

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 30 March 2022.

PRESENT: Mr C Simkins (Chairman), Mr N J D Chard (Vice-Chairman), Mr P Bartlett, Cllr J Burden, Cllr P Clokie, OBE, Mrs P T Cole, Mr P C Cooper, Cllr N Eden-Green, Mr J Parsons and Mr P Stepto.

ALSO PRESENT: Mr P J Oakford

IN ATTENDANCE: Mr N Buckland (Head of Pensions and Treasury), Mrs A Mings (Pension Fund and Treasury Investments Manager), Ms L Savage (Pensions Administration Performance and Operations Manager), Ms S Surana (Investments, Accounting and Pooling Manager), Mr S Tagg (Senior Accountant - Employer Governance and Compliance), Miss T A Grayell (Democratic Services Officer) and Mr M Dentten (Democratic Services Officer).

COMMITTEE MEMBERS JOINING REMOTELY: Ms M Dawkins and Mr J P McInroy

UNRESTRICTED ITEMS

28. Apologies and Substitutes

(Item 1)

1. Apologies for absence had been received from Mr P Cole, Cllr R Thorne and Mr J Wright. There were no substitutes.
2. The committee noted that Ms M Dawkins and Mr J P McInroy were joining the meeting remotely.

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

(Item 2)

1. Mr P Bartlett declared that he was employed by the Bank of New York Mellon, the parent company of Insight, which was managing the equity downside protection programme (agenda item 15). He was advised that he did not need to leave the meeting during discussion of that item.

30. Minutes of the meetings held on 1 December 2021 and 3 February 2022

(Item 3)

1. It was RESOLVED that the minutes of the meetings held on 1 December 2021 and 3 February 2022 are correctly recorded and they be signed by the Chairman. There were no matters arising.

31. Chairman's Announcements

1. The Chairman advised that this was the last meeting of the committee which Alison Mings would attend before moving to work part-time for the County Council on specific

projects, including the governance review. He thanked Mrs Mings for the great amount of support she had given to him and the committee since 2013 and as acting Business Partner since 2020, and for her extensive work with internal audit and on the governance review, especially as pensions work had become very much more complicated in recent years.

2. He also announced that Barbara Cheatle would shortly be retiring, having worked for the County Council since 1978 and as the Manager of the Pensions team since 2014, leading the team through a period of change and substantial increase in workload. He expressed his sincere gratitude to Mrs Cheatle for delaying her retirement to ensure continuity of service.

3. The committee supported and endorsed the Chairman's comments and recorded their thanks and very best wishes to Mrs Mings and Mrs Cheatle.

32. Pension Fund Business Plan

(Item 4)

1. Mr Buckland introduced the report and responded to comments and questions from the committee, including the following:-

- a) asked if the ongoing vacancies in the Pensions team would affect the service provided to fund members, Mr Buckland advised that there were vacancies still to be filled in the new structure but this did not give rise to any serious concern about the service to pension fund members. He added that these vacancies were being actively recruited to;
- b) the costs which would show in the 2022/23 financial year rather than the 2021/22 year were due to the restructure of the service and the delay in planned recruitment. Costs had been simply delayed due to circumstances rather than deliberately deferred; and
- c) Mr Buckland undertook to keep the committee informed of any further changes arising from the restructure.

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

33. Fund Employer and Governance Matters

(Item 5)

1. Mr Buckland introduced the report and responded to comments and questions from the committee, including the following:-

- a) asked how, with reference to the GAD S13 report, the Kent Pension Fund compared to other Local Government Pension Scheme funds across the UK, Mr Buckland advised that he was not concerned about Kent's comparative position. He undertook to look into any analysis available to indicate any correlation between the actuaries engaged by a fund, their funding levels and contribution rates, and to advise the committee after the meeting; and
- b) asked about the difficulties experienced by SLL, referred to in the report, Mr Tagg reassured the committee that a recovery plan was in place with

Sevenoaks District Council and that he was confident that SLL would be able to make the required pensions contributions. The leisure industry continued to be challenged by the economic impact of the covid pandemic and the fund would continue to watch leisure companies with caution. Mr Tagg undertook to look at the latest published accounts of SLL and advise the committee after the meeting of any specific concerns.

2. The committee RESOLVED to note the report and to agree:-
 - a) to the admission to the Kent County Council Pension Fund of Seeclear Facilities UK Ltd (re Future Schools Trust);
 - b) to the admission to the Kent County Council Pension Fund of Sports and Leisure Management Ltd (re Sevenoaks Leisure Ltd);
 - c) to the admission to the Kent County Council Pension Fund of Town and Country Cleaners Ltd (re Stour Academy Trust);
 - d) that the Chairman may sign the minutes relating to recommendations a) to c) at the end of today's meeting; and
 - e) that, once legal agreements have been prepared for matters a) and c), the Kent County Council seal can be affixed to the legal documents

34. Pension Administration

(Item 6)

1. Mr Buckland and Ms Savage introduced the report, about which there were no questions or comments.
2. It was RESOLVED that the information set out in the report be noted, with thanks.

35. Report from the Pension Board - verbal

(Item 7)

1. Mr R Thomas, Chair of the Pension Board, gave a verbal update on the recent work of the board and outlined its difficulties in achieving a quorum at recent meetings, due to the ongoing challenge of filling the several vacancies on the board.
2. He expressed his thanks and congratulations to Mrs Mings and Mrs Cheatle and added his best wishes to those of the committee.
3. In response to questions, Mr Buckland advised that members of the committee could not join the board to help fill vacancies as they could not serve on both bodies.
4. It was RESOLVED that the update be noted, with thanks.

