

KENT COUNTY COUNCIL

SUPERANNUATION FUND COMMITTEE

MINUTES of a meeting of the Superannuation Fund Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Friday, 13 March 2020.

PRESENT: 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, Mr J Parsons, Cllr S Tranter and Mr J Wright.

ALSO PRESENT: Mrs M E Crabtree and Mr P J Oakford

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Ms S Surana (Principal Accountant - Investments) and Mrs A Hunter (Principal Democratic Services Officer).

UNRESTRICTED ITEMS

182. Apologies and Substitutes

(Item 1)

Apologies for absence were received from Mr Simkins. There were no substitutes.

183. Declarations of interest by Members in items on the agenda for this meeting.

(Item 2)

1. Mrs Crabtree declared a disclosable pecuniary interest as part of her pension fund was invested with Woodford and said she would leave the meeting during Item 15 - the Legal Update re Woodford.
2. Mr Bartlett said he was an employee of Bank of New York Mellon and was based in the same building as one of the firms referred to in Item 14 – Equity Protection Strategy Proposal. As a member of the working group, he said that, if he recognised any individuals, he would leave the meeting during discussion of the item.

184. Minutes of the meeting held on 7 February 2020

(Item 3)

It was RESOLVED that the minutes of the meeting held on 7 February 2020 are correctly recorded and that they be signed by the Chairman.

185. Internal Audit Action Plan update (verbal)

(Item 4)

1. Ms Cooke gave a verbal update on the Internal Audit review. She said that some of the items on the agenda for the meeting had been included because of the plan developed in response to the Internal Audit report. She also said that the committee would receive a written report at its meeting on 19 June 2020.

2. It was RESOLVED that the verbal update be noted.

186. Future committee work programme

(Item 5)

1. Mrs Mings introduced the report which provided an update on the committee's work programme. One of the actions agreed, following the Internal Audit review, was to update the programme to ensure sufficient time was made available for the development and implementation of the Fund's investment strategy, for Members to be able to gain a full understanding of the Fund's key policies, and for consideration of governance matters and training. The proposed work programme was set out in Appendix 1 of the report. Mr Clokie said that Fund Managers should be asked to come to Kent quarterly rather than the committee members travelling to London to meet them. There was broad agreement with his proposal.
2. It was RESOLVED that the proposed work programme be agreed.

187. Report from the Pension Board meeting on 26 February 2020 (verbal)

(Item 6)

1. Mrs Crabtree (Chairman of the Pension Board) gave a verbal update on the last meeting of the Pension Board which had been held on 26 February 2020. She said the Board had been very pleased to welcome Mr Simkins to the meeting and outlined the business conducted at the meeting. The business included a presentation from Barnett Waddingham on the actuarial valuation and other actuarial matters, including the McCloud judgement, an update on Fund Employer Matters especially on the position relating to Hadlow College and West Kent and Ashford College; an update from Mrs Cheate (Pensions Manager) on pensions administration, an update on the training available to Members of the Board on the governance and administration requirements of the LGPS as well as reports on ACCESS Pooling and the Pension Fund Business Plan. The Board also received an update on the Pension Fund's investments with Woodford.
2. Mr Chard thanked Mrs Crabtree for her update and asked that in future the update be provided in a written report.
3. It was RESOLVED that the update be noted.

188. Pension Fund Business Plan

(Item 7)

1. Mrs Mings introduced the report which asked the committee to agree the updated business plan including anticipated activity in 2020- 21 and the budget required to deliver the plan in 2019-20 and 2020-21. In response to questions from Members, Mrs Mings said that the costs associated with the Kent Fund were broadly similar to those of other LGPS schemes.
2. It was RESOLVED that the updated business plan and the related budget for 2019-20 and 2020-21 be agreed.

189. ACCESS update

(Item 8)

1. Mrs Mings introduced the report which provided an update on the progress being made with the establishment of the ACCESS pool.
2. It was RESOLVED that the report be noted.

190. Fund Employer Matters

(Item 9)

Steve Tagg (Senior Accountant) was in attendance for this item.

