

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held via videoconference on 24 November 2020 at 10.15.

Members Present:

Lindsay Todd (Chairperson), Ken Clayton, Paul Francey, Alan Law, Mark McBride, Joan McCaffrey, Shane McCurdy, Antoinette McMillen, Sharon McQuillan, Peter Moore, Linda Neilan, Michael Rafferty and JJ Tohill.

In Attendance:

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Helen McEvoy (Investment Services Manager)
Maria Bowers (Finance Manager)
Patricia Managh (NILGOSC Solicitor)
Joanne Ferris (Corporate Support Officer)
Anthony Carleton (Department for Communities)
Michael Burns (PIMCO)
Hannah Roberts (PIMCO)
Eve Tournier (PIMCO)

1. Declaration of Member's Interests

- 1.1. Three members confirmed verbally a conflict of interests in one of the Stage II appeals under review by the Committee. All three had submitted this conflict in writing in advance of the meeting and confirmed that they had received no correspondence about the review.

2. Chairperson's Business and Apologies

- 2.1. The Chair proposed postponing a reconfiguration of the sub committees within the Management Committee until new appointments are finalised following retirements due in March 2020. This was agreed.
- 2.2. Anthony Carleton from the Department for Communities confirmed the appointments

team were working on the competition for recruiting new Committee members and advised that if they were not ready by March 2021, then extensions could be considered for the current members of the Committee not approaching their maximum tenure.

3. Minutes of the meeting held on 22 September 2020

- 3.1. The minutes of the meeting held on 22 September 2020, having been circulated were agreed. The minutes will be signed at the next suitable opportunity.

4. Matters Arising

- 4.1. The Secretary offered further clarification on a previous query surrounding action that could be taken against NILGOSC under insolvency legislation. The Finance Manager has spoken to the Northern Ireland Audit Office who will reply formally in due course.
- 4.2. The Secretary confirmed that a circular had been issued to employers on subsequent years contribution rates, which included a reminder of the current future funding rate.

(Paul Francey, Linda Neilan and Peter Moore left the meeting)

5. Stage II Reviews

Member [REDACTED]

- 5.1. The Legal Officer presented an application from a member for a review of the decision taken by the Secretary at Stage I regarding the payment of Ill-Health Benefits. This review had been before the Committee before but was postponed whilst further medical evidence was sought. It was noted that the consultant in question had declined to provide further evidence.
- 5.2. The Committee discussed the application, referencing the substantial evidence provided in advance of the meeting and the paper presented by the Legal Officer. The Chair called the Committee to vote.
- 5.3. A majority of the Committee agreed by a vote of nine to one that the original decision should be upheld and that Tier 2 Ill-Health benefits were appropriate for the active

pension held. The Committee also agreed that the original decision for the deferred pension held, namely that the pensions increase was not payable immediately, was also appropriate.

(Paul Francey, Linda Neilan and Peter Moore re-joined the meeting)

Member [REDACTED]

- 5.4. The Legal Officer presented an application from a member regarding the payment of an added years pension.
- 5.5. The Committee discussed the application, referencing the substantial evidence provided in advance of the meeting.
- 5.6. The Committee agreed, unanimously, to uphold the original decision that NILGOSC had provided a poor service but as a statutory scheme must abide by the Scheme regulations. The Committee agreed to uphold the offer of [REDACTED] for the distress and inconvenience caused.
- 5.7. The Secretary provided the Committee with details on lessons learnt from this particular case, noting the revised Regulations and procedures now in place.

(Helen McEvoy joined the meeting)

6. Performance Assessment of Investment Advisors – balanced Scorecard report 2019/2020

- 6.1. The Investment Services Manager presented a Scorecard report assessing the performance of investment advisors against their predetermined Strategic Objectives during the year ended 31 March 2020.
- 6.2. The Committee reviewed the Scorecard and noted the satisfaction with the service provided by Aon, with an overall score of 2.9 out of a possible total of 4. The service provided by LPFI received an overall score of 3.6, indicating a very high level of satisfaction.
- 6.3. The Committee agreed its assessment of the Investment Advisers against Strategic

Objectives and the Chair certified the Compliance Statement for onward submission to the CMA.

7. Appointment of Pension Administration Software Provider

7.1. The Deputy Secretary presented a paper recommending the appointment of a Pensions Administration Software provider following the conclusion of the tender evaluation process. It was recommended that the highest scoring candidate, Aquila Heywood, is appointed, subject to final due diligence and satisfactory agreement of contract terms and conditions.

7.2. The Committee noted the outcome of the procurement process and approved the appointment of Aquila Heywood for a seven-year contract commencing on 04 January 2021, with the option to extend for a further three years.

