

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, 8 September 2017.

PRESENT: Mr C Simkins (Chairman), Mr N J D Chard (Vice-Chairman), Mr P V Barrington-King, Mr P Bartlett, Cllr J Burden, Mr D Coupland, Cllr N Eden-Green, Mrs S Lysaght, Mr R A Marsh, Mr J P McInroy, Cllr L Wicks and Mr J Wright.

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

IN ATTENDANCE: Ms B Cheatle (Pensions Manager), Mrs A Mings (Treasury and Investments Manager), Ms D Fitch (Democratic Services Manager (Council)), Mr N Vickers (Business Partner (Pension Fund)) and Mr A Wood (Corporate Director of Finance).

UNRESTRICTED ITEMS

14. Membership

(Item A2)

It was noted that, in order to comply with the political proportionality on Committees as agreed at County Council on 25 May 2017, the Labour Group had given up their seat on this Committee.

15. Declarations of Interests by Members in items on the Agenda for this meeting

(Item A3)

None

16. Minutes - 23 June 2017

(Item A4)

RESOLVED that the minutes of the meeting held on 23 June 2017 are correctly recorded, subject to Cllr J Burden being removed from the list of members present, and that they be signed by the Chairman.

17. 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.

18. Schroders

(Item B1)

(1) The Chairman welcomed Ms Noffke and Mr Day to the meeting. He invited them to present their report and to focus on the UK equities mandate that they managed for the Kent County

Council Superannuation Fund. They responded to questions of detail from Members on the performance of the Kent Fund investments.

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

(Ms Noffke and Mr Day left the meeting)

19. Investment Strategy

(Item B2)

(1) Mr Vickers introduced a report which reviewed the Fund's Investment Strategy including current asset allocation.

(2) In relation to the brief for the investment strategy consultant Mr Vickers undertook to include reference to the potential consultant's views on future volatility and also request examples of the results that their advice had produced for their clients.

(3) In relation to the potential re-investment of £200m in the Pyrford Fund, Mr Vickers undertook to seek a fee reduction.

(4) RESOLVED that:

(a) the current allocation to global equities be reduced by £200m and that £200m be withdrawn from the Ballie Gifford mandate and re-invested in the Pyrford Absolute Return Fund.

(b) a review of investment strategy be commissioned and responsibility for selecting the consultant be delegated to the Corporate Director of Finance in consultation with the Chairman.

(Cllr Eden-Green took no part in the debate relating to State Street in accordance with his previously declared interest).

20. Pensions System Procurements

(Item B3)

(1) Mr Vickers introduced a report which set out the issues relating to the future provision of the pensions administration software and informed the Committee of the decision on the Guaranteed Minimum Pension (GMP) Reconciliation procurement.

(2) RESOLVED that the Committee agree to the calling off from the Northumberland County Council framework and the outcome of the GMP reconciliation procurement be noted.

UNRESTRICTED ITEMS

Meeting open to the Press and Public

21. Superannuation Fund Report & Accounts and External Audit *(Item C1)*

(1) Mrs Mings presented the Report & Accounts of the Superannuation Fund for 2016/17, which had been approved by the Governance and Audit Committee, and the External Audit Findings Report.

(2) RESOLVED that

(a) the Superannuation Fund Annual Report be approved

(b) the content of the Accounts for 2016/17 and the Fund policies be noted

(c) the Report and Accounts be published to the Kent Pension Fund website

(d) the external auditor's Audit Findings Report be noted, and

(e) the approval of the [Accounts](#) by the Governance and Audit Committee on 19 July 2017 be noted.

22. Fund Position Statement *(Item C2)*

(1) Mr Vickers introduced a report which provided a summary of the Fund's asset allocation and performance, including the fund position statement for the quarter to 30 June 2017 and the longer term investment returns.

(2) RESOLVED that the report be noted

23. Internally Managed Cash Balances *(Item C3)*

(1) Mrs Mings introduced a report which updated the Committee on the Fund's cash position as at August 2017.

(2) RESOLVED that the current cash position be noted and agreed that the Fund's cash may also be invested in Cashplus / Short term bond funds.

24. ACCESS Pooling Update *(Item C4)*

(1) Mr Vickers and Mrs Mings introduced a report to update the Committee on progress on Pooling. The report included information on the ACCESS Joint Committee, Communications with the DCLG, passive investment management procurement, investment manager rationalisation and the operator procurement.

(2) Officers undertook to provide a further update to the Committee at their next meeting and to keep members informed of progress as necessary between meetings.

(3) RESOLVED that:

- (a) the report be noted,
- (b) the Corporate Director of Finance, in consultation with the Chairman of the Superannuation Fund Committee, be delegated authority to approve the contract with the CIV Operator.
- (c) once the contract for the Operator has been prepared the Kent County Council seal be affixed to the legal documents.

25. Implementation of the Markets in Financial Instruments Directive (MiFID II)
(Item C5)

(1). Mrs Mings presented a report outlining the impact of MiFID II and in particular the risk to KCC of becoming a retail client on 3rd January 2018.

(2). Mrs Mings explained that, if the Committee agreed to apply for elective professional investor status under MiFID II regulations, it would be essential that information on relevant skills, experience and expertise was obtained from each member of the Committee. There would be a very short timescale for obtaining this information.

(1). RESOLVED that:

- a) the potential impact on investment strategy of becoming a retail client with effect from 3rd January 2018 be noted.
- b) the immediate commencement of applications for elected professional client status be agreed with all relevant institutions in order to ensure KCC can continue to implement an effective investment strategy.
- c) the Committee forgoes the protections available to retail clients
- d) authority be delegated to the Treasury and Investments Manager to complete the applications for elected professional client status.
- e) the Chairman sign the minutes relating to the above recommendations at the end of today's meeting.

26. Employer Matters
(Item C6)

(1). Officers introduced a report on employer related matters and applications from organisations to become admitted bodies within the Superannuation Fund.

(2). RESOLVED that the employers report be noted and that:

- a) Solo Service Group Ltd be admitted to the Kent County Council Superannuation Fund;
- b) Pabulum Ltd be admitted to the Kent County Council Superannuation Fund;

- c) the Chairman sign the minutes relating to recommendations (a) to (b) at the end of today's meeting; and
- d) once legal agreements have been prepared for these matters the Kent County Council seal can be affixed to the legal documents.

27. Date of next meeting
(Item C7)

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