

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 26 February 2024 at 10am.

Members Present

Derek McCallan (Deputy Chair), Ken Clayton, Paul Francey, Joan McCaffrey, Shane McCurdy, Heather McKinstry, Peter Moore, Michael Rafferty, and J J Tohill.

Virtual Attendee: Alan Law

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Louise Hickland (Head of Investment Services)
Maria Bowers (Head of Finance)
Catherine Whyte (Corporate Support Officer)
Anthony Carleton (Department for Communities)
Chris Lyons (LGIM)
Robert Dowling (LGIM)
Lloyd Butcher (BlueBay)
Blair Reid (BlueBay)

Apologies

Antoinette McMillen

1 Declaration of Member Interests

- 1.1 The Secretary informed the Committee that the Department for Communities had written to him on 5 February to advise that the Department of Finance was unable to recommend approval of the business case for the pay point realignment due to the potential for repercussion. He advised that NIPSA has now opened a dispute with NILGOSC in relation to the pay award and highlighted that this would give rise to a new conflict of interest for those members of the Committee who are employed by NIPSA. Antoinette McMillan and Alan Law were informed and supportive of this ahead of the meeting.

2 Chairperson's Business and Apologies

- 2.1 Apologies were received from Antoinette McMillan in advance of the meeting.

- 2.2 The Deputy Chair advised that he had written a letter each to Lindsay Todd and Mark McBride on behalf of the Committee to thank them for their time served on the Committee as Chair and Deputy Chair respectively.
- 2.3 The Deputy Chair advised that he would be attending both the upcoming Public Chairs Forum on 6th March and the bi-annual meeting with the Department due to take place on 8 March 2024.

3 Minutes of the Previous Meeting held on 29 January 2024

- 3.1 The minutes of the meeting held on 29 January 2024, having been circulated, were agreed.

Alan Law joined the meeting virtually and notified the Committee of his Conflict of Interest with the agenda items relating to the NIPSA legal action and the dispute that NIPSA has now raised with NILGOSC over pay. It was agreed that, as a virtual attendee, he would be excluded from any discussion on the matter.

Alan Law was therefore excluded from the following discussion.

4 Matters Arising

- 4.1 The Secretary briefed the Committee on the correspondence he received from the Permanent Secretary on 5 February, noting that DoF had advised DfC of its decision not to recommend approval of the 2022/23 pay remit on 20 December 2023.
- 4.2 The Secretary outlined the course of action he was proposing. The Committee expressed its dissatisfaction and noted the Secretary's intentions.

Alan Law rejoined the meeting.

- 4.3 The Committee discussed the matter of the five board appointments which are due to expire at the end of March. The Secretary advised that he has continued to raise the reappointments with the Department as a matter of urgency but that no update had been provided to date.
- 4.4 The Secretary confirmed that the Deputy Chair would be entitled to claim a meeting fee for attendance at relevant events or meetings lasting more than one hour in his capacity as Deputy Chair. He confirmed that this would be capped at four meetings per month, and that this was in addition to any member fees due as a member of the IDRC.
- 4.5 The Secretary informed the Committee that he had received a holding response from Emma Lynch with respect to the Committee's previous query on the process for NILGOSC to respond to the ongoing external review being undertaken by the Department.

5 Internal Dispute Resolution Committee (IDRC)

5.1 Report of the Meeting held on 12 February 2024

5.1.1 The Chair of the IDRC gave a verbal report of the IDRC meeting held on 12 February 2024, with minutes to follow once approved by the IDRC.

5.1.2 The Committee noted the report.

6 Audit and Risk Assurance Committee

6.1 Report of the Meeting held on 6 February 2024

6.1.1 The Chair of the ARAC gave a verbal report of the ARAC meeting held on 6 February 2024, with minutes to follow once approved by the ARAC.

6.1.2 The Committee noted the report.

6.2 Risk Register 2023/24

6.2.1 The Deputy Secretary presented the review of the Risk Register as of 31 December 2023, noting that a redacted version of the report had been issued to conflicted members.

6.2.2 The Committee considered the non-redacted risks with a lengthy discussion with respect to the governance implications should the Department not make the necessary reappointments in time. The Secretary assured the Committee that the Department had been made fully aware of the serious implications should the Committee no longer be properly constituted. He confirmed that contingency plans are already underway and highlighted the potential need for the Committee to make emergency appointments to the ARAC should the reappointments not be made before the end of March. He confirmed that the Delegations of Authority were also being reviewed.

6.2.3 The Committee agreed that the matter should be raised at the bi-annual review meeting with the Department on 8 March with a formal letter to follow if necessary.

6.2.4 The Committee noted the review and approved the changes to risk C5 and risk PS3.

Alan Law left the meeting.

6.2.5 The Committee discussed and approved the proposed changes to risk O16.

Alan Law rejoined the meeting.

The Head of Finance joined the meeting.

