

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, 6 November 2015.

PRESENT: Mr J E Scholes (Chairman), Mr D S Daley (Vice-Chairman), Cllr J Burden, Cllr P Clokie, Mr D Coupland, Mr J A Davies, Cllr N Eden-Green, Mr T A Maddison, Mr R A Marsh, Mr R J Parry, Mr S Richards, Mr C Simkins, Mrs M Wiggins and Cllr L Wicks.

ALSO PRESENT: Miss S J Carey, Mr A D Crowther and Mr M E Whybrow

IN ATTENDANCE: Ms B Cheadle (Pensions Manager), Ms D Fitch (Democratic Services Manager (Council)), Ms A Mings (Treasury & Investments Manager), Mr S Tagg (Senior Accountant Pension Fund), Mr N Vickers (Head of Financial Services) and Mr A Wood (Corporate Director Finance and Procurement).

UNRESTRICTED ITEMS

139. Membership *(Item A2)*

The Committee noted that Mr Crowther was no longer a member of the Committee and that there was currently one vacant unallocated seat on this Committee.

140. Minutes *(Item A4)*

RESOLVED that the minutes of the meeting held on 28 August 2015 are correctly recorded and that they be signed by the Chairman.

141. 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

142. Sarasin *(Item B1)*

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

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

(2) The Chairman reminded Mr Boucher and Mr Talbot-Rice that the Committee expected its fund managers to at least achieve the benchmark for 2 out of 3 years and had withdrawn funds from managers if this was not achieved.

(3) RESOLVED that the presentation and the responses to the Committee's questions be noted.

(Mr Boucher and Mr Talbot-Rice left the meeting after this item.)

143. M & G
(Item B2)

(Mr Rhodes and Ms Haughey were present for the item)

(4) The Chairman welcomed Mr Rhodes and Ms Haughey to the meeting. He invited them to present their report on the global equity mandate which they had managed on behalf of the Kent Fund since October 2013 and to answer questions from Committee members.

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Ms Haughey that the Committee expected its fund managers to at least achieve the benchmark for 2 out of 3 years and had withdrawn funds from managers if this was not achieved.

(6) RESOLVED that the presentation and the responses to the Committee's questions be noted.

(Mr Rhodes and Ms Haughey left the meeting at the end of this item.)

UNRESTRICTED ITEMS

144. Committee Membership
(Item C1)

(1) Mr Vickers reminded the Committee that it had received a report on proposed changes to its membership at its last meeting. As requested the report for consideration updated the Committee following the Head of Democratic Services' reconsideration of proposed changes in the Committee membership.

(2) Councillor Wicks expressed his disappointment that the review of voting rights of the Medway Council representative would not take place until 2017.

(3) RESOLVED that:

(a) the Committee's membership remain unchanged; and

(b) voting rights for the Medway Council representative be reviewed after the May 2017 County Council election; and

(c) the current District Council representation remain unchanged and if one of the existing representatives is no longer eligible to be a representative or steps down the Kent Leaders Group be asked to nominate a replacement.

145. Fund Position Statement
(Item C2)

(1) Mr Vickers presented a summary of the Fund asset allocation, performance and associated performance issues.

(2) The Committee were informed that the Kent Pension Fund had won the LGC award for Investment in the “Best Return on Property” category, this award was displayed at the meeting.

(3) The Committee discussed the lobbying by organisations against fossil fuel investments by Local Government Pension Scheme funds. Reference was made to the response that had been made available to KCC Committee Members which clearly set out the Committee’s overriding fiduciary responsibility to its current and future pensioners. Officers undertook to share this response with non-KCC Committee members on request and to post an official response on the website for reference. It was noted that the most appropriate time for this matter to be considered by the Committee would be as part of the Pension Fund Strategy.

(4) Mr Vickers undertook to provide Mr Simkins with details of how much of the 8.8% return referred to in paragraph 4 (3) of the report was due to dividends received as opposed to movements in stock valuations.

(5) RESOLVED that:

(a) the Fund Position be noted; and

(b) no changes be made to asset allocation or investment managers; and

(c) an written update from M&G be submitted to the Committee at the February or March 2016 meeting; and

(d) the position on fossil fuels be noted; and

(e) the position on custody be noted; and

(f) an additional £20m be invested in the M&G global equity fund to be funded from the sale of John Laing shares and from the State Street UK Equities fund.

146. LGPS Pooling Proposals
(Item C3)

(1) Mr Vickers introduced a report which gave an update on the recent Government announcements and local authority work streams in relation to the Local Government Pension Scheme (LGPS) pooling proposals. He emphasised that this consultation was not about amalgamating LGPS funds but would enable investment with a number of other funds.

(2) RESOLVED that:

- (a) officers be authorised to participate in ongoing discussions with other Funds without making any commitment, and these discussions to be fully reported to the Committee.
- (b) participation in the National LGPS passive equity framework tender process be endorsed.
- (c) authority for the preparation of a response to any formal consultation document from DCLG on these proposals be delegated to the Corporate Director of Finance and Procurement in consultation with members of the Committee.

147. Fund Employer Matters
(Item C4)

(1) Officers reported on Fund employers, applications to join the Superannuation Fund and a number of admission matters.

(2) RESOLVED that:

- (a) the admission to the Kent County Council Superannuation Fund of Agilisys Limited be approved; and
- (b) the admission to the Kent County Council Superannuation Fund of Invicta Telecare trading as Centra Pulse be approved; and
- (c) the admission to the Kent County Council Superannuation Fund of Cater Link Limited (re Dover Grammar School for Boys) be approved; and
- (d) an amended agreement be entered into with Project Salus re Youth Services; and
- (e) an amended agreement be entered into with Project Salus re Kent Safe Schools; and
- (f) an amended agreement be entered into with MyTime Active; and
- (g) an amended agreement be entered into with Fusion Lifestyle Limited; and
- (h) a termination agreement be entered into with Rochester Care Home Limited (re Robert Bean Lodge); and
- (i) a termination agreement be entered into with APCOA Parking UK Ltd;
- (j) a termination agreement be entered into with Caterlink Limited (re Upton Junior School); and
- (k) the Chairman sign the minute of today's meeting relating to recommendation (a) to (c) and (h) above at the end of today's meeting; and
- (l) that once legal agreements have been prepared for (a) to (j) above, the Kent County Council seal be affixed to the legal documents.

148. Dates of meetings in 2016/17
(Item C5)

The Committee noted the following dates for meetings in 2016 and up until May 2017::

- 5 February 2016
- 18 March 2016
- 24 June 2016
- 26 August 2016
- 4 November 2016
- 10 February 2017
- 24 March 2017

All meetings would start at 10.00am in the Medway Room, Sessions House, County Hall, Maidstone