

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 Wednesday, 1 December 2021.

PRESENT: Mr C Simkins (Chairman), Mr N J D Chard (Vice-Chairman), Mr P Bartlett, Cllr J Burden, Mrs P T Cole, Mr P Cole, Ms M Dawkins, Cllr N Eden-Green, Mr J P McInroy, Mr J Parsons, Cllr R Thorne and Mr J Wright.

ALSO PRESENT: Mr P J Oakford, Mr T English, Mr N Page and Mrs A van Bochove Allen

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mrs B Cheatle (Pensions Manager), Mrs A Mings (Treasury and Investments Manager, and Acting Business Partner for the Kent Pension Fund), Ms S Surana (Investments, Accounting and Pooling Manager), Mr S Tagg (Senior Accountant - Pension Fund), Hayley Savage (Democratic Services Officer) and Mrs A Taylor (Scrutiny Research Officer).

UNRESTRICTED ITEMS

1. Apologies and Substitutes

(Item 1)

Apologies for absence had been received from Cllr P Clokie, Mr P Cooper, Mr D S Daley and Mr P Stepto.

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

(Item 2)

1. Mr P Bartlett declared an interest in agenda item 15 as he was employed by the Bank of New York Mellon, the parent company of Insight, which was managing the equity downside protection programme. He stated that he would not participate for that item.
2. Cllr R Thorne declared his wife and daughter both worked for Kent County Council.

3. Minutes of the meeting held on 8 September 2021

(Item 3)

It was RESOLVED that the minutes of the meeting held on 8 September 2021 are correctly recorded and that a paper copy be signed by the Chairman when this can be done safely. There were no matters arising.

4. Pension Fund Business Plan

(Item 4)

1. Mrs Mings introduced the report and highlighted that the latest forecast costs for 2021-22 would be lower than originally anticipated due to the delayed recruitment of staff and the changes to the restructure of finance support.
2. Asked what progress had been made in recruiting a Head of Pensions and Treasury, Ms Cooke said following an extensive recruitment process and a Member

Stakeholder Panel, the role had been offered and accepted by an individual and enhanced reference checks were being carried out. Ms Cooke hoped the appointment would be confirmed within the next few days.

3. It was RESOLVED that the information set out in the report be noted, with thanks.

5. Fund Employer and Governance Matters

(Item 5)

1. Mrs Mings introduced the report and responded, with Mr Tagg, to comments and questions from the committee, including the following:

- a) asked what would happen if Sevenoaks Leisure Ltd (SLL) went into receivership, Mr Tagg said SLL joined the fund back on 26 January 2004 and, at that time, the LGPS regulations did not require them to have a scheme employer party to their admission agreement, nor a Bond. If SLL breached their admission agreement, a legal process could be required. SLL were not able to pay their arrears of employer contributions in one go and therefore an instalment arrangement, with an element of interest, had been proposed, under advice from Barnett Waddingham. There would be a legal agreement supporting the instalment arrangement; and
- b) asked what would happen to future beneficiaries of SLL regarding their pension, Mr Tagg said they were protected by the LGPS regulations and the benefits of active, pensioner, dependent pensioner and deferred members would be unaffected.

2. Members asked that an update be provided to the next committee meeting.

3. The committee RESOLVED to note the report and to agree:

- a) to entering into an employer contribution instalment payment plan with Sevenoaks Leisure Ltd;
- b) to the admission to the Kent County Council Superannuation Fund of Birkin Cleaning Services Ltd (re Maritime Academy);
- c) to the admission to the Kent County Council Superannuation Fund of Dolce Ltd (re The Academy of Woodlands);
- d) to the admission to the Kent County Council Superannuation Fund of Town & Country Cleaners Ltd (re Maritime Academy);
- e) to the admission to the Kent County Council Superannuation Fund of Purgo Supply Services Ltd (re Leigh Academy Trust);
- f) that the Chairman may approve the minutes relating to recommendations a) to e) at the end of today's meeting; and
- g) Once legal agreements have been prepared for matters a) to e) the Kent County Council seal can be affixed to the legal documents.

6. Pensions Administration

(Item 6)

1. Mrs Cheatle introduced the report and provided an update on the material breach of the pension scheme regulations where the Council had not been able to provide the non-uniformed staff employed by Kent Police and the Police and Crime Commissioner with Annual Benefit Illustrations by 31 August 2021. Mrs Cheatle and Ms Cooke responded to comments and questions from the committee, including the following:

- a) asked about performance against Key Performance Indicators, Mrs Cheatle said system issues had been resolved and more resource was being used to reduce the backlog, which had resulted in gradual improvement. The committee offered their support for additional resource to help clear the backlog. Ms Cooke reassured members that conversations were ongoing to look at ways in which the backlog could be reduced; and
- b) asked about the availability of Member Self Service to pensioner members and the plan for implementation, Mrs Cheatle said officers were currently working on providing access to pensioner members. Member Self Service would be advertised on employer intranet sites to ask active and deferred members to register. Feedback received from those who had registered so far was positive.

