

## **Northern Ireland Local Government Officers' Superannuation Committee**

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 23 January 2023 at 10.15am.

### **Members Present**

Lindsay Todd (Chairperson), Ken Clayton, Paul Francey, Alan Law, Mark McBride (Via MS Teams), Joan McCaffrey, Derek McCallan, Shane McCurdy, Heather McKinstry, Antoinette McMillen, Peter Moore, Michael Rafferty (Via MS Teams), and J J Tohill.

### **In Attendance**

David Murphy (Secretary)  
Nicola Todd (Deputy Secretary)  
Louise Hickland (Head of Investment Services)  
Maria Bowers (Head of Finance)  
Caoimhe Fitzpatrick (Governance Manager)  
Catherine Whyte (Corporate Support Officer)  
Jeff Glass (Department for Communities)  
Lloyd Butcher (BlueBay)  
Blair Reid (BlueBay)  
Franziska Laepple (William Blair)  
Romina Graiver (William Blair)

### **1 Declaration of Member Interests**

- 1.1 Antoinette McMillen and Alan Law declared an interest in section 4.6 of the Secretary's Report.

### **2 Chairperson's Business and Apologies**

- 2.1 The Chair advised that Mark McBride would be attending the meeting virtually.
- 2.2 The Chair advised that Michael Rafferty would be late in joining the meeting due to another engagement and would also attend virtually.
- 2.3 The Chair advised he had received a letter from the Permanent Secretary of the Department for Communities, Colum Boyle, in relation to how NILGOSC handles 'Raising Concerns'. The Chair brought this letter and his response to the attention of the Committee who noted the correspondence.

### **3 Minutes of the Previous Meeting held on 12 December 2022**

- 3.1 The minutes of the meeting held on 12 December 2022, having been circulated, were agreed.

### **4 Matters Arising**

- 4.1 The Secretary updated the Committee on the status of the contract extension for ASM, advising that ASM had accepted the extension for the next 2 years.
- 4.2 The Secretary also advised that following the Committee's approval to increase the salaries budget to facilitate a Pay Scale adjustment at the December meeting, the pay remit had, that afternoon, been submitted to the Department for Communities. He advised that Departmental approval remained outstanding at the time of the meeting.

### **5 Internal Dispute Resolution Committee**

#### **5.1 Report of the Meeting held on 9 January 2023**

- 5.1.1 The Chair of the IDRC presented a paper on the work of the IDRC in accordance with the IDRC's Terms of Reference including an update on recent and pending reviews undertaken.
- 5.1.2 The Committee noted the report.

#### **5.2 Review of the Operation of the IDRC**

- 5.2.1 The Secretary presented a report reviewing the operation of the IDRC during the first 12 months since its establishment.
- 5.2.2 The Committee noted the satisfactory operation of the IDRC.

### **6 Independent Analysis of NILGOSC's Procurement Arrangements with CPD**

- 6.1 The Secretary presented a report on the Independent Analysis of NILGOSC's Procurement Arrangements with CPD undertaken by the Internal Auditor, ASM. The independent analysis was requested by the Committee at its meeting in February 2022, following concerns around delays and value for money raised in a routine Internal Audit.
- 6.2 The Secretary advised that the internal auditor had noted frequent occasions where the procurement was stalled due to slow decision making at DfC/CPD, significant delays at CPD due to the lack of personnel and a number of failed tender exercises due to the use of eTenders NI or standard terms and conditions.

The Head of Finance joined the meeting.

- 6.3 The Secretary advised that the concerns were reported at the most recent meeting with the DfC. He advised that the preferred solution would be for a derogation to permit NILGOSC to undertake its own procurement below £30k and noted that this would be raised as part of the Partnership Agreement discussions.
- 6.4 The Committee noted the report and expressed its concerns that an unsatisfactory service was being received. It agreed to share the findings with the Department for Communities, together with a cover note setting out its concerns.
- 6.5 The Departmental representative stated that he would pass the report to both CPT and CPD in order that their views could be sought. The Chair advised that he was meeting the DFC Permanent Secretary later in the week and would use the opportunity to raise the Committee's concerns.

The Governance Manager left the meeting.

## **7 Appointment of Global Custodian**

- 7.1 The Head of Finance presented a report summarising the outcome of the Global Custodian tender evaluation process, recommending that the highest scoring supplier, Northern Trust, be appointed subject to final due diligence and satisfactory contract negotiation.
- 7.2 The Committee approved the appointment of Northern Trust as Global Custodian for NILGOSC for a 5 year contract period, commencing 1 September 2023 until 31 August 2028, with the option to extend by up to 36 months plus a further option to extend for up to 24 months, at the discretion of NILGOSC.

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

## **8 Manager Performance Briefing Note – William Blair**

- 8.1 The Head of Investment Services presented a report outlining the performance of the Emerging Markets Equity Portfolio for the year to 30 September 2022.
- 8.2 The Committee noted the Manager Briefing Report.

William Blair representatives joined the meeting.

## **9 Presentation by William Blair**

- 9.1 The Chair welcomed Franziska Laepple and Romina Graiver to the meeting and invited them to present their report on the performance and future prospects for the William Blair portfolio.

- 9.2 Franziska introduced herself and Romina, outlining their respective roles.
- 9.3 Franziska advised that there hadn't been any major changes within William Blair since the last visit, and that they had recently become a signatory to the UK Stewardship Code.
- 9.4 Romina outlined the quality growth approach to managing the emerging market equity portfolio and explained why it had performed the way that it did over the last 12 months. She provided an overview of market performance and outlook for the period ahead.

Michael Rafferty joined the meeting.

- 9.5 Romina discussed key contributors to and detractors from performance, together with current portfolio positioning.
- 9.6 The Committee raised a number of questions with William Blair on China, events in Russia and Ukraine, higher inflation and interest rates and addressing companies with poor environmental standards.
- 9.7 The Chairperson thanked William Blair for its presentation.

The William Blair representatives left the meeting, and the Committee had a short break.

## **10 Manager Briefing Note – BlueBay**

- 10.1 The Head of Investment Services provided a report which gave an overview of the BlueBay Asset Management Multi Asset Credit portfolio performance for the year to 30 September 2022.
- 10.2 The Committee noted the Manager Briefing Note.

The BlueBay representatives joined the meeting.

## **11 Presentation by BlueBay**

- 11.1 The Chair welcomed Lloyd Butcher and Blair Reid to the meeting and invited them to present their report on performance and future prospects of the BlueBay portfolio.
- 11.2 Lloyd Butcher introduced himself and Blair Reid, outlining their respective roles.
- 11.3 Blair Reid provided an overview of the investment process, together with a summary on asset allocation decisions taken to add value to the portfolio. He provided an overview of credit markets and current portfolio positioning, noting key contributors to and detractors from performance. He concluded with BlueBay's outlook and expectations for credit markets for the year ahead.

- 11.4 The Committee raised a number of questions on portfolio positioning, opportunities for outperformance, key drivers of performance, market conditions and ESG activities.
- 11.5 The Chair thanked BlueBay for their presentation and the Committee noted the presentation.

The BlueBay representatives left the meeting.

## **12 Secretary's Report and Seal Log**

Antoinette McMillen and Alan Law expressed an interest in item 4.6 of the Secretary's Report but were permitted to remain in the meeting provided they did not contribute to discussions.

- 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 bi-annual meeting between NILGOSC and the Department, noting that the Pay Remit and the Partnership Agreement had both been on the agenda.
- 12.3 The Secretary drew the Committee's attention to the current Fund value and provided an update on NIPSA claims received to date. He informed the Committee that a small cohort of members employed by the Education Authority did not receive an annual benefit statement as a result of missing data and advised that a meeting had been held with the employing authority to highlight the importance of the timely and accurate receipt of data.
- 12.4 The Secretary also informed the Committee of a pension tax anomaly regarding the use of different CPI figures in the annual allowance calculation, and the potential tax charges that could arise as a result of this. He advised that the matter had previously been raised with the Department and that a response was urgently being sought.
- 12.5 The Committee noted the Secretary's Report and Seal Log.

## **13 Conflicts of Interest Advice**

- 13.1 Following on from recent deliberations regarding the management of conflicts of interest, the Chair drew the Committees attention to the recent letter from the Department confirming that it would not be providing advice on the matter and stating that responsibly rests with the Committee.
- 13.2 The Chair referred to the initial report and recommendations from On Board Training and outlined a number of options as to how the matter could be taken forward, including seeking external legal advice or resolving the matter internally. The Committee agreed a clear preference for resolving the matter internally without the need to seek further advice.

- 13.3 The Committee debated the matter at length with each individual member invited to contribute to the discussion. The Committee noted that while the report from On Board contained various best practice recommendations, the report specifically stated that, with reference to existing governance arrangements, 'both positions are defensible in law'.
- 13.4 When reaching its decision, the Committee placed great weight on its experiences to date, specifically with respect to effective chairmanship and the integrity of individual members. The Committee acknowledged the potential for future conflicts to arise but felt confident that any such issues could be appropriately managed. The Committee agreed to review the position at a future point in time if circumstances required.
- 13.5 The Committee agreed to adopt a rotation system for sub-Committee chairs to allow other members to avail of the opportunity, whilst maintaining an appropriate level of stability, skills and experience. The Committee requested that suitable training on being an effective Chair be identified and arranged for interested members.
- 13.6 The Committee agreed that the status quo should be maintained with responsibility for the disclosure of actual or perceived conflicts of interests resting with individual members. It therefore determined that further advice on the matter was no longer required.

## **14 Any Other Business**

There being no further business, the meeting was closed.

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Chairperson (Signature).

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Date