

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Medway Room - Sessions House on Friday, 16 November 2018.

PRESENT: Mr C Simkins (Chairman), Mr N J D Chard (Vice-Chairman), Mr P V Barrington-King, Mr P Bartlett, Cllr J Burden, Cllr P Clokie, OBE, Mr P C Cooper, Mr D Coupland, Mr D S Daley, Cllr N Eden-Green, Mr P J Homewood, Mr J P McInroy, Mrs M Wiggins and Mr J Wright.

IN ATTENDANCE: Mr N Vickers (Business Partner (Pension Fund)), Mrs A Mings (Treasury and Investments Manager), Mrs B Cheatle (Pensions Manager) and Miss T A Grayell (Democratic Services Officer).

UNRESTRICTED ITEMS

88. Substitutes

(Item 1)

Apologies for absence had been received from Joe Parsons and Cllr Les Wicks. The new Corporate Director of Finance, Zena Cooke, had taken up her post on 12 November but was unable to attend today's meeting.

There were no substitutes.

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

(Item 2)

Cllr Paul Clokie declared an interest as he served on the Board of Churches, Charities and Local Authorities Investment Management Ltd (CCLA)

90. Minutes of the meeting held on 7 September 2018

(Item 3)

It was RESOLVED that the minutes of the meeting held on 7 September 2018 are correctly recorded and they be signed by the Chairman. There were no matters arising.

91. Meeting Dates 2019/20

(Item 4)

The committee NOTED that the following dates had been reserved for its meetings in 2019/20:

Friday 8 February 2019
Friday 15 March 2019
Friday 21 June 2019
Friday 6 September 2019
Friday 15 November 2019
Friday 7 February 2020
Friday 13 March 2020

All meetings would take place at County Hall, Maidstone, commencing at 10.00 am.

92. Motion to exclude the Press and Public for exempt business
(Item 5)

It was 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 (open access to minutes)

93. Sarasin and Partners
(Item 6)

Henry Boucher (Fund Manager and Deputy Chief Investment Officer) and Jerry Thomas (Fund Manager and Head of Global Equities) at Sarasin and Partners were present for this item at the invitation of the committee.

1. The Chairman welcomed Mr Boucher and Mr Thomas to the meeting and invited them to report on the performance of the Kent Pension Fund's investments managed by Sarasin and Partners.
2. Mr Boucher and Mr Thomas presented a series of graphics which set out Sarasin's performance, long-term strategy considerations and global equity strategy. They then answered questions of detail from the committee, including the selection process for areas of investment and opportunities in emerging markets, stewardship and the effects of automation in industry.
3. It was RESOLVED that the information set out in the presentation and given in response to comments and questions be noted, with thanks.

94. Woodford Investment Management Ltd
(Item 7)

Neil Woodford and Will Deer from Woodford Investment Management Ltd were present for this item at the invitation of the committee.

1. The Chairman welcomed Mr Woodford and Mr Deer to the meeting and invited them to report on the performance of the Kent Pension Fund's investments managed by Woodford Investment Management Ltd.
2. Mr Woodford and Mr Deer presented a series of graphics which set out Woodford's performance, outlook and positioning. They then answered questions of detail from the committee, including redemptions, the predicted effects of Brexit and the company's research strategy.
3. It was RESOLVED that the information set out in the presentation and given in response to comments and questions be noted, with thanks.

95. Fund Structure

(Item 8)

1. The committee debated the information given and options available and reached consensus on the recommendations set out in the report.
2. It was RESOLVED that:-
 - a) the committee note:-
 - i. the presentations and comments on the individual named companies' mandates;
 - ii. the position on the investment strategy; and
 - iii. the position on the Fixed Income mandate; and
 - b) officers be authorised to discuss possible changes in the mandate named in recommendation 3 of the report for reporting back to a future meeting of the committee.

