

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 22 August 2022 at 9.30am.

Members Present

Lindsay Todd (Chairperson), Ken Clayton, Paul Francey, Alan Law, Mark McBride, Joan McCaffrey, Derek McCallan, Shane McCurdy, Heather McKinstry, 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 Service Manager)
Jennifer Campbell (HR Manager)
Caoimhe Fitzpatrick (Governance Manager)
Catherine Whyte (Corporate Support Officer)
Jeff Glass (Department for Communities)
Achal Gandhi (CBRE)
Nandika Sharma (CBRE)
Steven Storrs (CBRE)

1 Declaration of Member Interests

- 1.1 Antoinette McMillen declared an interest with respect to the NIPSA pay demand letter included within the Secretary's report and the legal action taken against NILGOSC as the third named respondent referred to in the Annual Report Supplement. Alan Law declared the same interest.

2 Chairperson's Business and Apologies

- 2.1 There were no apologies received. The Chair noted that he had to leave the meeting early due to a prior engagement and would hand over to the Deputy Chair at that point in the meeting.

3 Minutes of the previous meeting on 20 June 2022

- 3.1 It was agreed that point 6.1.1 should be amended to reflect the request from Committee members to seek legal advice on the matter noted.
- 3.2 The minutes of the meeting held on 20 June 2022, having been circulated, were agreed pending this amendment.

4 Matters Arising

4.1 There were no matters arising.

5 Advice on Conflicts of Interest

5.1 The Chair summarised the advice which he received from On Board Training and Consulting Limited, in relation to whether a conflict of interest existed with respect to Management Committee members from a recognised Trade Union approving personnel policies, together with more general advice on the handling of conflicts of interests given the Committee's composition. He summarised the four issues covered by the advice and the recommendations for improvements to NILGOSC's governance arrangements.

5.2 In accordance with the Standing Orders, the Chair ruled that Management Committee members from a recognised Trade Union had a conflict of interest with regard to personnel matters which would be managed by disclosure. The members concerned could contribute to the debate and vote on the matter as normal.

5.3 Some members questioned the validity of the advice received on the grounds that it was not legal advice, as had been requested at the previous meeting. Following clarification from the Committee that it wished to obtain legal advice rather than advice from a governance expert, it was agreed that further advice be sought from Counsel. The Committee did not accept the recommendations made by On Board Training and Consulting Limited.

5.4 The Chair requested that members submit any representations in writing and highlight any matters not properly addressed, in advance of the legal opinion being sought.

5.5 The Secretary sought clarification as to how the Chair wished to handle item 7 pending receipt of legal advice. The Chair determined that the Committee could discuss the matter with all members entitled to vote.

The Head of Finance joined the meeting.

6 Audit and Risk Assurance Committee

6.1 Report of Meeting held on 9 August 2022

6.1.1 The Committee noted the verbal report, presented by the ARAC Chair, of the meeting held on 9 August 2022.

6.2 2022/23 Risk Register Review for the Quarter Ended 30 June 2022

6.2.1 The Governance Manager presented the review of the risk register for the quarter ended 30 June 2022.

6.2.2 The Committee queried if the quarterly review of the Risk Register had considered the risk to NILGOSC regarding industrial action. The Secretary confirmed that the risk had been assessed.

6.2.3 The Committee noted the review of the Risk Register.

6.3 Report to those Charged with Governance and Annual Report and Accounts 2021/22

6.3.1 The Head of Finance and Chair of ARAC presented the RTTCWG and Annual Report and Accounts, noting that the Local Government Auditor intended to issue a clean audit opinion. The Committee was advised that ARAC had agreed to endorse the decision of management not to correct the unadjusted misstatements on the basis of immaterial impact on the overall valuation of the fund.

6.3.2 The Committee noted key results, including the increase in net assets to £10.23bn at 31 March 2022.

6.3.3 The Head of Finance explained the background to the uncorrected misstatement, advising that the variance related to the adoption of different pricing methodologies by the auditor and the independent performance measurement provider.

6.3.4 The Head of Finance drew the Committee's attention to the three recommendations included with the RTTCWG which had been carried forward from the previous year. She advised that NILGOSC is in discussion with the auditor regarding the priority 3 recommendation on Related Parties.