7 Corporate Plan

- 7.1 The Deputy Secretary presented the draft Corporate Plan for 2024/25 – 2026/27 and provided an overview of its contents.
- 7.2 The Deputy Secretary gave a summary of the key activities and challenges for the year ahead and outlined the proposed changes to the plan.
- 7.3 The Committee discussed the proposed amendments to the plan, noting that it was the final year in the current 3 year strategic planning period.
- 7.4 The Deputy Secretary advised that, once approved by the Committee, the Corporate Plan would be forwarded to the Department as the Minister is required to approve the strategic objectives.
- 7.5 The Committee approved the Corporate Plan 2025/25 – 2026/27.

8 Annual Budget

- 8.1 The Head of Finance presented the Annual Budget for the administration of the scheme for 2024/25 of £7,324,000, together with planned capital spend of £630,000.
- 8.2 The Head of Finance explained the variance between the forecasted expenditure for 2023/24 and the actual spend before highlighting key elements of the upcoming budget and providing an overview of the key expenditure items.
- 8.3 The Committee noted the increase of £640k on the 2023/24 Administration budget and the explanations provided. It noted that more than half of the increase arose from the staff costs budget which included an estimated 4% annual cost of living increase. The Committee requested that the pay uplift assumption be increased from 4% to 5% to better reflect very recent NI public sector offers, noting that this would increase the total administration budget to £7,386,000.
- 8.4 The Committee approved the annual budget for 2024/25.

Alan Law left the meeting.

- 8.5 The Head of Finance presented a separate budget paper on Additional Legal Services required to secure specialist legal services to assist NILGOSC in defending multiple compensation claims made by NIPSA members for injury to feelings.
- 8.6 The Committee requested that it be provided with an update when the budget is drawn.
- 8.7 The Committee approved the specific legal budget as presented for 2024/25 to be reported as an exceptional item line.

Alan Law rejoined the meeting and the Head of Investment Services joined the meeting. The Head of Finance left the meeting.

9 Manager Performance Briefing Note – Legal and General

- 9.1 The Head of Investment Services provided a report which summarised the portfolio performance of Legal and General for the year to 31 December 2023.
- 9.2 The Committee noted the Manager Briefing Report.

The Committee had a short break. The Legal and General representatives joined the meeting.

10 Presentation by Legal and General

- 10.1 The Deputy Chair welcomed the representatives of Legal and General to the meeting and invited them to present their report on the performance and future prospects for the passively managed portfolio.
- 10.2 Chris Lyons provided a business update on Legal and General including AUM and gave an overview of portfolio activity over the last 12 months.
- 10.3 Robert Dowling gave an overview of the low carbon transition fund equity strategy including a summary of the fund methodology and portfolio composition process. He provided an overview of performance, highlighting the impact of the Magnificent Seven stocks on equity markets,
- 10.4 Robert Dowling gave an update on the performance of the index linked gilt portfolio, together with the market outlook for both equity and fixed income asset classes.
- 10.5 The Committee raised a number of questions with Legal and General on AI, upcoming global elections, Net Zero, liquidity and supply and demand in the index-linked gilt market.
- 10.6 The Deputy Chair thanked the representatives of Legal and General for their presentation and the Committee noted the presentation.

Anthony Carleton joined the meeting. The Legal and General representatives left the meeting.

11 Manager Performance Briefing Note – BlueBay

- 11.1 The Head of Investment Services provided a report which summarised the portfolio performance of BlueBay for the year 31 December 2023.
- 11.2 The Committee noted the Manager Briefing Report.

The BlueBay representatives joined the meeting.

12 Presentation by BlueBay

12.1 The Deputy Chair welcomed the representatives of BlueBay to the meeting and invited them to present their report on the performance and future prospects of the multi asset credit portfolio.

12.2 Lloyd Butcher provided a business update on BlueBay. Blair Reid provided a summary of the bond markets over the last year and gave an overview of the portfolio's performance, current positioning and outlook.

Joan McCaffrey and Alan Law left the meeting.

12.3 The Committee raised a number of questions with BlueBay on performance and positioning, the macro environment, upcoming global elections and ESG.

12.4 The Deputy Chair thanked BlueBay for their presentation and the Committee noted the presentation.

The BlueBay representatives and Louise Hickland left the meeting.

Anthony Carleton was asked for an update on the reappointment process. He confirmed that a submission was with the Minister with the expectation that the reappointments would be made before the end of March. He confirmed that the submission included the four members whose terms of office expired later in the year and the extension for Joan McCaffrey.

13 Public Sector Pensions Update

13.1 The Secretary presented his update on Public Sector Pensions. He informed the Committee that the next LGPS LGA conference would be held in Bournemouth on 30 and 31 January 2025.

13.2 The Secretary gave an update on a report commissioned by the Scheme Advisory Board in England confirming that the LGPS is compliant with Sharia Law.

13.3 The Committee noted the Public Sector Pensions update.

14 Secretary's Report and Seal Log

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

14.2 He advised that the Departmental review was still underway, and the report would be with the Department in the next couple of weeks.

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

15 Any Other Business

- 15.1 The Secretary reminded the Committee of the strategic planning workshop happening in May and the investment strategy workshop planned for June, noting that a follow up investment workshop would be held in September.

There being no further business, the meeting was closed.

Chairperson (Signature)

Date