

## KENT COUNTY COUNCIL

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### SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room, Sessions House, County Hall, Maidstone on Friday, 16 September 2016.

PRESENT: Mr J E Scholes (Chairman), Mr D S Daley (Vice-Chairman), Cllr P Clokie, Mr J A Davies, Cllr N Eden-Green, 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: Mrs M E Crabtree 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 N Vickers (Head of Financial Services) and Mr A Wood (Corporate Director Finance and Procurement).

### UNRESTRICTED ITEMS

#### **179. Declarations of Interests by Members in items on the Agenda for this meeting.** *(Item A2)*

- (1) Councillor Eden-Green declared an Other Significant Interest as his daughter in law now worked as a Finance Director at State Street, London. He stated that she would not have any direct involvement with the Kent Superannuation Fund's investments.
- (2) He stated that this declaration would stand for all future meetings.

#### **180. Minutes** *(Item A3)*

RESOLVED that the minutes of the meeting held on 24 June 2016 are correctly recorded and that they be signed by the Chairman.

#### **181. Motion to exclude the Press and Public** *(Item A4)*

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

#### **182. Baillie Gifford** *(Item B1)*

*(Mrs L Dewar and Mr G Roberts from Baillie Gifford were present for this item)*

- (1) The Chairman welcomed Mrs Dewar and Mr Roberts from Baillie Gifford to the meeting and invited them to present their report on the Global Equities portfolio which they

managed on behalf of the Kent Fund. The Baillie Gifford representatives gave an overview of their investment activities, including the impact of Brexit.

(2) The Chairman thanked Mrs Dewar and Mr Roberts for the positive performance of the portfolio.

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

*(Mrs Dewar and Mr Roberts from Baillie Gifford left the meeting after this item)*

### **183. Fund Structure**

*(Item B2)*

(1) Mr Vickers introduced a report on commercially sensitive matters relating to the structure and management of the Fund including commercial property and the investment strategy.

(2) Mr Vickers updated the Committee on a proposal from Kames to invest in a new property fund. Full details of this proposal would be available later in the day. Members discussed the principle of investing in this new fund based on the limited information available to the meeting. Mr Vickers undertook to supply full details of this fund to all Members of the Committee after the meeting.

(3) RESOLVED that:

- a) the position on Property be noted; and
- b) the approach to reviewing the investment strategy as set out in the report be endorsed; and
- c) the proposal from Kames be circulated to all members of the Committee and they be given the opportunity to respond to the Head of Financial Services by 23 September indicating whether they were in favour of the Kent fund investing in Kames property fund and if so whether the sum invested should be £20m or £50m and, taking into account the views of the Committee, the Director of Finance and Procurement be given delegated authority in consultation with the Chairman to decide whether to invest in this fund and if so whether to invest £20m or £50m.

### **184. LGPS Pooling**

*(Item B3)*

(1) Mr Vickers introduced an update on progress of the LGPS pooling project which included the current position, the establishment of a Joint Governance Committee, a letter from the Hampshire Fund to the DCLG, and a cost statement. Also circulated at the meeting was a note from the meeting of ACCESS Fund Chairmen on 2 September relating to the decision to rent rather than build and own an Operator of a Common Investment Vehicle for the ACCESS Pool.

(2) Mr Vickers referred to the letter sent to the DCLG by the Chairman of the Hampshire Pension Fund Panel, copy circulated with the agenda. The Committee discussed sending a letter on behalf of the Kent Fund Committee, supporting the Hampshire letter. It was emphasised that this letter should be short and focus on the

reasons why the Committee considered that the proposed Pooling arrangements were not in the best interests of the Kent Superannuation Fund and its pensioners.

(3) RESOLVED that:

- a) the rent approach to setting up a Collective Investment Vehicle be endorsed; and
- b) the Hampshire letter be supported and a letter be sent on behalf of the Committee to the DCLG as discussed; and
- c) the costs to date of the pooling project be noted.

### **UNRESTRICTED ITEMS**

*(meeting open to the public)*

#### **185. Report and Accounts 2015/16**

*(Item C1)*

(1) Ms Mings introduced the Report and Accounts of the Superannuation Fund for 2015/16 and the External Audit Findings Report.

(2) The Chairman expressed thanks on behalf of the Committee for the work carried out by Ms Mings and Ms Surana on the Superannuation Fund Accounts.

(3) RESOLVED that;

- a) the content of the Annual Report including the following be approved:
  - i. The Fund Strategic Statement
  - ii. The Statement of Investment Principles
  - iii. Governance Compliance Statement
  - iv. Communications Policy Statement; and
- b) the content of the Accounts for 2015/16 be noted; and
- c) the Report and Accounts be published; and
- d) the external auditor's Audit Findings Report be noted; and
- e) approval of the Fund's Accounts by the Governance and Audit Committee on 21 July 2016 be noted.

#### **186. Fund Position Statement**

*(Item C2)*

(1) Mr Vickers introduced a report which provided a summary of the Fund asset allocation and performance. The report included the Fund Position statement for quarter 1 (1 April to 30 June 2016).

(2) Mr Vickers updated the Committee on a meeting that he had had with Neil Woodford. He also reminded Members that the Fund Managers for M & G and Sarasin would be attending the next meeting of the Committee.

(3) RESOLVED that the report be noted.

## **187. Actuarial Valuation Update**

*(Item C3)*

(1) Mr Vickers introduced a report on the Government Actuary Department (GAD) review of the 2013 actuarial valuations and provided an update on the progress of the 31 March 2016 valuation.

(2) Mr Vickers reminded Members that there would be a presentation on the results of the 2016 Valuation to the November meeting of the Committee. As two of the Fund Managers were also attending to give presentations at this meeting it was likely that the meeting would carry on into the afternoon.

(3) RESOLVED that the report be noted

## **188. Employers Update**

*(Item C4)*

(1) Ms Mings introduced a report on Fund employers, applications to join the Superannuation Fund and other admission matters.

(2) RESOLVED that the employers report be noted; and

- a) Solo Service Group Limited be admitted to the Kent County Council Superannuation Fund, subject to approval by KCC Legal Services; and
- b) Churchill Contract Services Limited re Burnt Oak Primary School, Gillingham be admitted to the Kent County Council Superannuation Fund; and
- c) Churchill Contract Services Limited re St Michaels Catholic Primary School, Chatham be admitted to the Kent County Council Superannuation Fund; and
- d) Kier Limited and Kier Facilities Services Limited in relation to the KCC Schools Support Services contracts be admitted to the Kent County Council Superannuation Fund, subject to approval by Legal Services; and
- e) that a deed of Modification be entered into with Mytime Active; and
- f) that the Chairman sign the minutes relating to recommendations (a) to (d) at the end of today's meeting; and
- g) once legal agreements have been prepared for (a) to (e) above the Kent County Council seal be affixed to the legal documents.

**189. Date of next meeting**

*(Item C5)*

(1) It was noted that the next meeting of the Committee would be held on Friday 4 November 2016 and, due to the volume of business, the meeting may continue into the afternoon.

(3) The Committee were reminded of the training session being held on Monday 3 October 2016 at 2.00pm.