6.3.5 The Committee acknowledged the high standard and volume of work that went into the preparation of the Annual Report and Accounts. The Committee thanked the Head of Finance and staff involved.

6.3.6 The Committee noted the Report to those Charged with Governance, endorsed the decision of management not to correct the unadjusted misstatements based on the immaterial impact on the overall valuation of the fund, and approved the Annual Report and Accounts.

6.4 Revised Anti Bribery Policy

6.4.1 The Governance Manager presented the revised Anti Bribery Policy, advising that the policy was reviewed in line with the Northern Ireland Audit Office's 'Managing the Risk of Bribery and Corruption: a Good Practice Guide for the NI Public Sector (2017)', and the recently published 'Internal Fraud Risk Guide (2022)'.

6.4.2 The Committee approved the Anti Bribery Policy.

The Head of Finance and the Governance Manager left the meeting. The Human Resources Manager joined the meeting.

7 Staffing Committee

7.1 Report of Meeting held on 10 August 2022

7.1.1 The Committee noted the verbal report, presented by the Chair of the Staffing Committee, of the meeting held on 10 August 2022.

7.2 Grievance Policy

7.2.1 The Human Resources Manager presented the Grievance Policy, advising that appeals relating to bullying or harassment would now be dealt with under this Policy.

7.2.2 The Committee approved the Grievance Policy.

7.3 NILGOSC Policy Statement on Employer's Discretions

7.3.1 The Human Resources Manager presented the revised NILGOSC Policy Statement on Employer's Discretions advising that new regulations which came into effect on 6 April 2022 had prompted the review. The policy statement was amended to reflect that child-related leave includes parental bereavement leave, together with minor amendments to improve clarification around the application of certain discretions.

7.3.2 The Committee approved the NILGOSC Policy Statement on Employer's Discretions.

7.4 Staff Code of Conduct

7.4.1 The Head of Governance and Support Services presented the Revised Staff Code of Conduct, which was reviewed following the issuance of the Department for Finance's DAO (DOF) 07/21 'Guidance on Conflicts of Interest'.

7.4.2 The Committee approved the Staff Code of Conduct.

7.5 Disciplinary Policy

7.5.1 The Human Resources Manager presented the revised Disciplinary Policy. She advised that the Officers did not support the Staffing Committee's decision to add the right to be accompanied at formal investigations and provided the rationale behind this decision.

7.5.2 The Chair of the Staffing Committee set out the rationale behind the sub-committee's decision to amend the policy and the Committee agreed that the right to be accompanied at formal investigations should be afforded to staff.

7.5.3 The Committee approved the Disciplinary Policy.

Alan Law left the meeting.

7.6 Capability Policy

7.6.1 The Human Resources Manager presented the revised policy noting the same difference of opinion regarding the right to be accompanied, as set out at item 7.5.1 above, applied.

7.6.2 The Committee approved the Capability Policy.

Alan Law joined the meeting, The Head of Governance and Support Services, and the Human Resources Manager, left the meeting.

8 Committee Meeting Dates 2023

8.1 The Committee agreed the meeting dates for 2023.

The Committee had a short break. The Head of Finance re-joined the meeting.

9 Funding Strategy Statement

9.1 Michael Rafferty made the Committee aware that he was named in the report as a consultation resposdee.

9.2 The Head of Finance presented a paper summarising the outcome of the consultation and presented the final draft Funding Strategy Statement for approval. She advised that the sole change to the statement since pre-consultation approval was provided by the Committee in February 2022, was the inclusion of an additional schedule on McCloud following advice from the Government Actuary's Department.

9.3 The Committee noted the Consultation responses and agreed the Funding Strategy Statement.

The Head of Finance left the meeting. The Head of Investment Services joined the meeting.

10 Manager Performance Briefing Note - CBRE

10.1 The Head of Investment Services provided a report which summarised the CBRE Global Property Portfolio performance for the year to 30 June 2022.

10.2 The Committee noted the Manager Briefing Note.

The Investment Services Manager and CBRE representatives joined the meeting.