96. ACCESS Pooling Update

(Item 9)

1. Mrs Mings introduced the report and responded to questions of detail from the committee. She advised that draft figures for savings and costs would be reported to the committee's next meeting.
2. It was RESOLVED that the information set out in the report and given in response to comments and questions be noted, with thanks.

UNRESTRICTED ITEMS (meeting open to the public)

97. Fund Position Statement

(Item 10)

1. Mr Vickers introduced the report and responded to comments and questions from the committee on the summary information provided.
2. It was RESOLVED that the information set out in the report and given in response to questions be noted, with thanks.

98. Pensions Administration

(Item 11)

1. Mrs Cheatle introduced the report and highlighted key areas of work challenges, as follows:-
 - a) a backlog of pensions work had built up since the introduction of changes to the pensions scheme in 2014. This backlog would need to be addressed before the scheme's valuation in 2019 by Barnett Waddingham;

- b) data held by the scheme was being checked and its quality assessed in preparation for the valuation. One area in which data was not reliably up to date, and over which the Council had no control, was address data for scheme members who had deferred their benefits, as they sometimes moved away and did not supply a forwarding address;
- c) Mrs Cheatle undertook to report back to a future meeting of the committee on the service improvement plan; and
- d) the pensions team was currently carrying nine vacancies, some of which had been filled temporarily over the summer months. In addition, the Council's actuary, Barnett Waddingham, had been helping to fill some vacancies on a temporary basis.

2. Mr Vickers added that the Pension Board had had a good discussion about pensions administration at its meeting on 19 October 2018 and had expressed much support for the ongoing challenges faced by the pensions team.

3. The Chairman placed on record his thanks to Mrs Cheatle and her team for the work they continued to undertake to manage the volume of pensions enquiries and benefits illustrations work while also preparing for the scheme's valuation in 2019.

4. It was RESOLVED that:

- a) the information set out in the report be noted, with thanks;
- b) a report on the service improvement plan be made to a future meeting of the committee; and
- c) the committee agree that a call-off from the Norfolk Framework may be undertaken to engage a company to help clear backlog cases.

99. Fund Employer Matters

(Item 12)

It was RESOLVED that the Superannuation Fund Committee agree:

- a) to the admission to the Kent County Council Superannuation Fund of Deep Beat Entertainment Ltd re Medway Park;
- b) to the admission to the Kent County Council Superannuation Fund of Deep Beat Entertainment Ltd re Strood Sports Centre;
- c) to the admission to the Kent County Council Superannuation Fund of Compass Contract Services (UK) Ltd;
- d) to the admission to the Kent County Council Superannuation Fund of The Contract Dining Company Ltd;
- e) to the admission to the Kent County Council Superannuation Fund of Cleantec Services Ltd;

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

100. Date of next meeting

(Item 13)

It was noted that the next meeting of the Committee would be held on Friday 8 February 2019, commencing at 10.00 am at Sessions House, County Hall.

101. Motion to exclude the Press and Public for exempt business

(Item 14)

It was 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 (open access to minutes)

102. M & G Investment on Multi-Asset Credit and Private Debt

(Item 15)

Annabel Gillard (Director, Global Institutional Business) and Henry Barstow (Director, Fixed Income) from M&G Investments were present for this item at the invitation of the committee.

1. The Chairman welcomed Ms Gillard and Mr Barstow to the meeting and thanked them for attending to brief the committee about the use of multi-asset credit and private debt.
2. Ms Gillard and Mr Barstow presented a series of graphics which set out the different types of investment open to pension funds, the benefits and risks of each type and the method for researching rigorously the different options before taking a decision about investing. These graphics included, as case studies, details of some companies with which M&G had worked. They also set out the past market performance of the various types of investment and the patterns of performance the company had witnessed during their 20 years' experience of those areas of investment.
3. Ms Gillard and Mr Barstow explained the terms used in the market and responded to questions of detail from the committee, including the current market performance of various types of investment.
4. Ms Gillard and Mr Barstow were thanked for giving their time to attend and help the committee to understand these areas of investment.