

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Microsoft Teams on Friday, 26 June 2020.

PRESENT: Mr C Simkins (Chairman), Mr N J D Chard (Vice-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, Mr J P McInroy, Mr J Parsons and Mr J Wright.

ALSO PRESENT: Mr P J Oakford, Ms C Arbuckle and Mr T English

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr B Watts (General Counsel), Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Ms S Surana (Principal Accountant - Investments), Mrs B Cheatle (Pensions Manager), Ms K Gray (Senior Accountant Investments), Mrs A Hunter (Principal Democratic Services Officer), Miss T A Grayell (Democratic Services Officer) and Mr M Evans (Press Officer).

UNRESTRICTED ITEMS

1. Apologies and Substitutes

(Item 1)

Apologies for absence had been received from Mr D S Daley and Cllr S Tranter, although Mr Daley was able to join later, in the closed part of the meeting. The Deputy Cabinet Member for Finance, Mrs M Crabtree, was also unable to attend.

There were no substitutes.

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

(Item 2)

Mr P Bartlett declared an interest in agenda item 4, Fund Employer Matters, as an elected Member of Ashford Borough Council, which had a financial interest in the West Kent and Ashford College.

Mr P Bartlett also declared an interest in agenda item 8, Investment Strategy, as he worked for the Bank of New York Mellon, which shared offices with an asset manager company mentioned in the report.

3. Minutes of the meeting held on 13 March 2020

(Item 3)

It was RESOLVED that the minutes of the meeting held on 13 March 2020 are correctly recorded and they be signed by the Chairman. There were no matters arising.

4. Fund Employer Matters

(Item 4)

Mr P Bartlett declared an interest as an elected Member of Ashford Borough Council, which had a financial interest in the West Kent and Ashford College.

1. Mrs Mings introduced the report and responded to a question about the departure of employers from the scheme and if this would have any negative impact on the Fund's cashflow. Mrs Mings advised that, as the number of companies was small, the impact would be insignificant, but advised that the picture would continue to be monitored. An update report on the Fund's cashflow would be made to the committee's September meeting.

2. It was RESOLVED that:-

a) the report and updates on Hadlow College and the West Kent and Ashford College be noted, with thanks; and

b) the employer contributions policy and the exit credits policy relating to admission employers be agreed.

5. Report on the Pension Board meeting on 12 June 2020

(Item 5)

1. Mrs Crabtree was unable to attend to present the report but Mr J Parsons, the Board's Vice-Chairman, confirmed that he had nothing to add to it. There were no questions.

2. It was RESOLVED that the report be noted, with thanks.

6. Supreme Court decision on Local Government Pension Scheme (LGPS) investment guidance

(Item 6)

1. Mrs Mings introduced the report and advised that the LGPS guidance had been re-issued, omitting the disputed passages. She emphasised that the fundamental duties and responsibilities of administering authorities were unaltered by the judgement, and the committee retained its responsibility for investment decisions relating to the Kent Pension Fund. Mr English added that Mercer Ltd had welcomed the judgment and would continue to give the committee investment advice when required.

2. The committee made the following comments:

a) the judgement and the clarification it gave were both welcomed; and

b) the committee should have uppermost in its mind its responsibility to the scheme members of the Kent Pension Fund but should also remember its responsibility to Kent's taxpayers.

3. It was RESOLVED that the report be noted, with thanks.

7. Date of next meeting
(Item 7)

It was NOTED that the next meeting of the committee would take place on Friday 4 September 2020 at 10.00 am.

8. Chairman's thanks

The Chairman thanked officers for all the work they had continued to undertake during the Covid-19 outbreak, while coping with remote working arrangements. The duties and obligations of the committee had become much more complex in recent months and had created much more work. He also thanked the team for the help and support they had given to him as Chairman.

9. Motion to exclude press and public for exempt items

It was 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.

SUMMARY OF EXEMPT MINUTES
(where access remains restricted)

10. Investment Strategy
(Item 8)

A supplementary report with a revised recommendation had been issued since publication of the agenda pack.

Mr P B Bartlett declared an interest in this item as he worked for the Bank of New York Mellon, which shared offices with an asset management company mentioned in the report.

1. The Chairman introduced the report and invited Ms Arbuckle to introduce Mercer's Manager Ratings and News Update. Ms Arbuckle responded to questions of detail from the committee, including the allocation of ratings to companies, types of investment and the risks associated with them. She reassured the committee that they retained control over the mandates of the fund managers and the investments the latter made on its behalf. Mr English then introduced Mercer's Market Update to the end of May and the forecast for June, which was positive.

2. The Chairman then referred to the supplementary Investment Strategy report which recommended changes to the Fund's asset allocation in response to the recent growth in the value of the fund's investments since drafting the original report. Mr English responded to questions of detail from the committee, including types of investment and temporary cash holdings and how these would be reviewed.

3. During the discussion of Equity Downside Protection, the committee commented that, to help them to understand how equity protection would work, it would be very helpful

to have a fully worked-out example. The committee supported the resumption of the work on establishing an equity protection programme for the Committee's consideration.

4. The Chairman proposed and the Vice-Chairman seconded recommendations a) to d) in the supplementary report and these were all agreed without a vote.
5. It was RESOLVED to note the report and that:
 - a) recommendation a) of the original report be agreed without a vote.
Recommendation b) had been superseded by recommendations a) to d) in the supplementary report; and
 - b) recommendations a) to d) in the supplementary report be agreed without a vote.

11. Woodford update *(Item 9)*

1. Mr Watts updated the committee on recent discussions about Woodford's investments and he and Ms Cooke responded to questions of detail from the committee.
2. It was RESOLVED that the Woodford update be noted, with thanks.