

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the online on Friday, 12 March 2021.

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, Cllr N Eden-Green, Mr P J Homewood, Mr J P McInroy, Mr J Parsons, Cllr S Tranter and Mr J Wright.

ALSO PRESENT: Mr P J Oakford, Mrs M E Crabtree, Mrs R Binks, Mr T English, Mr R Sinnott and Mrs A van Bochove Allen

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mrs B Cheatle (Pensions Manager), Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Ms S Surana (Principal Accountant - Investments), Mr S Tagg (Senior Accountant - Pension Fund), Ms K Gray (Senior Accountant - Investments), Mr C Ratcliffe (Principle Auditor), Miss T A Grayell (Democratic Services Officer) and Mrs K Goldsmith (Research Officer - Overview and Scrutiny)

UNRESTRICTED ITEMS

14. Apologies and Substitutes

(Item 1)

Apologies for absence were received from Mrs M Wiggins.

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

(Item 2)

Mr P Bartlett declared an interest in agenda item 15 as he was employed by the Bank of New York Mellon, the parent company of Insight, which was managing the equity downside protection programme.

16. Minutes of the meeting held on 5 February 2021

(Item 3)

It was RESOLVED that the minutes of the meeting held on 5 February 2021 be approved as a correct record and that the Chairman sign a paper copy when this can be done safely. There were no matters arising.

17. Internal Audit action plan - verbal

(Item 4)

1. Ms Cooke explained that all recommendations from the Internal Audit Action Plan were being progressed and that an update would be reported to the Governance and Audit Committee in April 2021. There were no questions.

2. It was RESOLVED that the action plan be noted.

18. Future committee work programme

(Item 5)

1. Mrs Mings drew the Committee's attention to the future work programme and the Chairman thanked her for the comprehensive report. There were no questions.
2. It was RESOLVED that the committee's work programme be agreed.

19. Pension Fund Business Plan

(Item 6)

1. Mrs Mings and Ms Cooke introduced the report and responded to comments and questions from the committee about the fees and consultancy costs payable in relation to the Equity Downside Protection (EDP) project, and additional funding to cover the increased costs incurred by the pensions administration team. More detailed information would be provided to the June meeting.
2. Concern was expressed that the committee was being asked to agree the business plan without having this fuller information and that surely the business plan could be agreed in principle only at this stage.
3. It was RESOLVED that the updated business plan and the budget required be agreed in principle, subject to more detailed information being reported to the committee's June meeting.

20. Fund Employer and Governance Matters

(Item 7)

1. Mrs Mings introduced the report and Mrs Cheatle added that, since last reporting to the committee, the new Government regulations for the exit cap had been revoked but the outcomes of this change, and whatever would replace the cap, was yet to become clear. Work was continuing with the Local Government Association to implement the McCloud judgement and more information would be available to the June meeting. There were no questions.
2. The committee RESOLVED to note the report and to agree:-
 - a) to the admission to the Kent County Council Superannuation Fund of Aspens Services Ltd;
 - b) to the admission to the Kent County Council Superannuation Fund of Olive Dining Ltd;
 - c) to the admission to the Kent County Council Superannuation Fund of Oliver Winter trading as Victory Cleaning;
 - d) to the admission to the Kent County Council Superannuation Fund of Pabulum Ltd (re Tenterden Schools Trust);

- e) that the Chairman may approve 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.

21. Pensions Administration

(Item 8)

1. Mrs Cheatle introduced the brief update report to set out the additional work which was going on to implement the latest changes, including technology upgrades to accommodate new requirements, and increased workloads. The Pensions Regulator had introduced more checks to tackle scams which had come to light, in which scheme members had been encouraged to transfer benefits. There were no questions.
2. The committee thanked Mrs Cheatle and the pensions administration team for their work in continuing to manage heavy workloads and implement the required changes to practice.
3. It was RESOLVED that the update report be noted, with thanks.

22. ACCESS update

(Item 9)

1. Mrs Mings introduced the report and responded to comments and questions from the committee about the benefits gained by the Kent scheme since joining the pool, and more information on this was requested. The Chairman added that savings had been made in running costs and fees, as well as benefits gained from the opportunity to network and exchange information with pooling partners. Mrs Mings undertook to provide a more detailed report of these savings to the June meeting.
2. It was RESOLVED that the update report be noted, with thanks

23. Report on the Pension Board meeting on 12 February 2021

(Item 10)

1. The Chairman of the board, Mrs M E Crabtree, introduced the report and noted the work being undertaken by the pensions administration team to action the changing requirements arising from the McCloud judgment and the exit cap, which, although now revoked, had generated much work.
2. The Chairman and Mrs Crabtree agreed that the closer working between the committee and the board was constructive and both hoped that the two would be able to undertake joint training. There were no questions.
3. It was RESOLVED that the report be noted, with thanks.

