

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room - Sessions House on Friday, 22 June 2018.

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, Mr P J Homewood, Mr J P McInroy, Mr J Parsons, Cllr L Wicks and Mr J Wright.

IN ATTENDANCE: Mrs B Cheatle (Pensions Manager), Mrs A Mings (Treasury and Investments Manager), Mr N Vickers (Business Partner (Pension Fund)) and Mrs A Hunter (Principal Democratic Services Officer).

UNRESTRICTED ITEMS

62. Substitutes

(Item A1)

- (1) Apologies for absence were received from Mr Chard, Councillor Eden-Green and Mrs Wiggins.
- (2) Apologies for absence were also received from Andy Wood (Corporate Director of Finance).
- (3) Mr Simkins said that Andy Wood who had been a long-standing officer at Kent County Council was retiring with effect from the end of the month. He paid tribute to the humour, wisdom and wise counsel Mr Wood had brought to the Superannuation Fund Committee over many years.

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

(Item A2)

Mr Bartlett said he was an employee of BNY Mellon Bank which was referred to in the papers for Item B1.

64. Minutes - 23 March 2018

(Item A3)

- (1) Mr Simkins said it had been confirmed that Neil Woodford would attend the meeting of the Committee in November as set out in minute 56 (3)(a).
- (2) Resolved that the minutes of the meeting held on 23 March are correctly recorded and that they be signed by the Chairman.

65. 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
(Open Access to minutes)

66. Baillie Gifford
(Item B1)

Lynn Dewar and Lucy Haddow from Baillie Gifford were present for this item

- (1) The Chairman welcomed Ms Dewar and Ms Haddow to the meeting and invited them to report on the performance of Kent Pension Fund's investments managed by Baillie Gifford.
- (2) Resolved that the presentation and the responses to the Committee's questions be noted.

67. DTZ Investors
(Item B2)

Peter O'Gorman and Jennifer Linneker from DTZ Investors were present for this item

- (1) The Chairman welcomed Mr O'Gorman and Ms Linneker to the meeting and invited them to report on the performance of Kent Pension Fund's investments managed by DTZ Investors.
- (2) Resolved that the presentation and the responses to the Committee's questions be noted.

68. Investment Strategy
(Item B3)

- (1) Mr Simkins introduced the report which made specific proposals covering a number of investment issues. The Committee considered each issue in turn.
- (2) Resolved that:
 - (a) An additional 3.5% be allocated to both Harbourvest and Partners to be funded initially from passive UK Equities;
 - (b) An allocation of £70 million be made to Ruffer, and that the funding source be confirmed as Cash;
 - (c) The position of the DTZ mandate be noted;
 - (d) An investment in the M&G Real estate UK Enhanced Value Fund be not made;
 - (e) The response from YFM be noted;
 - (f) Mr Woodford's attendance at the 16 November meeting be noted.

69. ACCESS Update

(Item B4)

- (1) Alison Mings (Treasury and Investments Manager) introduced the report which provided an update on progress on pooling. She also answered Members' questions relating to items in the report.
- (2) Resolved:
 - (a) That the report be noted;
 - (b) To agree that the Kent Fund adopts the ACCESS stock lending policy for investments in the ACS, and to delegate to officers to negotiate a similar arrangement for the Kent Fund's stock lending programme; and
 - (c) To agree that the Kent Fund adopts the ACCESS voting guidelines for investments in the ACS.

UNRESTRICTED ITEMS

(meeting open to the public)

70. Fund Position Statement

(Item C1)

- (1) Nick Vickers (Business Partner (Pension Fund)) introduced the report which provided a summary of the Fund Asset Allocation and performance.
- (2) Following a suggestion by a Member, Mr Vickers agreed to include information about the fees charged and the total expense ratio for each manager in the next Fund Position Statement considered by the Committee.
- (3) Resolved that the report be noted.

71. Euro Currency Balances

(Item C2)

- (1) Alison Mings (Treasury and Investments Manager) introduced the report which provided an update on the Fund's cash position and sought approval to convert EUR29m to GBP.
- (2) Resolved that:
 - (a) The report be noted;
 - (b) The decision to sell EUR29m when the GBP/Euro exchange rate is at or lower than 1.14 be delegated to the Director of Finance in consultation with the Chairman.

72. Risk Register

(Item C3)

- (1) Alison Mings (Treasury and Investments Manager) introduced the report which provided an updated Pension Fund Risk Register.
- (2) In response to a question about the risk to the Fund of reductions in staff, Mr Vickers said the risk was included within the risks identified in the register but that it could be mentioned separately.
- (3) Resolved that the risk register be agreed.

73. Pensions Administration

(Item C4)

- (1) Barbara Cheatle (Pensions Manager) introduced the report which provided a comprehensive update of administration issues including: the workload position; achievements against Key Performance Indicators; a proposed write-off of a pension overpayment; monthly submission of employer data; staff resource; General Data Protection Regulations and Data Quality matters relating to the Pension Regulator.
- (2) Resolved:
 - (a) That the report be noted;
 - (b) To agree the write-off of an over-payment of pension of £22,060.29.

74. Fund Employer Matters

(Item C5)

- (1) Alison Mings (Treasury and Investments Manager) introduced the report which provided an update on the employer related matters, applications to join the Fund and a change in the Local Government Pension Scheme (LGPS) regulations.
- (2) Resolved to note the report and agree:
 - (a) To the admission to the Kent County Council Superannuation Fund of Churchill Contract Services Ltd;
 - (b) To the admission to the Kent County Council Superannuation Fund of Cater Link Ltd;
 - (c) To the admission to the Kent County Council Superannuation Fund of Compass Contract Services (UK) Ltd t/a Chartwells re Kent Catholic Schools Partnership Secondary Schools;
 - (d) To the admission to the Kent County Council Superannuation Fund of Compass Contract Services (UK) Ltd t/a Chartwells re Kent Catholic Schools Partnership Primary Schools;
 - (e) That the Chairman may sign the minutes relating to recommendations (a) to (d) at the end of today's meeting; and

- (f) That once legal agreements have been prepared for these matters the Kent County Council seal can be affixed to the legal documents.

75. Date of next meeting

(Item C6)

It was noted that the next meeting of the Committee would be held on Friday, 7 September 2018.