11 Presentation by CBRE

11.1 The Chairperson welcomed CBRE, thanking them for attending the meeting in person. He invited them to present their report on the performance of the global property portfolio over the last year and the strategy going forward.

11.2 Achal Gandhi introduced the team and provided an executive summary of the mandate, noting the very strong performance since inception. He noted his expectation that the portfolio would be fully deployed in the next six months.

- 11.3 He advised that sustainability is embedded in the culture of CBRE and that they have a dedicated internal team who focus on ESG.
- 11.4 Steven Storrs presented a high-level update on macroeconomic challenges and the likely drivers for performance going forward.
- 11.5 Nandika Sharma gave an overview of mandate performance, current portfolio positioning and key objectives.
- 11.6 The Committee raised a number of questions with CBRE on portfolio positioning, ESG and net-zero initiatives,
- 11.7 The Chair thanked CBRE for their presentation and the Committee noted the update.

The CBRE representatives left the meeting.

The Chair made his apologies for his early departure and handed over control of the meeting to the Deputy Chairperson.

12 Alternative Investments Briefing Note

- 12.1 The Investment Services Manager presented a paper providing an update on the alternative investments held within the Fund's portfolio, which are not reported through the quarterly investment monitoring scorecard process.
- 12.2 The Committee noted the report summarising the Alternative Investments.

13 Investment costs report for year ended 31 March 2022

- 13.1 The Head of Investment Services presented the Investment Costs report for the year ended 31 March 2022.
- 13.2 The Committee noted the Investment Costs Report.

The Head of Investment Services and Investment Services Manager left the meeting.

14 Public Sector Pensions Update

- 14.1 The Secretary provided the Committee with an update on Public Sector Pensions, noting that the LGPS regulation amendments for the McCloud remedy are not expected to be made until Q1 2023, coming into operation on 1 October 2023 in England and Wales. He highlighted the administration challenges this brings as software cannot be programmed until regulations have been made.
- 14.2 The Secretary gave an update on the new HMRC Pensions Relief scheme relating to Net Pay Arrangements.

- 14.3 The Secretary informed the Committee of the Supreme Court Judgement in relation to the Harpur Trust v Brazel case. He advised that while this is primarily an issue for employers, there may be some administration implications for NILGOSC. Antoinette McMillen noted that NIPSA was involved in this case and therefore she had a conflict of interest.
- 14.4 The Committee noted the Public Sector Pensions Update.

15 Secretary's Report and Seal Log

- 15.1 The Secretary presented his report outlining important operational issues that had arisen since the last Committee Meeting.
- 15.2 He notified the Committee that the Covid 19 Public Inquiry launched on 21 July 2022 and NILGOSC would be obliged to respond to requests from the inquiry team if they arise.
- 15.3 The Secretary advised that NILGOSC had attended a meeting with the N I Public Services Ombudsman relating to a separate complaints procedure for non-pensions related complaints.
- 15.4 The Secretary drew the Committee's attention to the €100m commitment made to a successor infrastructure fund managed by DIF Capital partners, made under existing investment delegations. He also noted the intention to commit €75m to a successor fund managed by Antin Infrastructure Partners, expected in September 2022.
- 15.5 The Secretary informed the Committee of a recent resignation from the Head of Governance and Support Services, recognising her contribution to NILGOSC over the past 12 years. The Committee also noted their thanks and appreciation.
- 15.6 The Committee noted recent correspondence received from two MLA's on fossil fuel investment as well as a letter received from NIPSA with regard to a pay demand.
- 15.7 The Committee noted the Secretary's Report and Seal Log.

16 Annual Report Supplement 2021/22

- 16.1 The Deputy Secretary presented a report which provided information supplementary to the annual report, including comparative LGPS data on administrative and investment performance and costs; administration performance standards; outreach activities and a summary of on-going legal actions and complaint handling.
- 16.2 The Committee noted the Annual Report Supplement 2021/22.

17 Investments

17.1 The Committee agreed to receive a report of the overall Fund total in the Secretary's Report going forward.

17.2 The Committee noted the Summary of Invested funds at 31 July 2022.

18 Management Statement and Financial Memorandum

18.1 The Committee noted the Management Statement and Financial Memorandum.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date