

SUPERANNUATION FUND COMMITTEE

Friday, 31 May, 2019

10.00 am

Medway Room - Sessions House





AGENDA

SUPERANNUATION FUND COMMITTEE

Friday, 31 May, 2019 at 10.00 am
Medway Room - Sessions House

Ask for: Theresa Grayell
Telephone: 03000 416172

Membership

Conservative (8):	Mr C Simkins (Chairman), Mr P V Barrington-King, Mr P J Homewood, Mr J P McInroy and Mr J Wright	Mr N J D Chard (Vice-Chairman), Mr P Bartlett, Mr P C Cooper,
Liberal Democrat (1)	Mr D S Daley	
District Council (3)	Cllr J Burden, Cllr P Clokie and Cllr N Eden-Green	
Medway Council (1)	Cllr L Wicks	
Kent Active Retirement Fellowship (2)	Mrs M Wiggins and Mr D Coupland	
UNISON (1)	Mr J Parsons	
Staff Representative (1)	Vacancy	

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

By entering the meeting 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)

- 1 Apologies and Substitutes
- 2 Declarations of interest by Members in items on the agenda for this meeting.
- 3 Minutes of the meeting held on 15 March 2019 (Pages 5 - 8)
- 4 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.

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)

EXEMPT ITEMS

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

- 5 Investment Strategy (Pages 9 - 40)

UNRESTRICTED ITEMS

(meeting open to the public)

- 6 Date of next meeting

The next meeting of the committee will be held on Friday 21 June 2019 at 10.00am

EXEMPT ITEMS

(At the time of preparing the agenda the only exempt item was item 5. During this and any other such items which may arise the meeting is likely NOT to be open to the public)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 22 May 2019

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 their items.

KENT COUNTY COUNCIL**SUPERANNUATION FUND COMMITTEE**

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room - Sessions House on Friday, 15 March 2019.

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 J P McInroy, Mr J Parsons, Mrs M Wiggins and Mr J Wright.

ALSO PRESENT: Mr P J Oakford and Mrs M E Crabtree

IN ATTENDANCE: Mr N Vickers (Business Partner (Pension Fund)) and Mrs A Hunter (Principal Democratic Services Officer).

UNRESTRICTED ITEMS**113. Substitutes**

(Item 1)

- (1) Apologies for absence were received from Mr Chard, Mr Homewood and Cllr Wicks. There were no substitutes.
- (2) The Committee agreed to consider the agenda items in accordance with the order proposed by Mr Simkins.

114. Declarations of interest by Members in items on the agenda for this meeting.

(Item 2)

Mr Bartlett made a declaration of interest in relation to item 8 on the agenda. He said he worked for Bank NY Mellon that had links with two of the investment managers listed on pages 35-36 although he personally had no contact with the managers. He remained in the meeting and took part in the discussion.

115. Minutes of the meeting held on 8 February 2019

(Item 3)

RESOLVED that the minutes of the meeting held on 8 February 2019 are correctly recorded and that they be signed by the Chairman.

116. Motion to exclude the press and public

(Item 4)

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 minutes)

117. M&G Global Equities

(Item 5)

- (1) Mr Simkins welcomed Orla Haughey and Stuart Rhodes to the meeting and invited them to report on the performance of the Kent Pension Fund's investments in the M&G Global Dividend Fund.
- (2) Ms Haughey and Mr Rhodes presented their review of the Fund and answered questions from the Committee.
- (3) Resolved that the information set out in the presentation be noted.

118. Schroders Fixed Income

(Item 6)

- (1) Mr Simkins welcomed Paul Grainger and Geoff Day from Schroders to the meeting. Mr Grainger and Mr Day presented their review of the Fund's investment in the Schroders Strategic Bond Fund and answered questions from the Committee.
- (2) Resolved that the information be noted.

119. Investment Strategy

(Item 7)

- (1) The Chairman introduced the report which set out issues related to the Fund's investment strategy. Mr Vickers answered Members' questions.
- (2) Resolved that:
 - (a) The Schroders Fixed Income Mandate be retained.
 - (b) An additional meeting with two Multi Asset Credit Managers, M&G and CQS be held on 31 May 2019;
 - (c) The legal advice provided in the report be noted.

UNRESTRICTED ITEMS

(meeting open to the public)

120. Fund Position Statement

(Item 9)

- (1) Mr Vickers (Business Partner (Pension Fund)) introduced the report which provided a summary of the Fund asset allocation and performance. It also asked the Committee to consider whether the equity allocation was appropriate in the light of the rise in equity markets. Questions were asked about the return on investments, the impact of any changes on cashflow, equity hedging to mitigate against large swings in the market; and the adverse publicity associated with Woodford.
- (2) Resolved to:

- (a) Note the Fund's performance;
- (b) Agree to reduce the Fund's allocation to equities by selling £100 million of the units in the Baillie Gifford Fund, and invest the proceeds for the time being in money market funds;
- (c) Write to Woodford over the recent transfers between the Fund and Trust;
- (d) Retain the investment in the Woodford Fund for the time being but keep it under review and re-consider the matter at the meeting of the Committee scheduled for 21 June 2019;
- (e) Delegate authority to the Corporate Director of Finance, in consultation with the Chairman, to re-structure the Fund's investment in the event of a material change before the Committee's meeting on 21 June 2019.

121. 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

(Open minutes)

122. ACCESS Pooling Update

(Item 8)

- (1) Mrs Mings introduced the report which provided an update on progress on pooling arrangements.
- (2) The Committee thanked Mrs Mings and her team for their involvement in the ACCESS Pooling project.
- (3) Resolved that the report be noted.

UNRESTRICTED ITEMS

123. Local Government Pension Scheme Statutory Guidance on Asset Pooling

(Item 10)

- (1) Mr Vickers introduced the report which asked the Committee to agree the Fund's response to a consultation document on Statutory Guidance on Asset Pooling.
- (2) The Chairman said he was pleased that ACCESS had drafted a robust response and said it was intended that response together with Kent's covering letter be sent to the Local Government Minister.
- (3) Resolved that the draft covering letter be endorsed and sent subject to the inclusion of:

- (a) a comment about the contradiction between paragraph 4.7 and 4.8 of the consultation document;
 - (b) examples of proposals in the consultation document that reflect poor understanding of pension fund investment management;
 - (c) a comment about inappropriateness of the Government requiring investment in infrastructure funds
- (4) Resolved that the final drafting be delegated to the Corporate Director of Finance in consultation with the Chairman;

124. Fund Employer Matters

(Item 11)

- (1) Mrs Mings introduced the report which set out information on employer related matters and a number of admission matters, and revised proposals for the direct recovery of the Fund's costs from employers. It also sought the approval of the Committee to agree the proposed arrangements and advised that the minutes should be signed at the end of the meeting to facilitate the completion of the admission matters on the desired dates.
- (2) It was RESOLVED that the Superannuation Fund Committee agree:
- (a) to the updated policy for the recovery of Pension Fund costs;
 - (b) to the admission to the Kent County Council Superannuation Fund of Exclusive Contract Services Ltd;
 - (c) that a Deed of Modification may be entered into with Clarion Housing Association;
 - (d) that a Deed of Confirmation may be entered into with Golding Homes Ltd;
 - (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 admission matters, the Kent County Council seal can be affixed to the legal documents.

125. Date of next meeting

(Item 12)

It was noted that meetings of the Committee would take place on Friday 31 May 2019 and on Friday 21 June 2019 at 10:00am.

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

Agenda Item 5

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