

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room, Sessions House, County Hall, Maidstone on Friday, 26 June 2015.

PRESENT: Mr J E Scholes (Chairman), Mr D S Daley (Vice-Chairman), Cllr P Clokie, Mr A D Crowther, Mr J A Davies, Cllr N Eden-Green, Mr R A Marsh, Mr R J Parry, Mr J Parsons (Substitute for Mr S Richards), Mr C Simkins, Mrs Z Wiltshire and Mrs M Wiggins.

ALSO PRESENT: Miss S J Carey, Mr G Muir, Ms M Stephenson and Mr J D Simmonds, MBE

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

117. Membership *(Item A3)*

The Committee noted that Mrs Z Wiltshire had replaced Mr B MacDowell as a member of this Committee

118. Minutes - 20 March 2015 *(Item A4)*

RESOLVED that the minutes of the meeting held on 20 March 2015 are correctly recorded and that they be signed by the Chairman.

119. Motion to exclude the Press and Public *(Item A5)*

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

120. DTZ Investment Management *(Item B1)*

(Mr P O'Gorman and Ms J Linacre from DTZ were present for this item)

(1) The Chairman welcomed Mr O'Gorman and Ms Linacre from DTZ to the meeting and invited them to present their 2015 annual report on the UK property portfolio which

they managed on behalf the Kent Superannuation Fund and answered questions from Committee members.

(2) The Chairman thanked Mr O’Gorman and Ms Linacre for the portfolio’s consistent over performance.

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

(Mr P O’Gorman and Ms J Linacre left the meeting.)

121. Barnett Waddingham Fund Actuary

(Item B2)

(4) The Chairman introduced Mr Muir and Ms Stephenson, from Barnett Waddingham and invited them to present their actuarial update and to answer questions from Committee members.

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

122. Fund Structure

(Item B3)

(1) Mr Vickers introduced a report on a number of commercially sensitive issues relating to the investment structure and management of the Fund.

RESOLVED that:

- (a) DTZ’s performance and their proposed strategy for 2015 be noted and a they be formally informed that in relation to the Battersea Park site their discretionary mandate is revoked and that the Committee wish to take the final decision in relation to the future of this site.
- (b) £10m be invested in the M&G Residential Fund in June 2016 with a further £10m invested in this fund in June 2017, subject to the Kent Superannuation Fund’s investment being no more than 10% of the total M&G Residential Fund, and Mr Vickers was asked to see if any reduction in the management fee was possible and to seek assurances around the fund management not being solely in the hands of an individual.
- (c) the Committee do not wish to consider investing in further M & G non-UK funds at this time.
- (d) the funds currently held in the Schroder Sterling Broad Market Fund be transferred into the Strategic Bond Fund.
- (e) the position on the Marlowe Academy be noted.

UNRESTRICTED ITEMS

123. Fund Employer Matters

(Item C1)

- (1) Officers introduced a report which updated the Committee on Oasis Community Learning Trust's plans, applications to join the Superannuation Fund and a number of admission matters.
- (2) The Chairman, on behalf of the Committee, thanked Mrs Mings and her colleagues for the work that they had carried out in relation to the Oasis Learning Trust's proposal.
- (3) RESOLVED that:
 - (a) the Oasis Community Learning Trust proposal for the consolidation of its academies into the Kent Fund be rejected and no further action be taken; and
 - (b) the admission to the Kent County Council Superannuation Fund of the successful bidder for the Medway Council Estate Services (Caretakers) contract be approved; and
 - (c) a termination agreement be entered into with Locate in Kent Limited; and
 - (d) further legal agreements be entered into to reflect the change in staff transfer date from Canterbury City Council to Westgate Community Trust (Canterbury) Limited; and
 - (e) the Chairman sign the minutes of today's meeting relating to recommendation b) to d) above at the end of today's meeting; and
 - (f) an amended agreement be entered into with Principle Catering Consultants Limited (re Our Lady of Hartley R C Primary School Longfield); and
 - (g) an amended agreement be entered into with Vinci Construction UK Limited; and
 - (h) a termination agreement be entered into with Children and Families Limited; and
 - (i) once legal agreements have been prepared for b) to d) and f) to h) above the Kent County Council seal be affixed to the legal documents.

124. Fund Position Statement

(Item C2)

- (1) Mr Vickers introduced the Fund Position Statement as at 31 March 2015. The report covered the quarter's and the year's performance, the actuarial return, the cash position and asset allocation.
- (2) RESOLVED that:
 - (a) the investment and cash positions be noted.
 - (b) reduce the allocations to private equity and infrastructure to 1% each.
 - (c) the property allocation be increased to 13%.

125. Facing the Challenge
(Item C3)

(1) Mr Vickers introduced a report which updated the Committee on the implications of KCC's Facing the Challenge programme for the Pensions Section.

(2) Mr Simmonds, as the Cabinet Member, noted the comments made by members on the possible external provision of the pension fund administration which included; the scope for cost savings from the pension fund administration budget in the context of a 25% reduction in the total price required by KCC, the importance of the skills and expertise of the staff administering the Kent Fund continuing to be available and the ability to take this service back in house should the service provided externally not be to the agreed standard.

(3) RESOLVED that the report and the comments made by the Committee be noted.

126. District and Medway Council co-optees
(Item C4)

(1) The Committee received a report from the Head of Democratic Services on the current arrangements for the co-optees from District/Borough Councils and Medway Council.

RESOLVED that consideration of any amendments to the current arrangements for District/Borough Council and Medway Council co-optees be deferred and a further report be submitted to a future meeting of the Committee which would also include proposed related amendments to the number of KCC Members on the Committee.

127. Date of next meeting - 28 August 2015 at 10.00am
(Item C5)