

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 29 January 2024 at 11am.

Members Present

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

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Denise McElrea (Head of Governance and H R)
Helen McEvoy (Acting Head of Investment Services)
Annie McElhatton (Investment Services Manager)
Catherine Whyte (Corporate Support Officer)
Emma Lynch (Department for Communities)
Franziska Laepple (William Blair)
Romina Graiver (William Blair)

Apologies

Alan Law

Joan McCaffrey took the Chair.

1 New Business

- 1.1 The Secretary made reference to the additional paper, 'Election of a Deputy Chair of the Management Committee, and Chair of the ARAC', which he had circulated in advance of the meeting. He sought the Committee's approval to add this item to the meeting's agenda, for discussion.
- 1.2 The Committee agreed to add this item to the agenda, and to discuss following item 4, Matters Arising.

2 Declaration of Member Interests

- 2.1 Antoinette McMillen highlighted a potential conflict relating to the NIPSA legal action against NILGOSC, however the matter did not arise during the meeting.

3 Chairperson's Business and Apologies

- 3.1 Joan McCaffrey as initial Chair of the meeting confirmed that there was no Chairperson's business to report.
- 3.2 Alan Law's apologies were noted.

4 Minutes of the Previous Meeting held on 18 December 2023

- 4.1 The minutes of the meeting held on 18 December 2023, having been circulated, were agreed.

5 Matters Arising

- 5.1 The Secretary advised that letters had been issued to the Permanent Secretaries of the Department for Communities (DfC) and the Department of Finance on behalf of the Committee.
- 5.2 The Departmental Representative advised that, as the 22/23 pay remit was above contractual entitlements, and the NICS contractual pay entitlement for the year remained outstanding, this could be repercussive.

6 Election of Deputy Chair of the Management Committee and Chair of ARAC

- 6.1 The Secretary presented the paper on the Election of a Deputy Chair of the Management Committee, and Chair of the ARAC. He suggested that nominations for both positions should be sought and that the standard election process should apply.
- 6.2 The Committee expressed its shock at the news that Lindsay Todd and Mark McBride would not be reappointed.

J J Tohill joined the meeting.

- 6.3 Antoinette McMillen expressed her concerns with the proposal noting that NILGOSC had been without a Chairperson since April 2023. Antionette queried whether the Committee could make such an appointment. The Secretary confirmed that the appointment would be for a Deputy Chair and that the action proposed was in accordance with the Management Committee's terms of reference.
- 6.4 The Committee also raised concerns that the terms of office of a further five Committee members were due to run out at the end of March 2024, noting that this could create a governance issue if reappointments were not made in a timely manner.
- 6.5 The Committee sought clarification on whether the Deputy Chair would be remunerated. The Secretary confirmed that Lindsay Todd had been paid in the intervening period between the end of his first term of office and the

notification that he would not be reappointed, on the basis that the Department was continuing to treat him as Chair, and he was expected to undertake various duties of a Chair. It was agreed that the Secretary would check the position regarding remuneration of the Deputy Chair and any precedent.

- 6.6 The Committee agreed to elect a Deputy Chairperson for the purposes and role as set out in the paper. It was also agreed that the Deputy Chair would consult the Committee in the event they were required to undertake any action not specifically set out in the role of the Deputy Chair.
- 6.7 J J Tohill and Derek McCallan were nominated for the position by Shane McCurdy and Michael Rafferty respectively and seconded by Paul Francey and Ken Clayton respectively. A ballot was undertaken and counted by the Corporate Support Officer, who confirmed seven votes for Derek McCallan and three votes for J J Tohill.
- 6.8 The Committee congratulated Derek McCallan on his election to Deputy Chair and he took over the chairmanship of the meeting in accordance with Standing Orders.
- 6.9 The Committee then discussed the need to appoint a Chairperson for the ARAC. J J Tohill proposed Michael Rafferty and Paul Francey seconded this appointment. The Committee agreed to appoint Michael Rafferty as Chair of ARAC.
- 6.10 The Committee then discussed the need for a replacement for Mark McBride, on the ARAC. The Committee agreed to appoint Shane McCurdy to the ARAC.