36. ACCESS update

(Item 8)

1. Mr Buckland introduced the report and responded to comments and questions from the committee, including the following:-

- a) asked about the process for becoming an observer at ACCESS meetings, Mr Buckland undertook to look into this and advise the committee after the meeting;
 - b) concern was expressed about the apparent interference of the Government in directing how pooling groups invested their funds, and the lack of current detail available about this intention. The Chairman added that Kent had joined the pool on the grounds that it would be able to preserve its sovereignty over strategic investment decisions, and other authorities in the pool were known to share this view. The publication of the White Paper would hopefully set out detail of the Government's view; and
 - c) asked why union representatives were included in the investment committee, as membership of this was previously limited to Chairs of Pension Fund Committees, Mr Buckland advised that the committee was required to include scheme member representatives, not specifically union representatives.
2. It was RESOLVED that the information set out in the report and given in response to comments and questions be noted, with thanks.

37. Fund Position

(Item 9)

1. Ms Surana introduced the report, on which there were no questions, although some comment was made about the level of diversity of investment it was sensible to have across a fund.
2. It was RESOLVED that the information set out in the report be noted, with thanks.

38. Governance Review update

(Item 10)

1. Mr Buckland introduced the report and advised that the change of name of the committee had been agreed by the Selection and Member Services Committee on 29 March and would be submitted to the full Council in May for agreement. Mrs Mings added that the governance policy statement included with the report was the first to be prepared in relation to the fund and emphasised the importance of the training strategy in keeping Members up to date with pensions policy and investment practice.
2. Mrs Mings responded to comments and questions from the committee, including the following:-
 - a) referring to the timescale for addressing recruitment to the committee and the Pension Board, Mrs Mings advised that this would be her priority in the immediate future; and
 - b) Mrs Mings undertook to check the wording relating to observers attending ACCESS meetings to ensure that it corresponded with information set out in the ACCESS update report considered previously.
3. It was RESOLVED that the report and the proposed name change be noted and that:-

- a) the Fund Governance Policy and Compliance Statement and the Fund Training Strategy be approved; and
- b) should the name change be agreed, the word 'Superannuation' be replaced by 'Pension' in each document.

39. Date of next meeting

(Item 11)

The committee noted that the next meeting of the committee would be held on Wednesday 22 June 2022, commencing at 10.00 am at Sessions House, Maidstone.

40. Motion to exclude the press and public for exempt business

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 41 to 45, and 48.

Summary of minutes 46, 47 and 49, where access to these minutes remains restricted)

41. Pension Fund Risk Register

(Item 12)

1. Mr Buckland presented the fund's Risk Register and advised that he would be reviewing the risks and the levels before the committee's next meeting in June.
2. A view was expressed by several members that the risk register could be expanded to include climate risk and reputational risk. Mr Buckland noted that reputational risk was included as a sub-risk of a number of the existing risks, but undertook to review the register and include climate and any other pertinent risks when it was reported in future.
3. It was RESOLVED that the information set out in the report be noted, with thanks.

42. Manager Presentation - Baillie Gifford

(Item 13)

Lynn Dewar, Lucy Haddow and Gareth Roberts from Baillie Gifford were in attendance for this item at the invitation of the committee.

1. The Chairman welcomed Ms Dewar, Ms Haddow and Mr Roberts and thanked them for attending. He advised the committee that this was the final meeting Ms Dewar would attend as she was shortly to leave Baillie Gifford after 30 years, 19 of those years working with the Kent fund.
2. Ms Dewar, Ms Haddow and Mr Roberts updated the committee on the composition and performance of the funds they managed for the Kent fund and responded to comments and questions of detail, including how investment held in Russian companies would be handled in the future, the impact of investment performance on share price and the frequency of checks on performance, which the committee was assured were regular and very thorough.

3. The Chairman thanked Ms Dewar, Ms Haddow and Mr Roberts for attending and for their frank and helpful answers to the committee's questions. The committee particularly thanked Ms Dewar and wished her well for the future.

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

43. Invasion of Ukraine - impact on the Fund (Item 14)

This item was considered with agenda item 17 and is minuted below.

44. Update from the Equity Protection working group (Item 15)

This item had been emailed to Members after the main agenda pack had been issued.

1. Mr Sinnott introduced the update report and he and Mr English responded to comments and questions of detail from the committee, including about the likely impact of the change in the rate of inflation.

2. It was RESOLVED that the information set out in the report be noted, with thanks.

45. Pension Fund Cash Flow (Item 16)

1. Mr Buckland and Ms Surana introduced the report, about which there were no questions or comments.

2. It was RESOLVED that the information set out in the report be noted, with thanks.

46. Invasion of Ukraine - impact on the Fund (Item 14)

Agenda items 14 and 17 were discussed together as their subject matter was very closely related.

1. Mr Buckland introduced the report and he and Mr English responded to comments and questions of detail from the committee, including about the handling of media interest, the future re-opening of the Russian stock markets, how the committee could respond at short notice to future developments affecting the fund, and a comparison of Kent's approach to those of other funds.

2. The committee agreed the recommendation set out in the exempt report.

47. Investment Strategy (Item 17)

1. Mr Buckland introduced the report, the discussion of which was combined with that of agenda item 14.

2. The committee agreed the recommendation set out in the exempt report.

48. Responsible Investment update

(Item 18)

1. Mr Buckland introduced the report, about which there were no questions or comments.
2. It was RESOLVED that the information set out in the report be noted, with thanks.

49. Fund Employer Admission Matters

(Item 19)

1. Mr Buckland introduced the report and he, Mr Tagg and Mrs Mings responded to comments and questions of detail from the committee, including about the change in rules since some companies had joined the fund and the current impact of this.
2. The committee agreed the recommendations set out in the exempt report, and asked that a further report be brought to the committee's June meeting on the issues covered in the report