

## 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, 10 February 2017.

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

ALSO PRESENT: Mrs M E Crabtree and Mr J D Simmonds, MBE

IN ATTENDANCE: Ms B Cheatle (Pensions Manager), Ms D Fitch (Democratic Services Manager (Council)), Mrs A Mings (Treasury and Investments Manager), Mr S Tagg (Senior Accountant - Pension Fund) and Mr N Vickers (Business Partner (Pension Fund)).

### UNRESTRICTED ITEMS

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

Councillor Eden-Green declared a personal interest in part of the Fund Structure item as his daughter in law worked as a Finance Director at State Street, London.

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

(1) Mr Vickers informed the Committee that Mr Talbot-Rice, Fund Manager, was no longer at Sarasin. Mr Vickers undertook to report back to the next meeting of the Committee following a meeting he was attending on 27 February 2017.

(2) RESOLVED that the minutes of the meeting held on 4 November 2016 are correctly recorded and that they be signed by the Chairman.

#### **206. 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

#### **207. M&G Real Estate** *(Item B1)*

*(Mr Greaves and Ms Williams from M & G Real Estate were present for this item)*

(1) The Chairman welcomed Mr Greaves and Ms Williams to the meeting and invited them to present their report on the M & G UK Residential Property Fund in which the Kent Fund had been investing since 2014.

(2) Mr Greaves and Ms Williams responded to questions from the Committee.

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

*(Mr Greaves and Ms Williams withdrew from the meeting at the end of this item.)*

## **208. Fund Structure**

*(Item B2)*

(1) Mr Vickers introduced a report on a number of confidential issues relating to the management and structure of the Fund, which included, the Royal Bank of Scotland (RBS) claim, private equity and infrastructure investment and investment manager's fees.

(2) RESOLVED that:

- (a) the position on the RBS claim be noted;
- (b) the investments and returns on Private Equity and Infrastructure be noted;
- (c) a report be submitted to the March meeting of the Committee on the source and sterling cost of the €6m currently held by the Fund. In the event that it becomes necessary for action to be taken to sell these euros for sterling prior to the March meeting, authority is delegated to the Corporate Director for Finance and Procurement in consultation with the Chairman of the Committee to sell the euros;
- (d) the reductions in the Sarasin and Baillie Gifford fees be noted; and
- (e) the State Street fee reduction offer be refused and instead the Kent Fund draw down from the framework at lower fees.

*(In accordance with his personal interest, Councillor Eden-Green took no part in the discussion on State Street fee reduction and abstained from the voting on decision (e) above)*

## **209. Local Government Pension Scheme Pooling Update**

*(Item B3)*

(1) Mr Vickers introduced a report which updated the Committee on the progress made on LGPS Pooling, the report included an update on the meeting of the Chairmen representing the ACCESS funds, the Inter-Authority Agreement (IAA) and the operator procurement.

(2) The Committee discussed the meeting with the Minister and agreement by the ACCESS Chairmen to seek further legal advice. The view of the Committee was that there should be a united approach across ACCESS to any publicity for their concerns around the pooling process.

(3) Mr Simmonds stated that it would be possible to ask Mr Carter as Chairman of the County Council's Network to lobby regarding the Pooling process.

(4) Regarding the IAA, which would establish the formal Joint Committee, Mr Vickers informed the Committee that Mr Watts as KCC's Monitoring Officer had been consulted on the Agreement. All Councils within ACCESS would be asked to approve the IAA and the

establishment of the Joint Committee. Mr Vickers confirmed the intention for Kent to provide secretarial support for the Joint Committee and the costs for this would be shared across the 11 ACCESS authorities.

(5) Mr Vickers set out the approach to the proposed CIV operator procurement, including the proposal for Kent to be the lead authority for procurement and confirmed that the mechanism for sharing the costs of providing support for ACCESS was set out in the IAA.

(6) The Chairman advised that he would be attending a meeting of Chairmen of ACCESS authorities on 15 February and noted the views expressed by the Committee.

(7) RESOLVED that:

- (a) the Minister's response and the comments made by the Committee be noted;
- (b) the approach taken to the inter-authority agreement be endorsed and the agreement be recommended to County Council, with the Council's General Counsel being given delegated authority to agree final amendments to the document in consultation with the Chairman;
- (c) it be noted that KCC had been asked to provide the secretarial support to the Joint Governance Committee;
- (d) the approach proposed for the CIV Operator procurement and KCC's role as lead authority for the procurement be noted.

## **UNRESTRICTED ITEMS**

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

### **210. Pensions Administration**

*(Item C1)*

(1) Mr Vickers introduced a report which set out the planned restructure of the Pensions Administration section.

(2) Mrs Cheatle answered questions of clarification on the details of the planned restructure.

(3) Mr Vickers confirmed that the six monthly updates to the Committee on Pensions Administration would include an update on the operation of the new structure.

(4) RESOLVED that the restructure be noted and the increase in the charge to the Superannuation Fund of £112,000 in a full year, be approved.

### **211. Passive Manager Procurement**

*(Item C2)*

(1) Mr Vickers introduced a report which sought agreement to the approach to the Passive Manager procurement set out in paragraphs 9 to 13 of the report.

(2) RESOLVED that the Corporate Director of Finance & Procurement be delegated authority, in consultation with the Chairman of the Committee, to call-off from the National Framework for Passive Investment Management and contract with the selected supplier(s)

## **212. Fund Employer Matters**

*(Item C3)*

- (1) Mrs Mings and Mr Tagg introduced a report on a number of admission matters.
- (2) RESOLVED that:
  - (a) the amalgamated society formed by the amalgamation of AmicusHorizon, an admission body in the Kent Fund, and Viridian Housing be admitted to the Kent County Council Superannuation Fund, by Deed of Modification; and
  - (b) a Deed of Modification be entered into with NSL Ltd; and
  - (c) the Chairman sign the minutes relating to the above recommendations at the end of today's meeting; and
  - (d) once legal agreements have been prepared for these matters the Kent County Council seal be affixed to the legal documents.

## **213. Date of next meeting**

*(Item C4)*

It was noted that the next meeting of the Committee will be held on Friday 17 March 2017 at 10.00am.