

Northern Ireland Local Government Officer's Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 24 May 2022 at 10am.

Members Present

Lindsay Todd (Chairperson), Ken Clayton, Paul Francey, Alan Law, Mark McBride, Joan McCaffrey, Derek McCallan, Shane McCurdy, Antoinette McMillen, Peter Moore, Michael Rafferty, and J J Tohill.

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Ciara Keenan (Head of Governance and Support Services)
Louise Hickland (Head of Investment Services)
Maria Bowers (Head of Finance)
Helen McEvoy (Investment Services Manager)
Caoimhe Fitzpatrick (Governance Manager)
Catherine Whyte (Corporate Support Officer)
Anthony Carleton (Department for Communities) (Via M S Teams)
Robert Nicholson (RLAM) (Via M S Teams)
Paul Rayner (RLAM) (Via M S Teams)

Apologies

Heather McKinstry

1 Declaration of Member Interests

1.1 No interests were declared.

2 Chairperson's Business and Apologies

2.1 Apologies were received from Heather McKinstry in advance of the meeting.

- 2.2 The Chair thanked the Committee for their cooperation in the completion of the appraisal process.

3 Minutes of the previous meeting on 21 March 2022.

- 3.1 The minutes of the meeting held on 21 March 2022, having been circulated, were agreed. These minutes will be signed at the June Committee meeting.

4 Matters Arising

- 4.1 The Secretary informed the Committee that the previous Chairman had visited Templeton House to thank the Committee for their well wishes on his recent bout of ill health.
- 4.2 The Secretary updated the Committee on the cyber insurance arrangements currently in place.
- 4.3 The Chair gave a summary of the feedback he received while conducting the member appraisals and advised that there were concerns over the magnitude of the Committee papers. The Committee discussed the use of an exhibit book and traffic light prioritisation. The Secretary reminded the Committee of TPR's expectations for Pension Boards. The Committee agreed that no further action was required.

5 Internal Dispute Resolution Committee (IDRC)

- 5.1 The IDRC Chair presented a report to the Committee on the work of the IDRC in accordance with the Terms of Reference.
- 5.2 The IDRC Chair advised that two Stage II reviews had been considered at the first IDRC meeting held on 11 April 2022. Both applications were related to ill-health retirement.
- 5.3 The Chair of the Management Committee expressed his gratitude to the Legal Officer on her input and support to the Committee during her tenure at NILGOSC.

6 Management Committee Terms of Reference

- 6.1 The Head of Governance and Support Services presented the revised Terms of Reference for Committee Members.
- 6.2 The Committee noted the revised Terms of Reference.

7 Code of Conduct for Committee Members

7.1 The Head of Governance and Support Services presented the revised Code of Conduct for Committee Members.

7.2 The Committee noted the revised Code of Conduct.

Kenneth Clayton joined the meeting.

8 Conflicts of Interest Policy

8.1 The Head of Governance and Support Services presented the new Conflicts of Interest Policy.

8.2 The Committee noted the revised Conflicts of Interest Policy.

9 Committee Effectiveness Framework – Self Assessment

9.1 The Chair highlighted that two members had not completed the self-effectiveness survey and he asked Committee members to ensure they all responded to the survey on the next occasion to ensure completeness.

9.2 The Governance Manager presented a paper, summarising the outcome of the Committee effectiveness evaluation for 2021/22, highlighting areas for improvement and advising that the purpose of the evaluation was to provide a useful and valuable feedback mechanism for improving effectiveness, maximising strengths and highlighting areas for further development.

9.3 The Governance Manager advised that one of the areas of disagreement was the working relationship between NILGOSC and the sponsor department.

9.4 The Chair advised that he and the Secretary have been meeting with the Department on a regular basis and they feel they have adequate and timely access to senior officials.

9.5 The Departmental Representative agreed that the working relationship between NILGOSC and the Department for Communities was effective.

9.6 The IDRC Chair requested further training for the IDRC Committee, noting that there a new Legal Officer would shortly be joining the organisation.

9.7 The Committee discussed the gender breakdown of the Committee, and potential routes to improve the gender imbalance at the time of the next appointments, noting that this was ultimately a matter for the Department to address. The Committee enquired of the Department if feedback from the Public Appointment Commissioner had been received following the previous exercise.

9.8 The Committee considered and agreed the outcome of the Committee Effectiveness evaluation.

10 Annual Equality Statement

- 10.1 The Governance Manager presented the draft Annual Equality Statement to the Committee for approval, informing the Committee that all duties to ensure that NILGOSC policies and procedures are fair and lawful were carried out and a number of the actions set out in the Equality Action Plan had been progressed during the period.
- 10.2 The Management Committee approved the draft Annual Equality Statement for the year ended 31 March 2022 for inclusion in the Annual Report and Accounts 2021/22.

11 ESG Governance

- 11.1 The Secretary presented a paper summarising how NILGOSC hold its investment managers to account on ESG issues and gave Committee members options on further ways to challenge this.
- 11.2 The Committee debated how NILGOSC could best challenge its fund managers on ESG issues and agreed to adopt the proposals set out in the report.