7 Internal Dispute Resolution Committee

- 7.1 The Committee noted the report on the work of the IDRC.

The Acting Head of Investment Services and the Investment Services Manager joined the meeting.

8 Manager Performance Briefing Note – William Blair

- 8.1 The Investment Services Manager presented a report outlining the performance of the Emerging Markets Equity Portfolio for the year to 30 September 2023. She drew the Committee's attention to a number of key personnel changes which had been announced after the meeting papers had been issued.
- 8.2 The Committee noted the Manager Briefing Report.

Franziska Laepple and Romina Graiver joined the meeting.

9 Presentation by William Blair

- 9.1 The Deputy Chair welcomed Franziska Laepple and Romina Graiver to the meeting and invited them to present their report on portfolio performance and activity throughout the year to 30 September 2023.
- 9.2 Franziska provided an update on the business including AUM and the recent appointments to the portfolio management team.
- 9.3 Romina provided an overview of the strategy and outlined the quality growth approach to managing the emerging market equity portfolio, explaining why it had performed the way that it did over the last twelve months. She offered insights into the recent market performance and provided an outlook for the future.
- 9.4 Romina discussed investments in China being a key contributor to the underperformance of the portfolio and provided an update on current portfolio positioning.
- 9.5 The Committee raised a number of questions with William Blair on performance, peaking global interest rates, investment views on China, net zero and ESG integration.
- 9.6 The Deputy Chair thanked the William Blair representatives for their presentation.

The William Blair representatives left the meeting. Heather McKinstry left the meeting.

10 Temporary allocation to cash

- 10.1 The Acting Head of Investment Services presented a report seeking approval for a temporary allocation to cash until the 2024 Strategic Review is complete.
- 10.2 She advised that Aon's outlook for equities is cautious and therefore, the investment advisor has recommended rebalancing the portfolio closer to its strategic allocation.
- 10.3 The Committee approved the temporary strategic allocation to cash of 8.5%.
- 10.4 The Committee also noted the planned rebalancing of managers within the equity portfolio, which will be undertaken following the appointment of the new value equity manager. It was noted that actual amounts to be rebalanced would differ slightly depending on market movements at the date of transition.

11 TPR Administration Survey

- 11.1 The Head of Governance and HR presented NILGOSC's response to the TPR Administrator Survey 2023/24.

11.2 The Committee discussed and noted NILGOSC's response to the survey.

12 Secretary's Report and Seal Log

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

12.2 He gave an update on the status of the Departmental Review conducted by Hazel Hobbs.

12.3 The Secretary also informed the Committee that he had put on hold his planned paper on Committee effectiveness pending the outcome of the Departmental Review. He confirmed that he would bring a paper on the frequency of meetings, the focus of decision making, the manner of gaining assurance on fund performance, the consideration of Board Portal software and the annualisation of fees once the outcome of the review was known.

12.4 The Secretary drew the Committee's attention to TPR's new Combined Code which was laid in the House of Commons on 10 January, and which will come into operation shortly after the Assembly next sits. He confirmed that the officers were currently reviewing the Code which will be brought to a future meeting, with training to be provided at a later date.

12.5 The Secretary advised the Committee that the previously reported breach relating to J J Tohill's conflict of interest had been rectified and was now closed.

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

13 Any Other Business

13.1 The Committee queried the process for providing comments on the draft report to be by the Department Reviewer. The Secretary requested that Emma Lynch seek clarification from the Department on the process.

13.2 The Committee expressed their wish for a letter of appreciation to be sent to Lindsay Todd and Mark McBride for their time served on the Committee.

13.3 The Secretary thanked Joan McCaffrey for acting as Chair of the Meeting since May 2023.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date