Committee agreed 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

(open access to minutes)

34. M&G Questions
(Item B1)

Ms O Haughey, Client Director, and Mr S Rhodes, Fund Manager, from M&G Investments were present for this item at the invitation of the Committee.

1. Ms Haughey and Mr Rhodes introduced themselves and their respective responsibilities, presented a series of slides (tabled) which set out the content and performance of the M&G Global Dividend fund, and responded to questions of detail from Members.
2. RESOLVED that the information set out in the presentation and given in response to comments and questions be noted, with thanks.

(Ms Haughey and Mr Rhodes then left the meeting)

35. Sarasin Questions
(Item B2)

Mr H Boucher, Partner and Deputy Chief Investment Officer, and Mr J Thomas, Head of Global Equities, from Sarasin and Partners LLP were present for this item at the invitation of the Committee.

1. Mr Boucher and Mr Thomas introduced themselves and their respective responsibilities, presented a series of slides (tabled) which set out the content and

performance of the County Council's Superannuation Fund portfolio, and responded to questions of detail from Members.

2. RESOLVED that the information set out in the presentation and given in response to comments and questions be noted, with thanks.

(Mr Boucher and Mr Thomas then left the meeting)

36. Access Pooling Update

(Item B3)

1. Mr Vickers introduced the report and responded to questions of detail from Members.
2. RESOLVED that the information set out in the report and given in response to comments and questions be noted, with thanks, and a more extensive discussion on pooling take place at the Committee's next meeting on 9 February 2018.

37. Fund Structure

(Item B4)

1. Mr Vickers introduced the report and responded to questions of detail from Members.
2. RESOLVED that the information set out in the report and given in response to comments and questions be noted, with thanks, and further discussion of fund structure take place at the Committee's next meeting on 9 February 2018.

UNRESTRICTED ITEMS

(meeting open to the public)

38. Fund Position Statement

(Item C1)

1. Mr Vickers introduced the report and reminded the Committee of the need to consider formally its asset allocation at each of its meetings. In response to a request that future reports include more information about the performance of fund managers in the top few and bottom few of the market value summary chart, Mr Vickers undertook to provide this information in future reports.

2. RESOLVED that no change be made to the asset allocation.

39. Pensions Administration

(Item C2)

1. Ms B Cheatle introduced the report and set out key challenges in the current workload, as follows:-

- a) pensions staff were dealing with a large volume of correspondence as pensions issues currently had a high profile and scheme members would email in concerns and questions and expect a quick response;

- b) the statutory deadline of the end of August for issuing annual benefit illustrations meant that the work undertaken to produce these had to be undertaken during the months April to July, with 50% of the staff being taken from normal pensions work to deal with this, which in turn had an impact on that work. New technology i-Connect would mean that data would be received on a monthly rather than annual basis and hence would spread the preparation work over the year. It would also support the introduction of the scheme members' self-service pension enquiries facility which was planned during 2018; and
- c) the appointment of four new KR4 pensions support officers would help to clear the current backlog of work. Mr Wood added that the performance figures presented in Appendix 2 to the report were lower than desired but reflected the true picture of the backlog of work.

2. Ms Cheatle responded to comments and questions from Members, including the following;

- a) asked if the workload could be eased by inviting back experienced, retired pensions staff, temporarily, Ms Cheatle explained that most people who had left the service had not retired but had chosen to leave due to the complexity of the pensions scheme and the heavy workload. Mr Wood added that the four additional staff were in addition to the eight vacancies that the section currently had;
- b) asked if the present computer system could generate benefits illustrations automatically, Ms Cheatle explained that a programme for this was currently available but using it to calculate and prepare illustrations took much time and data input;
- c) the importance of being able to achieve a good quality of outcome for scheme members was emphasised and plans to build resilience into the pensions team by increasing the staff and introducing the new computer system were welcomed. Ms Cheatle explained that pensions staff had recently visited another local authority which had used i.Connect for a while and had found it very efficient. Kent employers had supported its introduction as it spread the workload and increased efficiency. If its acquisition were agreed by the Committee, the new i.Connect system could start to be introduced early in 2018, while the staff issues would take a little longer to resolve; and
- d) asked if there were any opportunities for apprenticeships among the planned staff appointments, Ms Cheatle undertook to look into this.

3. The Chairman thanked Ms Cheatle for making the Committee aware of the challenges currently faced by the pensions team.

4. RESOLVED that:-

- a) the information set out in the report and given in response to comments and questions from Members be noted; and
- b) the additional funding for the purchase of i.Connect and the extra staff resource of four pensions support officers be agreed.

40. Fund Employer Matters

(Item C3)

1. Mr Vickers introduced the report and undertook to look into and respond outside the meeting to questions about which local authority had paid its contribution late in July 2017, what scope the County Council had to address the issue of contributions being late, and a clarification of the total number of employers involved in the pension fund.

2. RESOLVED that the report be noted and that:-

- a) EDSECo Ltd, trading as The Education People, has resolved to join the Fund, be noted;
- b) Nourish Contract Catering Ltd be admitted to the Kent County Council Superannuation Fund;
- c) Compass Care Homes Wayfarers Ltd be admitted to the Kent County Council Superannuation Fund;
- d) Civica UK Ltd be admitted to the Kent County Council Superannuation Fund;
- e) the Kent County Council Superannuation Fund may enter into a Deed of Modification with Circle 33;
- f) the Chairman sign the minutes relating to recommendations (a) to (e) at the end of today's meeting; and
- g) once legal agreements have been prepared for these matters, the Kent County Council seal can be affixed to the legal documents.

41. Date of next meeting

(Item C4)

It was noted that the next meeting of the Committee would be held on **Friday 9 February 2018** and that the venue for this meeting may be Oakwood House.