1. Mr Tagg introduced the report which provided an employer update, set out information on the 31 March 2019 valuation, provided updates on the impact of the McCloud judgement and the progress of Hadlow College and West Kent and Ashford College which were in educational administration.
2. The report also set out information on organisations applying for admission to the Superannuation Fund, several exiting employers and amendments to existing admission arrangements as well as seeking the committee's approval to enter into those agreements.
3. The committee RESOLVED to note the employers report, the update on the 31 March 2019 valuation, the update on McCloud and the update on Hadlow, West Kent and Ashford Colleges, and to agree:
 - (a) to the admission to the Kent County Council Superannuation Fund of Churchill Contract Services Ltd (re Thinking Schools Trust),
 - (b) to the admission to the Kent County Council Superannuation Fund of Busy Bee Cleaning Services Ltd (re Stour Academy Trust);
 - (c) to the admission to the Kent County Council Superannuation Fund of Purgo Supply Services Ltd (re Leigh Academy Trust);
 - (d) to the admission to the Kent County Council Superannuation Fund of Independent Catering Management Ltd (re Hillview Schools for Girls Academy);
 - (e) to the admission to the Kent County Council Superannuation Fund of Wealden Leisure t/a Freedom Leisure;

Amendments to admission agreements

- (f) to open the Skanska Construction (UK) Ltd admission agreement for the staff transferring to them from Kier Facilities Services Ltd;
- (g) to open the Churchill Contract Services Ltd (re Skanska) admission agreement for the staff transferring to them from Kier Facilities Services Ltd;
- (h) to open the Pathways to Independence Ltd admission agreement for staff nominated to the Fund in writing;

Exiting employers

- (i) that officers may return a surplus, if any, having regard to any relevant considerations and the LGPS (Amendment) Regulations 2020 to: -
 - Kier Facilities Services Ltd
 - Circle Care and Support Ltd
 - Birkin Cleaning Services Ltd
 - YBC Cleaning Services Ltd
 - Compass Contract Services Ltd
- (j) that the Chairman may sign the minutes relating to recommendations (a) to (i) at the end of today's meeting; and
- (k) that, once legal agreements have been prepared for these matters, the Kent County Council seal can be affixed to the legal documents.

191. Fund Position

(Item 10)

1. Mrs Mings introduced the report which provided an update on the Fund's asset allocation and manager performance to 31 December 2019 and asked Members to consider whether to make any changes to the allocation. She said that the Fund had performed well in the quarter to the end of December, however, its performance and value had declined since then as a result of volatility in the stock market.
2. It was RESOLVED to note the report and agree that no changes be made to the asset allocation.

192. Date of next meeting

(Item 11)

It was noted that the next meeting of the committee would be held on Friday 19 June 2020 at 10.00 am.

193. Motion to exclude the press and public for exempt business

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 they involve 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)

194. Pension Fund Risk Register

(Item 12)

1. Mrs Mings introduced the report which included a copy of the Fund's risk register. Mrs Mings and Ms Cooke answered Members' questions.
2. Members made suggestions to enhance the risk register and Mrs Cooke suggested that a workshop might be arranged with a view to assessing the attitude and appetite to risk among the committee Members.
3. It was RESOLVED to:
 - (a) agree the updated Fund risk register; and
 - (b) arrange a session with the Corporate Risk Manager to articulate the risk appetite of the committee.

195. Baillie Gifford presentation

(Item 13)

1. As Baillie Gifford staff had been advised not to travel, a conference call was arranged with Lynn Dewar and Gareth Roberts from Baillie Gifford. They went through a presentation which had been circulated to Members of the committee and answered Members' questions.
2. The verbal update was noted, and Mr Chard thanked Ms Dewar and Mr Roberts for their presentation and for answering questions.

196. Equity Protection Strategy Proposals

(Item 14)

1. Mr Chard introduced the report and reported Mr Simkins' views on the recommendations to the committee.
2. It was RESOLVED to:
 - (i) agree the proposed equity protection strategy
 - (ii) approve a formal delegation to the working group to select a programme provider with the committee subsequently being advised of the provider selected
 - (iii) agree that a final decision on the implementation of the strategy would be taken by the committee once the arrangements are in place but before implementing the programme.

197. Legal Update re Woodford (verbal)

(Item 15)

Ben Watts (General Counsel) was in attendance for this item.

1. Mr Watts referred to the verbal update that he had given at the last meeting of the committee. He said that investigations were continuing and that he hoped to provide a written report to the next meeting of the committee.
2. It was RESOLVED that the verbal update be noted.

198. Investment Strategy

(Item 16)

Catrina Arbuckle and Nick Page from Mercers were in attendance for this item.

1. Mrs Mings introduced the report which considered issues in relation to the Fund's investment strategy and sought the committee's views with regard to the inclusion of all investment managers in the Mercers quarterly manager update.
2. It was RESOLVED that the report be noted, and that, in future, Mercers quarterly manager report cover all the Kent Fund's managers.

199. Responsible Investment (RI) / Environmental Social and Governance (ESG) policy

(Item 17)

1. Mrs Mings introduced the report which asked Members to review the draft Responsible Investment Policy and consider the next steps outlined in the report.
2. It was RESOLVED that:
 - (i) the updated Responsible Investment Policy and proposed next steps be agreed; and
 - (ii) a report on stock lending be considered at a future meeting of the committee.