The Head of Investment Services joined the meeting

12 Manager Performance Briefing Note – RLAM

- 12.1 The Head of Investment Services provided a report to the Committee which summarised the portfolio performance for the year to 31 March 2022.
- 12.2 The Committee noted the Manager Briefing report.

The Committee had a break for 10 minutes. Anthony Carleton left the meeting. Paul Rayner and Robert Nicholson joined the meeting via MS Teams.

13 Presentation by RLAM

- 13.1 The Chairperson welcomed Paul Rayner and Robert Nicholson to the meeting.
- 13.2 Paul Rayner presented Royal London Asset Management's report on the recent performance and future prospects for the portfolio.
- 13.3 He gave an overview of market performance and provided commentary on the current portfolio, noting the rationale for various holdings.
- 13.4 The Committee questioned RLAM about recent and ongoing breaches and received reassurances that this was being monitored and that the control environment had been enhanced.

13.5 The Committee questioned RLAM on market volatility, performance, rising interest rates and the current exclusion of Russian holdings. RLAM confirmed that it was able to alert NILGOSC if it intended to invest in Russia although it was unlikely ever to do so due to the nature of the investment strategy.

13.6 The Committee noted the presentation.

The Investment Services Manager joined the meeting.

14 iCON Infrastructure Partners VI Fund

14.1 The Investment Services Manager presented her report recommending a \$100m USD investment in iCON Infrastructure Partners Fund VI which had been identified as a suitable close-ended infrastructure fund for NILGOSC. She provided the Committee with the background to the manager and strategy, and confirmed that Aon had undertaken an assessment against NILGOSC's appraisal framework, the outcome of which was positive.

14.2 The Committee noted the report and approved a commitment to invest \$100m USD in iCON Infrastructure Partners Fund VI.

The Head of Finance joined the meeting.

15 Corporate Plan 2021/22 – Progress at 31 March 2022

15.1 The Deputy Secretary provided a report to the Committee detailing the performance in respect of the delivery of the Corporate Plan 2021/22 during the year ended 31 March 2022 and informed the Committee that 86 out of 94 actions had a green status which translated to an achievement rate of 91.5% for the year.

15.2 She highlighted to the Committee the impact of the pandemic on staff absence and recruitment issues and the knock-on effect on some service standards. The current outlook was that these would improve by the year end.

15.3 The Chair commented on the positive performance demonstrated in the Corporate Plan, extending a thanks to all staff for their efforts during the challenging Pandemic period.

15.4 The Committee noted the progress update on the Corporate Plan 2021/22.

16 Budget 2021/22

16.1 The Head of Finance provided the Committee with a report to show the comparison of Actual Expenditure to Budget for the twelve months to 31 March 2022, highlighting any key variances.

16.2 The Committee noted the comparison of Actual Expenditure to Budget for the year ended 31 March 2022.

17 Year end write offs

17.1 The Head of Finance presented a paper seeking approval to write off irrecoverable debts in the accounting period 2021/22.

17.2 The Head of Finance detailed the cases of irrecoverable debts to be written off, which amounted to £965,072.15 and related to UK property investment activity.

17.3 The Committee approved the write off of £965,072.15.

18 Public Sector Pensions Report

18.1 The Secretary provided the Committee with an update on Public Sector Pensions.

18.2 The Secretary informed the Committee of amending regulations which provide an entitlement to bereavement leave and pay for parents following the death of a child.

18.3 The Secretary drew the Committee's attention to the Local Government Pension Scheme (Amendment) Regulations (NI) 2022, which were made on 24 March 2024. He highlighted the key changes arising from the amendment regulations, including the removal of elements of survivors' benefits that currently provide unequal treatment for certain membership cohorts.

18.4 The Committee noted the update on Public Sector Pensions.

19 Secretary's Report and Seal Log

19.1 The Secretary presented his report to the Committee, outlining important operational issues that had arisen since the last meeting.

19.2 The Secretary notified the Committee that the Department for Communities had appointed a new Permanent Secretary in April 2022, Colum Boyle.

19.3 The Secretary advised that NILGOSC had submitted a response to NIPSO's consultation of its review of complaints handling in the public sector. The Head of Governance and Support Services will be NILGOSC's representative on NIPSO's engagement groups.

19.4 The Committee were informed that, following a deterioration in the outlook for the index-linked property market, the performance target for the LaSalle ILP portfolio was reduced to RPI+2% per annum over a 10-year period from 1 April 2022.

- 19.5 The Secretary verbally outlined the key points of a letter received from Armagh City, Banbridge and Craigavon Borough Council regarding divestment from Russian fossil fuel companies and the intended response which the Committee discussed. The Secretary agreed to circulate a copy of the letter after the meeting. He further undertook to circulate the Government Actuary's Department Section 13 report, which had been omitted from the meeting papers in error.
- 19.6 The Committee noted the Secretary's Report and Seal Log.

20 Investments

- 20.1 The Committee noted the summary of Invested Funds at 30 April 2022.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date