2. It was RESOLVED that the report be noted, with thanks.

7. Report from the Pension Board meeting - verbal

(Item 7)

1. Mr R Thomas, Chairman of the Pension Board, gave a verbal update which included a summary of items discussed at the Pension Board meeting on 18 November 2021.

2. It was RESOLVED that the verbal update be noted, with thanks.

8. ACCESS update

(Item 8)

1. Mrs Mings introduced the report, about which there were no questions.

2. It was RESOLVED that the report be noted, with thanks.

9. Fund Position

(Item 9)

1. Mrs Mings introduced the report, about which there were no questions.

2. It was RESOLVED that the report be noted, with thanks.

10. Date of next meeting

(Item 10)

It was noted that the next regular meeting of the Committee would be held on Thursday 3 February 2022.

11. Motion to exclude the press and public for exempt items

The committee 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)

12. Governance review presentation

(Item 11)

1. Mrs van Bochove Allen gave a presentation to members which set out an overview of the project which she had undertaken, its findings and recommendations. The Kent Pension Fund Governance project was split into two reviews which ran separately but concurrently: Management and resources of the treasury and investments team and Governance of the Kent Pension Fund. Meetings had been held with key officers, Board and Committee Chairs, and committee meetings were also observed.

2. Mrs Mings confirmed that updates on progress would be brought to future meetings of the Committee, along with recommendations for consideration.

3. Mrs Mings and Mrs van Bochove Allen responded to comments and questions of detail from the committee, including the following:-

- a) the induction process for new members: a possible way forward could be a basic induction for new members and then a yearly update – some members considered that this should apply to substitutes as well as members of the committee. It was suggested that training should be a condition of membership of the committee. There was hesitation from some members about making training compulsory particularly for non-KCC members, this may also restrict the use of substitutes;
- b) the need for a process for dealing with urgent decisions and those taken outside the committee cycle;
- c) attendance and participation in committee meetings: expectations of members should be made clear; and
- d) a member highlighted the opportunities available for remote attendance at meetings and hybrid meetings, where appropriate, although there were concerns about this.

4. The Chairman thanked Mrs van Bochove Allen for undertaking such a thorough review and for her clear presentation

13. Pension Fund Cash Flow

(Item 12)

1. Ms Surana introduced the report, about which there were no questions.

2. It was RESOLVED that the information set out within the report be noted, with thanks.

14. Manager presentation - Schroders

(Item 13)

Sue Noffke and Paul Myles of Schroders were present for this item at the invitation of the committee.

1. Ms Noffke and Mr Myles thanked the committee for inviting them and presented a series of slides which set out the composition, value and performance of the UK equity portfolio which Schroders managed on behalf of the Kent Fund. This included Schroders' approach to responsible investment and environment, social and governance issues. They responded to comments and questions of detail from the committee about these issues.
2. The Chairman thanked Ms Noffke and Mr Myles for attending.
3. It was RESOLVED that the information set out within the presentation and given in response to comments and questions be noted, with thanks.

15. Equity Downside Protection - update

(Item 14)

Mr Bartlett left the room for this item due to a previously declared interest.

1. Mr Page introduced the report, about which there were no questions.
2. It was RESOLVED that the information set out within the report be noted, with thanks.

16. Investment Strategy

(Item 15)

1. The Chairman introduced the report and Mr English introduced the quarterly Mercer management report. The Chairman, officers and Mr English responded to comments and questions of detail and the committee considered each of the recommendations individually.
2. It was RESOLVED that the information set out within the report be noted and that all the recommendations contained within the report be agreed.

17. Pension Fund Risk Register

(Item 16)

1. Ms Surana introduced the report and confirmed that there had been no major changes to the risk register since the last meeting. There were no questions about this item.
2. It was RESOLVED that the information set out within the report be noted, with thanks.

18. Responsible Investment update

(Item 17)

1. Mr Chard updated members on the work of the Responsible Investment working group and the ACCESS ESG guidelines.
2. The Chairman thanked Mr Chard for chairing the working group and thanked the members who were a part of it.
3. It was RESOLVED that the report be noted, with thanks.