

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, 24 June 2016.

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, Mr T A Maddison, Mrs S Lysaght, Mr R A Marsh, Mr R J Parry, Mr C Simkins, Mrs Z Wiltshire, Mrs M Wiggins and Cllr L Wicks.

ALSO PRESENT: Miss S J Carey and Mr J D Simmonds, MBE

IN ATTENDANCE: 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), Mr N Vickers (Head of Financial Services) and Mr A Wood (Corporate Director Finance and Procurement).

UNRESTRICTED ITEMS

169. Membership

(Item A2)

The Chairman welcomed Mrs Sophy Lysaght, the new UNISON representative on the Committee to the meeting.

170. Minutes

(Item A4)

RESOLVED that the minutes of the meeting held on 18 March 2016 are correctly recorded and that they be signed by the Chairman.

171. 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

172. DTZ Investors

(Item B1)

(1) The Chairman welcomed Mr O'Gorman and Ms Linacre from DTZ to the meeting and invited them to present their annual report on the UK property portfolio which they managed on behalf the Kent County Council Superannuation Fund. They answered questions from Committee members on the Annual Report and also their report for the first quarter of 2016.

(2) The Chairman thanked Mr O’Gorman and Ms Linacre for the portfolio’s consistent over performance and asked them that, if any opportunities for further investment in the portfolio arose, to raise this initially with Mr Vickers.

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

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

173. Schroders

(Item B2)

(1) The Chairman welcomed Mr Troiano and Ms Noffke to the meeting. He invited them to present their report and to focus on the UK equities mandate that they manage for Kent County Council Superannuation Fund. They responded to questions of detail from Members on the performance of the investments that they managed.

(2) RESOLVED that the presentation and the responses to the Committee’s questions be noted.

(Mr Troiano and Ms Noffke left the meeting)

UNRESTRICTED ITEMS

(Meeting open to the public)

174. Fund Position Statement

(Item C1)

(1) Mr Vickers introduced a report which provided a summary of the Fund asset allocation and performance during the last quarter, 12 month returns and three year returns.

(2) In response to questions from members Mr Vickers expressed the view that the Committee did not need to consider any changes to asset allocation until the second half of 2017. He also explained how the allocations of funds to managers would operate under the new pooling arrangements.

(3) RESOLVED that the report be noted and that no change be made to asset allocation.

175. Fund Structure

(Item C2)

(1) Mr Vickers presented a report on a number of issues relating to the structure and management of the Fund including DTZ investors, WM performance service and a passive equities framework update.

(2) RESOLVED that the positions on DTZ Property and the WM performance management service be noted and that participation in the passive equities framework be endorsed.

176. LGPS Pooling

(Item C3)

(1) Mr Vickers introduced a report updating the Committee on progress on the pooling work and recommended a process for approving the ACCESS Pool submission.

(2) Mr Vickers confirmed that if the Kent Fund decided not to enter into pooling arrangements then the Secretary of State could impose a solution. Therefore, as previously agreed, work had been carried out to achieve the best pooling option for the Kent Fund.

(3) Mr Vickers answered questions on the fund managers currently used by other ACCESS authorities. Some of these fund managers, such as Ballie Gifford, were common to a number of ACCESS authorities including Kent. He also explained how the Committee would select new fund managers when it was part of ACCESS and how the list of fund managers for the ACCESS pool would be established.

(4) RESOLVED that;

- (a) an annual subscription of £10,000 to the CEM benchmarking service be approved, and
- (b) the finalising of the 15 July ACCESS Pooling submission and issues associated with the development of the Pool, be delegated to the Corporate Director of Finance & Procurement in consultation with members of the Committee.

177. Fund Employment Matters

(Item C4)

(1) Ms Mings and Mr Tagg introduced a report which set out information on Fund employers, applications to join the Fund and a number of other admission matters.

(2) In response to a question on exit liabilities and how many of these were covered by Bonds, Mr Vickers undertook to submit an exempt report to the Committee on which organisations provided a Bond and any alternative arrangements

(3) Ms Mings undertook to contact Mr Maddison regarding his question on protection under TUPE.

RESOLVED that the employer report be noted; and

- (a) the admission to the Kent County Council Superannuation Fund of YBC Cleaning Services Limited be approved; and
- (b) the admission to the Kent County Council Superannuation Fund of Compass Contract Services (UK) Limited trading as Chartwells be approved; and
- (c) a termination agreement be entered into with Kent University; and
- (d) a termination agreement be entered into with Principal Catering Consultants Limited (re Ursuline College); and

- (e) Deeds of Modification may be used to effect name changes for Transferee Admission Bodies; and
- (f) a Deed of Modification be entered into with Epic Trust to reflect their name change; and
- (g) a termination agreement be entered into with Principal Catering Consultants Limited; and
- (h) a termination agreement be entered into with Cater Link Limited; and
- (i) new admission agreements be entered into with Principal Catering Consultants Limited and Cater Link Limited in relation to the KCC Schools Support Services contracts subject to approval by Legal Services; and
- (j) the Chairman may sign the minutes for recommendations (b), (c), (g), (h) and (i) at the end of today's meeting; and
- (k) once legal agreements have been prepared for (b) to (i) above the Kent County Council seal can be affixed to the legal documents

178. Date of next meeting

(Item C5)

It was noted that the next meeting of the Committee would be held on Friday 16 September 2016.