

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 20 March 2023 at 10.15am.

Members Present

Lindsay Todd (Chairperson), Ken Clayton, Alan Law, Mark McBride, Derek McCallan, Shane McCurdy, Heather McKinstry, Antoinette McMillen, Peter Moore, and Michael Rafferty.

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Caoimhe Fitzpatrick (Governance Manager)
Catherine Whyte (Corporate Support Officer)
Emma Lynch (Department for Communities)
Louis-Paul Hill (Aon)
Gareth Roberts (Baillie Gifford)
Tatjana Evans-MacLeod (Baillie Gifford)

1 Declaration of Member Interests

- 1.1 Antoinette McMillen and Alan Law declared an interest in 4.5 of the Secretary's Report.

2 Chairperson's Business and Apologies

- 2.1 The Chair advised that Shane McCurdy would be delayed in attending the meeting.
- 2.2 The Chair advised of apologies received from JJ Tohill, Joan McCaffrey and Paul Francey.

3 Minutes of the Previous Meeting held on 27 February 2023

- 3.1 The minutes of the meeting held on 27 February 2023, having been circulated, were agreed.

4 Matters Arising

- 4.1 The Secretary updated the Committee that the Corporate Plan had been forwarded to the Department for Communities following Committee

approval at the February meeting and had subsequently been approved by the Permanent Secretary.

5 TPR Administration and Governance Survey

5.1 The Governance Manager presented NILGOSC's response to the TPR Governance and Administration Survey 2022/23.

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

The Governance Manager left the meeting.

6 Investment Monitoring Scorecard

6.1 The Deputy Secretary presented the Investment Monitoring Scorecard and Watchlist as at 31 December 2022.

6.2 The Committee noted the overall ratings for the quarter ended 31 December 2022.

6.3 The Committee agreed to place T Rowe Price on the Watchlist with effect from 31 December 2022, pending further investigation on the issues raised.

7 Manager Performance Briefing Note – Baillie Gifford

7.1 The Deputy Secretary presented a summary of the performance of the equity portfolio managed by Baillie Gifford.

7.2 The Committee discussed the recent underperformance of the Long-Term Global Growth strategy.

7.3 The Committee noted the report and agreed to use it as a basis for discussion with Baillie Gifford at the meeting.

The Aon and Baillie Gifford representatives joined the meeting.

8 Presentation by Baillie Gifford

8.1 The Chair welcomed the Aon and Baillie Gifford representatives to the meeting.

8.2 Gareth Roberts introduced his colleague Tatjana Evans-MacLeod explaining her role as a portfolio specialist. He provided an overview of recent performance highlighting the impact of macro factors such as inflation and rising interest rates on the long term global growth strategy.

Shane McCurdy joined meeting.

8.3 Tatjana Evans-MacLeod gave an overview of current market drivers together with a summary of stock specific contributors and detractors over

the last year. She provided an update on current portfolio positioning and the integration of ESG into the investment decision making process.

8.4 As part of an extended session, the Committee questioned Baillie Gifford on lessons learned, performance outlook, rationale for additions to the portfolio and controversial holdings.

8.5 The Chairperson thanked Baillie Gifford for their presentation.

The Baillie Gifford representatives left the meeting. The Committee had a short break.

9 Presentation by Aon

9.1 The Chair invited Louis-Paul Hill to present Aon's quarterly report on the performance of the Fund for the quarter ended 31 December 2022.

9.2 Louis-Paul Hill gave an overview of the performance of the fund for the quarter ended 31 December 2022, including an overview of the expected funding position and a review of individual manager performance.

The Aon representative left the meeting.

10 Objectives for Investment Consultants

10.1 The Deputy Secretary presented a paper reviewing the objectives set for Investment Consultants, advising that it is best practice for NILGOSC to review its objectives every 3 years.

10.2 The Committee reviewed and agreed the objectives for its investment advisor, Aon.

10.3 The Committee reviewed and agreed the objectives for its collaborative infrastructure partner, Lothian Pension Fund.

11 Public Sector Pensions Update

11.1 The Secretary presented an update on Public Sector Pensions.

11.2 The Secretary advised that the NI Scheme Advisory Board had recently met to discuss various issues.

11.3 He advised that DfC was currently consulting on a change to the date of the annual revaluation in the LGPS NI from 1 April to 6 April.

11.4 The Secretary informed the Committee that the Department for Work and Pensions had confirmed its support for proposals to expand auto-enrolment by abolishing the lower earnings limit and reducing the age for auto enrolment from 22 to 18. He noted that this was not expected to materially impact LGPS NI membership levels.

11.5 He informed the Committee that DWP had also announced there would be a delay to the Pensions Dashboards Programme, with further information on revised timeframes to follow ahead of summer recess.

11.6 The Committee noted the Public Sector Pensions update.

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 The Secretary informed the Committee that he and the Chair had their bi-annual meeting with the DfC and discussed issues including procurement, the pay remit, the partnership agreement and Committee member re-appointments.

12.3 The Secretary advised the Committee that the Department for Communities had rejected the Pay Remit Business Case as originally submitted, citing insufficient supporting evidence. NILGOSC was invited to resubmit a revised pay remit with supporting legal advice.

12.4 He advised that on a positive note, NILGOSC had received a procurement derogation from DfC in relation to the use of recruitment agencies. This derogation was originally requested in July 2022.

12.5 The Committee posed some questions to the Departmental Representative regarding the rejection of the business case. The Committee expressed their concerns and frustrations with the delay and difficulty with gaining approval for the pay remit given there is neither an affordability issue nor is it repercussive given NILGOSC's self-funded status. They emphasised the risk that NILGOSC is unable to deliver a service if it cannot address current staffing issues and queried the rationale for taking legal advice on a non-legal matter. The Secretary confirmed that the executive would review the latest response from DfC and would resubmit the business case in due course.

12.6 The Secretary advised that he and the Chair had met with the Permanent Secretary and officials at the Department of Finance to discuss investment matters.

12.7 The Secretary advised the Committee that NILGOSC took part in the first close of a \$20m co-investment opportunity with DIF V.

12.8 The Secretary drew the Committee's attention to the updated appended budget following an amendment to the Salaries budget requested at the February meeting.

12.9 The Secretary advised the Committee that the Fire Brigades Union and BMA had lost their judicial review on McCloud costs, noting that there was still the option for an appeal.

12.10 He advised the Committee that the first term of office for two of its members, including the Chair, expires at the end of April. The

Department for Communities has requested the completion of a Skills and Attribute assessment prior to making any reappointments and the Secretary advised this would be circulated following the meeting.

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

13 Any Other Business

13.1 Heather McKinstry advised that she raised the issue of data accuracy at a recent Education Authority meeting.

13.2 The Committee meeting would be followed by an Investment training session, delivered by Baillie Gifford and Aon.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date