24. Fund Position

(Item 11)

1. Mrs Mings introduced the report and responded to questions from Members.

2. It was RESOLVED that the fund's asset allocation and performance, as at 31 December 2020, be noted, with thanks.

25. Future meeting dates 2021/22

(Item 12)

The committee NOTED that its next meeting would be held on Friday 18 June 2021, commencing at 10.00 am.

The committee also NOTED that the pattern of future meetings of the Superannuation Fund Committee and the Pension Board would be as follows:

Superannuation Fund Committee

Friday 18 June 2021
Friday 3 September 2021
Friday 10 December 2021
Friday 4 February 2022
Friday 1 April 2022
Friday 17 June 2022

Pension Board

Friday 4 June 2021
Wednesday 21 July 2021, 2.00 pm
Thursday 18 November 2021, 2.00 pm
Friday 11 March 2022
Tuesday 24 May 2022

NOTE: The June 2021 date was subsequently changed to 23 June when the County Council was required to return to face-to-face meetings for some committees, including the Superannuation Fund Committee. Further updates on meeting dates will be made as and when known.

26. Motion to exclude the Press and Public for Exempt Business

The committee 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 28 to 32
(where access to these minutes remains restricted)

OPEN ACCESS TO MINUTES 27 and 33

27. Fund Manager presentation - GSAM

(Item 13)

Sabriyah Denham, Executive Director, Lead Client Portfolio Manager, and Jason Freeman, Executive Director, Client Relationship Manager, were present for this item at the request of the committee.

1. Ms Denham and Mr Freeman introduced themselves and presented a series of slides which summarised the Kent fund's portfolio managed by GSAM and its performance in 2020. They answered questions of detail from the committee, including the strategy to address an increase in inflation, the likely impact of changing levels of engagement with environmental, social and governance (ESG) issues, the potential for churn in portfolio allocation, benchmarking, turnover and how this would be managed, and examples and case studies of ESG integration.

2. The Chairman thanked Ms Denham and Mr Freeman for attending the meeting and answering the committee's questions.
3. It was RESOLVED that the presentation and update be noted, with thanks.

28. Pension Fund Cash Flow *(Item 14)*

1. Ms Surana introduced the report and highlighted the way in which the fund's various income streams had been affected by the covid-19 pandemic. Pensions contributions from employers in the scheme had largely been unaffected but some rental incomes had fallen short. Ms Surana responded to a question of detail from the committee about the presentation of investment cashflow and dividend income.
2. It was RESOLVED that the updated cashflow information be noted, with thanks.

29. Equity Downside Protection (EDP) - restructuring prior to expiry *(Item 15)*

1. The Chairman and Mr Sinnott introduced the report and updated the committee on the progress of the EDP strategy and opportunities for restructuring the programme. They responded to questions of detail from the committee.
2. The committee then AGREED the recommendations for the way forward, with an adjustment to the wording to support information sharing between meetings of the committee.

30. Investment Strategy *(Item 16)*

1. Mr Sinnott and Mr English introduced the report and responded to questions of detail from the committee on asset allocation and rebalancing.
2. The committee then AGREED the recommendations for the way forward, with an adjustment to the wording to support information sharing between meetings of the committee.

31. Responsible investment update *(Item 17)*

1. The Chairman of the working group, Mr N J D Chard, introduced the report and thanked the Members of the responsible investment working group for their work. Mr Chard and Mrs Mings responded to comments and questions of detail from the committee, including the wording used in media releases and the website and how the work would be taken forward.
2. The committee then AGREED the recommendations for the way forward.

32. Pension Fund Risk Register *(Item 18)*

1. Ms Surana introduced the report and responded to questions of detail from the committee.

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

33. Governance review and training update - verbal
(Item 19)

1. Mrs van Bochove Allen gave a verbal update on the work she had done so far on training and the governance review and the next steps on each. A detailed training programme, including dates of scheduled sessions, had been introduced at the training day on 5 February 2021. The governance review was progressing, taking account of the progress of the Scheme Advisory Board's new Good Governance Review, published in mid-February, and revisions to the Pensions Regulations.

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