(The Chair suggested a 10-minute comfort break from 11.40-11.50 and a reshuffle of the agenda to allow for the external presentation by PIMCO to proceed as planned at 12.00)

8. Manager Briefing Report:

8.1. The Investment Services Manager presented a report with a summary of the PIMCO Europe Ltd (PIMCO) Multi Asset Credit (MAC) Portfolio performance for the year to 30 September 2020.

8.2. The report identified key contributors to and detractors from performance during the period under review, together with an overview of investment strategy and portfolio construction.

8.3. The Committee noted the briefing.

(Eve Tournier, Michael Burns and Hannah Roberts joined the meeting)

9. Presentation by PIMCO

9.1. The Chairperson welcomed members from PIMCO to the meeting and invited them

to present on the portfolio under management.

- 9.2. Michael Burns introduced the team and their respective roles. He briefed the Committee on the characteristics of NILGOSC's Multi Asset Credit Portfolio and its current positioning, noting the impact of the pandemic in the period under review.
- 9.3. Eve Tournier then presented a performance review to the Committee and responded to a series of questions from the members about the portfolio performance considering the effect of issues including: Covid and the effect of further lockdowns and a vaccine, the US elections outcome in terms of foreign currencies and high yield/ emerging markets.
- 9.4. The Committee noted the presentation from PIMCO on the Multi-Asset Credit Portfolio and the Chairperson thanked Michael, Eve and Hannah for their presentation.
- 9.5. The Committee noted the presentation

(Michael Burns, Eve Tournier and Hannah Roberts left the meeting)

10. Departmental Consultation: McCloud

- 10.1. The Secretary presented a report outlining NILGOSC's response to the DfC consultation- 'Addressing Discrimination – amendments to the statutory underpin'.
- 10.2. The Committee discussed the response which identifies how the Department's proposal will increase the administration of the Scheme going forward for a period of up to 50 years both for NILGOSC and scheme employers. It will also require a retrospective data collection and processing exercise of NILGOSC and employers going back to 2015.
- 10.3. The NILGOSC response also proposed a modified version of the Department's proposals that will eliminate the inherent age discrimination, facilitate better members communications and reduce the administrative demand and costs.
- 10.4. The Committee noted the Department's consultation and approved NILGOSC's

response.

(Maria Bowers joined the meeting)

11. Design and Print Services

- 11.1. The Finance Manager presented a business case for the expenditure commitment for the provision of communications design, fulfilment, and distribution services to replace the current provision upon the expiry of the existing contract in July 2021.
- 11.2. The business case set out the strategic context for the suite of services and explained that the Committee's approval was required for tenders more than £100,000 as per the NILGOSC Purchasing Policy and Procedures.
- 11.3. The Committee approved the business case to permit formal engagement with CPD to initiate and progress the procurement exercise.

12. Public Sector Pensions Report

- 12.1. The Committee noted the Secretary's Public Sector Pensions update.

13. Secretary's Report and Seal Log

- 13.1. The Secretary presented a report outlining important operational issues arising since the last meeting.
- 13.2. The Secretary provided indicative timescales for the 2021 Investment Strategy Review and proposed that the planned Management Committee training planned for March 2021 be moved to May to coincide with the review.
- 13.3. The Chair noted that the Investment Manager scorecard would be presented at the December meeting and that a verbal report from Aon Solutions UK would be presented then ahead of a written appraisal of Jupiter at the January meeting.
- 13.4. The Committee noted the Secretary's report.

14. Progress of the Corporate Plan

- 14.1. The Deputy Secretary provided a summary of performance in respect of the delivery

of the Corporate Plan 2020/21 during the six months ended 30 September 2020.

14.2. Despite the challenges discussed in the review, 92.3% of the corporate plan remains on target to be achieved.

14.3. The Committee noted the progress update on the Corporate Plan.

15. Annual Budget 2020/21- Expenditure to half year ended 30 September 2020

15.1. The Finance Manager presented a report detailing the comparison of actual expenditure to budget for the six months to 30 September 2020. She identified an underspend in the budgeted for expenditure planned for the first two quarters of 2020 and offered reasons for the underspend.

15.2. The Committee noted the comparison of Actual Expenditure to Budget for the six months to September 2020.

16. Investments

16.1. The Committee noted the Summary of Invested Funds as at 31 October 2020.

17. Any Other Business

17.1. No other business was noted and so the Chair thanked all for attendance and closed the meeting.

18. Date of the next meeting

18.1. The date of the next meeting is Tuesday, 15 December 2020 with arrangements to be circulated closer to the time.

CHAIRPERSON (signature):

DATE: