Northern Ireland Local Government Officer's Superannuation Committee

Minutes of the meeting of the Management Committee held via teleconference on 22 June 2021 at 9.30 am.

Members Present:

Lindsay Todd (Chairperson), Ken Clayton, Paul Francey, Alan Law, Mark McBride, Joan McCaffrey, Shane McCurdy, Antoinette McMillen, Peter Moore, Michael Rafferty, JJ Tohill, Heather McKinstry.

Apologies:

Derek McCallan

In Attendance:

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Helen McEvoy (Investment Services Manager)
Ciara Keenan (Head of Governance and Support Services)
Patricia Managh (Legal Officer)
Racquel Turtle (Corporate Support Officer)
Jeff Glass (Department of Communities)
Julian Agnew (LaSalle)
Sophie Simmonds (LaSalle)
Stuart Richmond-Watson (LaSalle)
Emily McGuire (Aon)
Emma Perrin (Aon)

1. Declaration of Member's Interests

1.1. Paul Francey and Peter Moore both declared an interest in the Stage II Review of Member [redacted].

2. Chairperson's Business and Apologies

2.1. Apologies were received from Derek McCallan and Anthony Carleton. In the absence of Anthony Carleton, Jeff Glass was in attendance as Department of Communities Representative. Apologies were also received on behalf of Matt Forward and Pratik Patel.

3. Minutes of the meeting held on 25 May 2021

3.1. The minutes of the meeting held on 25 May 2021, having been circulated, were agreed. These minutes will be signed at the next available opportunity.

4. Matters Arising

4.1. The Secretary advised that the Committee's Conflict of Interest policy was silent on the specific situation whereby a Committee Member was the subject of a Stage II Review, noting that the general principles on handling conflicts of interest would apply and members should not participate in any discussion or determination of matters in which they have a personal or business interest.

5. Audit and Risk Assurance Committee

5.1. **Report of the Meeting held on 7 June 2021**

5.1.1. The Committee noted the verbal report, presented by the ARAC Chair, of the meeting held on 7 June 2021.

5.2. **Review of Risk Register for the Quarter Ended 31 March 2021**

5.2.1. The Head of Governance and Support Services presented to the Committee for noting the review of the risk register for the quarter ended 31 March 2021.

5.2.2. The Committee noted the Review of the Risk Register.

5.3. **Annual Review of the Risk Register 2021/22**

5.3.1. The Head of Governance and Support Services presented the Annual Review of the Risk Register for 2021/22.

5.3.2. The Committee discussed the risks of cyber security and questioned how assurance was obtained over NILGOSC's IT systems. The Head of Governance and Support Services advised the Committee that after successful assessment and testing of NILGOSC's IT infrastructure, NILGOSC had been awarded Cyber Essentials Plus accreditation by the National Cyber Security Centre on 1 April 2021.

5.3.3. The ongoing administration delays being experienced with the AVC provider and the corresponding impact on member retirements was discussed. The Secretary gave an update on the situation noting that the Prudential was working on its rectification plan and informed the Committee that TPR and the FCA were aware of the issue.

5.3.4. The Committee approved the Annual Review of the 2021/22 Risk Register subject to the correction of a scoring error for Risk R4.

5.4. **Annual Report of the Audit and Risk Assurance Committee**

5.4.1. The Committee reviewed the Annual Report of the ARAC presented by the ARAC Chair and endorsed it for inclusion in the Annual Report 2020/21.

5.5. **Departmental Assurance Report**

5.5.1. The Secretary presented to the Committee for noting the completed Departmental Assurance Statement for the six months ended 31 March 2021.

5.5.2. The Committee discussed procurement delays currently being experienced with CPD and the impact of such on delivery of planned projects. Jeff Glass confirmed that this issue had been raised with CPD by DfC.

5.5.3. The Committee noted the Departmental Assurance Statement for the six months ended 31 March 2021. The Chair of the Management Committee confirmed that he was content to sign the "Statement from the Chair".

5.6. **Draft Governance Statement as at 31 March 2021**

5.6.1 The Secretary presented the Accounting Officer's Governance Statement for the year ended 31 March 2021, noting that the document remained live until the signing of the accounts.

5.6.2 The Committee endorsed the Accounting Officer's Governance Statement.

(Ciara Keenan left the meeting).

6. Strategic Review 2021

6.1. The Deputy Secretary presented the revised strategic themes and aims following the outcome of the strategic planning workshop held by the Committee on 21 May 2021. She advised the Committee that the revised aims would be subject to a stakeholder consultation exercise to inform the setting of the strategic direction for the 2022/23 Corporate Plan.

6.2. The Committee approved the revised Vision, Mission, Values, Strategic Aims and Objectives and agreed to undertake a stakeholder consultation exercise.

7. Manager Performance Briefing Note - LaSalle

7.1. The Investment Services Manager provided a report to the Committee which summarised both the core property and index-linked property portfolios for the year to 31 March 2021.

7.2. The Committee noted the Manager Briefing report.

8. Presentation by LaSalle

8.1. The Chairperson welcomed and introduced Julian Agnew, Sophie Simmonds and Stuart Richmond-Watson from LaSalle and invited them to present their reports.

8.2. Julian Agnew notified the Committee of the upcoming retirement of Stuart Richmond-Watson who had been the Portfolio Manager for the past 3.5 years and introduced Sophie Simmonds as his replacement.

8.3. Stuart Richmond-Watson provided the Committee with the background to the core property mandate and provided an update on the portfolio's outperformance over the last 12 months, despite the challenge of Covid which had accelerated a number of trends notably in the retail and office sectors.

8.4. Julian Agnew provided a market backdrop and update on rent collections, noting that government support for tenants had impacted the ability to pursue rental debts at this time. He discussed key performance drivers and risk metrics for the core portfolio. Sophie Simmonds provided an update on planned sales, asset management activity and ESG plans including net-zero audits.

8.5. Sophie Simmonds provided an update on the index-linked property portfolio. She noted the positive performance achieved across all time frames and provided an update on outlook for this portfolio.

8.6. The Committee raised a number of questions with LaSalle on the recovery of arrears, the outlook for office holdings, certain portfolio outliers, lease lengths and plans to comply with energy efficiency standards. The Chair thanked LaSalle for their presentation and wished Stuart Richmond-Watson well in his retirement.

(LaSalle left the meeting).

(Jeff Glass left the meeting.)

(The Chairperson proposed a 15-minute break from 11.10 am to 11.25 am).

9. Investment Monitoring Scorecard

9.1. The Investment Services Manager presented the outcome of the investment manager review for the quarter ended 31 March 2021.

9.2. She informed the Committee that all mandates had been awarded an overall green rating with the Jupiter Blended mandate being terminated and assets transitioned before the quarter end.

9.3. The Committee agreed the Investment Monitoring Scorecard for the quarter ended 31 March 2021.

10. Aon Quarterly Report to 31 March 2021

10.1. The Chairperson welcomed Emily McGuire and Emma Perrin to the meeting and invited them to present their quarterly investment report to the Committee.

10.2. Emma Perrin provided an overview of the fund's performance for the quarter ended 31 March 2021 noting the increase in funding level and the total fund's outperformance against its CPI+3.5% target on a three and five year basis. She further provided a summary on recent rebalancing activity, asset allocation, manager performance and market outlook.

10.3. Emily McGuire provided an update on the M&G portfolio, noting the impact Covid-19 had had on the private residential property sector.

10.4. The Committee discussed the underweight allocation to infrastructure investments. Emily Maguire advised the Committee that this should be considered in line with the significant increase in AUM since the original allocation has been made, together with the drawdown and distribution profile of the asset class. She confirmed that work was ongoing with the officers to identify suitable opportunities and bring the allocation in line with the target.

10.5. The Chairperson thanked Aon for their presentation.

(Aon left the meeting. Helen McEvoy left the meeting).

11. Public Sector Pensions Update

11.1. The Secretary provided the Committee with an update on Public Sector Pensions, noting the Written Ministerial Statement published on 13 May 2021 confirming that the government intends to proceed with the proposals set out in its McCloud consultation. He provided an update on announcements made in the recent Queen's Speech with respect to McCloud and a planned Boycotts, Divestment and Sanctions Bill.

11.2. The Secretary drew attention to the recent DWP consultation issued on pension scams, which is designed to protect members from losses occurred when a pension is transferred into a fraudulent scheme. He noted that while this was welcomed from a member protection perspective, it would place an additional burden and responsibility on scheme administrators.

11.3. The Committee noted the Public Sector Pensions Update.

12. Secretary's Report and Seal Log

12.1. The Secretary presented his report to the Committee outlining important operational issues that had arisen since the last Committee Meeting.

12.2. He notified the Committee that the draft Annual Report and Accounts for 2020/21 were in the process of being audited by NIAO and KPMG. He advised that due to Prudential service delays, it was unlikely that the necessary disclosure information for AVC investments would be received before the Annual Report and Accounts were due to be certified.

12.3. The Secretary advised that following receipt of the necessary member approvals for the appointment of a printing services provider, the standstill period had now commenced.

12.4. The Secretary confirmed that deferred member annual benefit statements and member newsletters had been issued online, with paper copies issued to those members with non-electronic communication preferences.

12.5. The Committee was informed that the local 'McCloud' employment tribunal preliminary hearing was held on 26 May 2021 and the matter was stayed for six months.

12.6. The Committee noted the Secretary's Report and Seal Log.

13. Summary of Invested Funds at 31 May 2021

13.1. The Committee noted the summary of Invested Funds at 31 May 2021.

14. Stage II Reviews

14.1 Member [redacted]

14.1.1 The Legal Officer presented an application from a member for a review of the decision taken by the Secretary at Stage I in respect of ill health benefits.

14.1.2 She advised that the member had been examined by two independent occupational health physicians at a Stage II Review. They both certificated that the member is not permanently incapable of discharging efficiently the duties of his former employment

and therefore ill health benefits are not payable.

14.1.3 The Committee re-examined the reports and advice from the Committee's panel of occupational health physicians and unanimously agreed that the original decision should be upheld.

(Paul Francey and Peter Moore left the meeting during the discussion on Stage II [redacted] due to a conflict of interest).

14.2 **Member** [redacted]

14.2.1 The Legal Officer presented an application from a member for a review of the decision taken by the Secretary at Stage I that whilst the member was permanently incapable of discharging efficiently the duties of their employment and had reduced likelihood of being capable of undertaking gainful employment, they were likely to become capable before normal pension age and therefore tier 2 ill health benefits should be paid.

14.2.2 The Committee re-examined the reports and advice from the Committee's panel of occupational health physicians and unanimously agreed that the original decision should be upheld.

(Paul Francey and Peter Moore rejoined the meeting).

15. Any Other Business

15.1. The Chairperson reminded the Management Committee of the Investment Strategy Review Workshop which would take place after the lunch break.

16. Date of Next Meeting

16.1. The date of the next Management Committee will be Tuesday, 24 August 2021 at 10.15 am.

There being no further business, the meeting was closed.

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CHAIRPERSON (signature): DATE: