

Northern Ireland Local Government Officer's Superannuation Committee

Minutes of the meeting of the Management Committee held via teleconference on 25 May 2021 at 9.30 am.

Members Present:

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

In Attendance:

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Helen McEvoy (Investment Services Manager)
Ciara Keenan (Head of Governance and Support Services)
Maria Bowers (Head of Finance)
Jennifer Campbell (HR Manager)
Racquel Turtle (Corporate Support Officer)
Anthony Carleton (Department of Communities)
Robert Nicholson (RLAM)
Paul Rayner (RLAM)
Tim Garratt (Baillie Gifford)
Gareth Roberts (Baillie Gifford)
Heather McKinstry (Observer)
Derek McCallan (Observer)

1. Declaration of Member's Interests

1.1. No interests were declared.

2. Chairperson's Business and Apologies

2.1. The Chairperson welcomed two incoming committee members, Heather McKinstry and Derek McCallan, noting that they were attending the meeting in an observer capacity until formal appointment letters had been issued by the Minister.

3. Minutes of the meeting held on 23 March 2021

- 3.1. The minutes of the meeting held on 23 March 2021, having been circulated, were agreed. These minutes will be signed at the next available opportunity.

4. Matters Arising

- 4.1. No matters arose for discussion.

(Paul Francey joined the meeting).

5. Staffing Committee

5.1. Report of the Meeting held on 27 April 2021

- 5.1.1. The Committee noted the verbal report, presented by the Staffing Committee Chair, of the meeting held on 27 April 2021.

5.2. Annual Report of the Staffing Committee

- 5.2.1. The HR Manager advised that the purpose of the Annual Report was to provide the Management Committee with an annual assurance report on matters considered by the Staffing Committee. She summarised the activities and considerations undertaken by the Staff Committee during the year ended 31 March 2021
- 5.2.2. The Management Committee noted the annual report of the Staffing Committee.

5.3. Staffing Committee Terms of Reference

- 5.3.1. The Secretary presented to the Committee the revised terms of reference of the Staffing Committee, which were agreed by the sub-committee at its last meeting. He highlighted the staffing policies reserved to the Management Committee and on which the Staffing Committee would provide advice.
- 5.3.2. The Management Committee agreed the revised Staffing Committee Terms of Reference.

5.4. Redundancy Policy

- 5.4.1. The HR Manager presented for approval a review of the Redundancy Policy. She advised that while no significant changes had been made to the policy it had been

recently reviewed and revised to provide better clarity.

- 5.4.2. The Committee questioned the need for a pay protection policy and agreed this should be considered further by the Staffing Committee at a suitable future juncture.
- 5.4.3. The Committee requested that a reference to a balanced workforce be removed from the Selection Criteria section of the policy.
- 5.4.4. Subject to the above change, the Management Committee approved the revised Redundancy Policy.

5.5. **Expenditure for Additional Posts**

- 5.5.1. The Deputy Secretary presented to the Committee the rationale behind the proposals made by the Secretariat and supported by the Staffing Committee in the establishment of additional posts of Pension Administrators, Commercial Manager, Investment Manager and sought approval of the associated estimated staffing budget.
- 5.5.2. The Committee noted the endorsement of the Staffing Committee and approved the associated staffing budget for 2020/21.

(Jennifer Campbell left the meeting).

6. **Committee Effectiveness Framework – Self Assessment**

- 6.1. The Head of Governance and Support Services provided the Committee with the results of the 2020/21 Self Assessment Evaluation 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.
- 6.2. She informed the Committee of the positive outcome and also any areas of disagreement, noting the desire to maintain gender balance within the Management Committee.

(Derek McCallan left the meeting).

- 6.3. The Secretary invited the Department of Communities representative to provide comment on the results of the evaluation. Anthony Carleton stated he was very content with the performance of the Management Committee and commented on the smooth transition of the new Committee without any disruption to business.
- 6.4. The Committee considered and agreed the outcome of the Committee Effectiveness evaluation.

7. Draft Annual Equality Statement 2020/21

- 7.1. The Head of Governance and Support Services 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 actions set out in the Equality Action Plan had been progressed during the period.
- 7.2. The Committee approved the draft Annual Equality Statement for the year ended 31 March 2021.

(Ciara Keenan left the meeting).

8. Manager Briefing Note – Baillie Gifford LTGG

- 8.1. The Investment Services Manager provided a report to the Committee which summarises the portfolio performance for the year to 31 March 2021.
- 8.2. The Committee noted the exceptional performance in recent years and discussed the associated risk and potential volatility of the strategy, noting that a rebalancing exercise had recently been undertaken.
- 8.3. The Committee noted the Manager Briefing report.

9. Presentation by Baillie Gifford

- 9.1. The Chairperson welcomed and introduced Tim Garratt and Gareth Roberts and invited them to present their report.

- 9.2. Gareth Roberts provided the Committee with the background to the mandate and provided an update on the business, investment team and strategy.
- 9.3. He advised that it had been business as usual over the past 18 months and informed the Committee of the upcoming retirement of James Anderson in April 2022. He drew attention to the experience and diversity within the Baillie Gifford team which included experienced individuals in the US and China.
- 9.4. Gareth Roberts provided commentary on the current portfolio, noting the rationale for various holdings.
- 9.5. Tim Garratt presented the outlook for the portfolio, noting the key themes for the Long Term Global Growth strategy.
- 9.6. The Committee questioned and further discussed with Baillie Gifford specific holdings which had been key contributors to the performance including a number of Chinese holdings and the integration of ESG into the decision making process.

(Baillie Gifford left the meeting).

(The Chairperson proposed a ten-minute break from 11.10 am to 11.20 am).

10. Manager Briefing Note – RLAM

- 10.1. The Investment Services Manager provided a report to the Committee which summarised the portfolio performance for the year to 31 March 2021.
- 10.2. The Committee noted the RLAM manager briefing report.

11. RLAM Presentation

- 11.1. The Chairperson welcomed Robert Nicholson and Paul Rayner from RLAM to the meeting and invited them to present their report to the Committee
- 11.2. Robert Nicholson introduced himself and Paul Rayner and provided the Committee with a background to the portfolio and strategy, noting the appointment of a new CEO in April 2021.

- 11.3. Paul Rayner provided an overview of global bond markets, noting the differential in performance and yields across different geographies. He discussed the recent performance of the portfolio, highlighting key contributors and detractors, as well as providing an outlook for the strategy.
- 11.4. The Committee discussed with the RLAM the direction of government yields in 2021 and the main sources of alpha for the strategy in the upcoming year. Further questions were raised on the impact of Brexit and the pandemic, the potential for negative UK interest rates and central bank monetary policy.
- 11.5. The Chairperson thanked RLAM for their presentation.

(RLAM left the meeting. Helen McEvoy left the meeting).

12. Custodian Services Contract Extension

- 12.1. The Finance Manager presented her report seeking approval from the Committee for an extension of the contract with Northern Trust for the provision of Global Custody Services. She advised the Committee of the rational and commercial justification to exercise the option informing the Committee of the essential requirement for NILGOSC to operate as a global investor and the need for this business critical service. She presented to the Committee an assessment of options for both terminating and extending the existing contract.
- 12.2. The Committee approved the extension of the contract with Northern Trust for the provision of Global Custody Services for a period of up to 18 months to 31 August 2023.

13. NILGOSC Purchasing Policy

- 13.1. The Finance Manager presented the revised Purchasing policy, summarising the changes and seeking the Committee's approval.
- 13.2. The Committee approved the revised Purchasing Policy.

14. Corporate Plan 2020/21 Review of Progress

- 14.1. The Deputy Secretary provided a report to the Committee detailing the performance in respect of the delivery of the Corporate Plan 2020/21 during the year ended 31 March 2021 and informed the Committee that overall 84 out of 91 actions had a green status which translated to an achievement rate of 92% for the year.
- 14.2. She highlighted to the Committee the impact of both the pandemic and the move to CPD on the delivery of various project related investments.
- 14.3. The Committee noted the progress update on the Corporate Plan 2020/21 and commented on the good performance .

(JJ Tohill left the meeting).

15. Budget 2020/21

- 15.1. The Finance Manger provided the Committee with a report to show the comparison of Actual Expenditure to Budget for the twelve months to 31 March 2021, highlighting any key variances.
- 15.2. The Committee noted the comparison of Actual Expenditure to Budget for the year ended 31 March 2021.

16. Public Sector Pensions Update

- 16.1. The Secretary provided the Committee with an update on Public Sector Pensions. He advised the Committee that the members of the Scheme Advisory Board had received the provision result of the 2016 Cost cap valuation which indicated that there would be no change to the scheme benefits as the change is within the 2% corridor.
- 16.2. He informed the Committee of the Government's intention that the public service pension schemes will apply full indexation to the pensions for scheme members reaching state pension age from 6 April 2021. He acknowledged that this will result in an increased cost for schemes but noted that it would avoid potential administrative complexities and satisfy the major elements of the Lloyds case regarding GMP equalisation.

16.3. The Secretary drew attention to the Pensions Regulator consultation on its new Combined Code of Practice. The Secretary advised that NILGOSC will submit a response to the consultation and undertake a gap analysis for compliance against the new and/or revised requirements.

16.4. The Committee noted the Public Sector Pensions Update.

(Anthony Carleton left the meeting).

17. Secretary's Report and Seal Log

17.1. The Secretary presented his report to the Committee outlining important operational issues that had arisen since the last Committee Meeting.

17.2. He confirmed that the Minister for Communities had approved NILGOSC's Corporate Plan for the 2021/22-2023/24.

17.3. The Secretary notified the Committee that the external quality assessment undertaken by an independent auditor appointed by the Department into the internal audit service provided by ASM had reported no issues.

17.4. The Committee noted a further letter received from Fermanagh & Omagh District Council regarding ethical investments and the Secretary's response.

17.5. The Committee was informed of ongoing delays experienced with CPD and the impact this has had. The Committee noted the Secretary's Report and Seal Log.

18. Summary of Invested Funds at 30 April 2021

18.1. The Committee noted the summary of Invested Funds at 30 April 2021.

(Maria Bowers left the meeting).

19. Any Other Business

19.1. The Committee discussed the question put forward by a member with regards to management of a conflict of interest should a Committee Member be the subject of a Stage II review. The Secretary agreed to check the Committee's Conflict of Interest

policy noting the standard procedure whereby any member with a conflict of interest would be required to withdraw from the meeting.

- 19.2. The Secretary reminded the Committee of the need to submit expense claim forms on a timely basis after each meeting.
- 19.3. The possibility of returning to face to face meetings in August was proposed, subject to prevailing government guidance. The Committee confirmed its desire to return to in person meetings as soon as it was safe and practical to do so.

20. Date of Next Meeting

- 20.1. The date of the next Management Committee will be Tuesday, 22 June 2021 at 9.30 am.

There being no further business, the meeting was closed.

CHAIRPERSON (signature):

DATE: