

## KENT COUNTY COUNCIL

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### **SUPERANNUATION FUND COMMITTEE**

MINUTES of a meeting of the Superannuation Fund Committee held in the Darent Room, Sessions House, County Hall, Maidstone on Friday, 14 November 2014.

PRESENT: Mr J E Scholes (Chairman), Mr D S Daley (Vice-Chairman), Cllr J Burden, Mr N J D Chard (Substitute for Mr R A Marsh), Cllr P Clokie, Mrs P T Cole (Substitute for Mr J A (Davies), Mr D Coupland, Ms J De Rochefort, Cllr N Eden-Green, Mr B E MacDowall, Mr T A Maddison, Mr R J Parry, Mr C Simkins, Mrs M Wiggins and Cllr L Wicks.

ALSO PRESENT: Miss S J Carey

IN ATTENDANCE: Ms B Cheatle (Deputy Pensions Manager), Ms D Fitch (Democratic Services Manager (Council)), Ms A Mings (Treasury & Investments Manager), Ms S Surana (Senior Accountant - Investments), Mr S Tagg (Senior Accountant Pension Fund) and Mr N Vickers (Head of Financial Services).

#### **UNRESTRICTED ITEMS**

**90. Motion to exclude the Press and Public**  
*(Item A3)*

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**

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

**91. Sarasin**  
*(Item B4)*

*(Mr Boucher and Mr Talbot-Rice from Sarasin were present for this item)*

(1) The Chairman welcomed Mr Boucher and Mr Talbot-Rice from Sarasin to the meeting and invited them to present their report on the global equity mandate which they had managed on behalf the KCC Superannuation Fund since March 2014. Mr Boucher and Mr Talbot-Rice answered questions from Committee members.

(2) The Chairman acknowledged that Sarasin had only been managing this mandate for 7 months and therefore their somewhat disappointing results were not based upon a full year's operation. However, he made Mr Boucher and Mr Talbot-Rice aware that the Committee expected its fund managers to at least achieve the benchmark for 2 years out of 3 and had withdrawn funds from managers that did not achieve this.

(3) RESOLVED that the presentation and the response to the questions from the Committee be noted.

*(Mr Boucher and Mr Talbot-Rice left the meeting).*

**92. M & G**  
*(Item B5)*

(4) The Chairman welcomed Ms Haughey and Mr Rhodes from M & G to the meeting and invited them to present their global equity mandate which they had managed on behalf the KCC Superannuation Fund since November 2013. Ms Haughey and Mr Rhodes answered questions from Committee members on the somewhat disappointing results from their management of this fund in its first year.

(5) The Chairman made Ms Haughey and Mr Rhodes aware that the Committee expected its fund managers to at least achieve the benchmark for 2 years out of 3 and had withdrawn funds from managers that did not achieve this.

(6) RESOLVED that the presentation and the response to the questions from the Committee be noted.

*(Ms Haughey and Mr Rhodes left the meeting.)*

**93. Fund Structure**  
*(Item B6)*

(1) Mr Vickers introduced reports on a number of issues relating to the structure and management of the Fund, including reports from Fidelity and DTZ, and a number of outstanding issues from the meeting of the Committee on 7 November 2014.

(2) RESOLVED that the

- a) reports on Fidelity and Kames be noted and an additional £20m be invested in each of these funds, with the monies to fund this being taken immediately from the State Street UK equity fund.
- b) Corporate Director of Finance and Procurement, in consultation with the Chairman, be given delegated authority to invest £200m in the Woodford UK Equities fund subject to agreement to the final arrangements including fees and satisfactory assurances around exiting the fund.
- c) the Probation transfer be funded from cash and any shortfall taken from the State Street UK equity fund.
- d) the Treasury and Investments manager to analyse the income flows from investments and report back to Members on the impact on cashflow.

## **UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

### **94. Fund Position Statement**

*(Item D1)*

- (1) Mr Vickers introduced a report which provided a summary of the Fund's asset allocation and performance in particular in relation to equities.
- (2) RESOLVED that the report be noted and that the allocation to equities should not be reduced at this time.

### **95. Local Government Pension Scheme (LGPS) Governance Regulations**

*(Item D2)*

- (1) Mr Vickers introduced a report on the Governments latest proposals for changes to the governance of the LGPS which were currently out for consultation. A suggested response was circulated with the report.
- (2) RESOLVED that the draft response on page 91 of the Committee papers be approved as this Committees response to the consultation.

### **96. Pensions Administration**

*(Item D3)*

- (1) Ms Cheatle introduced a report which provided a comprehensive update on administration issues including changes to the LGPS from 1 April 2014, workload position, achievements against Key Performance Indicators, the pensions administration system and CIPFA Benchmarking Survey Results 2014.
- (2) Ms Cheatle answered questions from Committee members on the administration of the scheme. In relation to the cost of communications, Ms Cheatle stated it was intended to move to online access to annual benefit statements in the next few years which would reduce these costs.
- (3) The Committee thanked the staff in the Pensions section for their hard work and the success in dealing with changes to the pension's scheme and implementing the new pensions administration system.
- (4) RESOLVED that the report be noted.

### **97. Admissions to the Fund**

*(Item D4)*

- (1) Mr Tagg introduced the report on applications to join the Pension Fund and a termination agreement.
- (2) RESOLVED that the Committee agree

- a) to the admission to the Kent County Council Pension Fund of Cater Link Limited;
- b) to the admission to the Kent County Council Pension Fund of Birkin Cleaning Services Limited;
- c) to the admission to the Kent County Council Pension Fund of Mitie Security Limited;
- d) that a termination agreement may be entered into in respect of Capita IT Managed Solutions Limited (re: Thamesview School, Gravesend);
- e) that the Chairman may sign the minutes of today's meeting relating to recommendation (a) to (c) above at the end of today's meeting; and
- f) that once legal agreements have been prepared for (a) to (d) above, the Kent County Council seal can be affixed to the legal documents.

**98. Date of next meeting – 6 February 2015**  
*(Item E1)*