

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 27 February 2023 at 10.15am.

Members Present

Lindsay Todd (Chairperson – via MS Teams), Ken Clayton, Paul Francey, Alan Law, Mark McBride (Deputy Chair), Joan McCaffrey, Derek McCallan, Shane McCurdy (Via MS Teams), Heather McKinstry, Antoinette McMillen, Peter Moore, Michael Rafferty, 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)
Anthony Carleton (Department for Communities)
Chris Lyons (LGIM)
Robert Dowling (LGIM)
Robert Rayner (LGIM)

1 Declaration of Member Interests

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

2 Chairperson's Business and Apologies

- 2.1 The Chair advised that he and Shane McCurdy would be attending the meeting remotely.
- 2.2 The Chair advised that he and the Secretary had a meeting scheduled with the Department of Finance Permanent Secretary the following day.
- 2.3 The Chair advised that Anthony Carleton would be late in joining the meeting due to another engagement.
- 2.4 The Chair proposed that the remainder of the meeting be chaired by the Deputy Chair, noting that it would be difficult to chair effectively when attending virtually. The Committee agreed that the Deputy Chair would Chair the remainder of the meeting.

3 Minutes of the Previous Meeting held on 23 January 2023

- 3.1 The minutes of the meeting held on 23 January 2023, having been circulated, were agreed.

4 Matters Arising

- 4.1 The Secretary updated the Committee that the Independent analysis of NILGOSC's Procurement Arrangements with CPD had been shared with the DfC. He advised that DfC are seeking to arrange a meeting with NILGOSC, Central Procurement and CPD.

5 Staffing Committee

5.1 Report of the Meeting held on 30 January 2023

- 5.1.1 The Chair of the Staffing Committee gave a verbal report of the Staffing Committee meeting held on 30 January 2023.
- 5.1.2 The Committee noted the report.

5.2 Establishment of the post of Senior Responsible Investment Officer

- 5.2.1 The Chair of the Staffing Committee advised the Committee that the Staffing Committee had considered the establishment of the post of Senior Responsible Investment Officer and set out the rationale behind it.
- 5.2.2 He advised that the Staffing Committee was content to recommend the establishment of the post to the Management Committee.
- 5.2.3 The Committee approved the establishment of the post of Senior Responsible Investment Officer.

The Governance Manager joined the meeting.

6 Audit and Risk Assurance Committee

6.1 Report of the Meeting held on 7 February 2023

- 6.1.1 The Committee noted the verbal report, presented by the ARAC Chair, of the meeting held on 8 February 2023.

6.2 Risk Register 2022/23

- 6.2.1 The Governance Manager presented the review of the Risk Register as at 31 December 2022.
- 6.2.2 The Committee noted the review and approved the changes to risk C8.

The Governance Manager left the meeting. The Head of Finance joined the meeting.

7 Corporate Plan

- 7.1 The Deputy Secretary presented the draft Corporate Plan for 2023/24 – 2025/26 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. She highlighted that the biggest threat to the delivery of the strategic plan was the staffing recruitment and retention challenges still being faced and noted that Departmental approval remained outstanding for the pay proposals agreed by the Committee in December. The Committee requested that a reference to the pay proposals be included within the corporate plan.
- 7.3 The Deputy Secretary advised that, once approved by the Committee, the Corporate Plan would be forwarded to the Department for final approval.

Anthony Carleton joined the meeting.

- 7.4 The Committee sought an update from the Departmental representative on the pay remit submitted in December. He confirmed that business case was still under review with DFC with further information requests on recruitment costs issued to NILGOSC in the previous week. He advised that once DFC was satisfied with the business case, it would then be passed to the Department of Finance.
- 7.5 The Committee approved the Corporate Plan.

8 Annual Budget

- 8.1 The Head of Finance presented the Annual Budget for the administration of the scheme for 2023/24 of £6,605,000, together with planned capital spend of £423,000.
- 8.2 The Head of Finance explained the variance between the forecasted expenditure for 2022/23 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 £705k on the 2022/23 Administration budget and the explanations provided. It noted that more than two thirds of the increase arose from the staff costs budget which included an annual cost of living increase and a pay settlement claim. The Committee requested that the pay uplift assumption be increased from 2% to 4% to better reflect the initial offer proposed by NJC employers post issue of the meeting papers.
- 8.4 The Secretary advised that a budget for the NIPSA cases hadn't been included within the figures presented.
- 8.5 The Committee approved the annual budget for 2022/23 subject to the application of a 4% pay assumption and requested that the revised total budget figure be reported to the March meeting via the Secretary's report.

The Committee noted that the budget did not include an allowance for the NIPSA legal cases.

The Head of Finance left the meeting, the Head of Investment Services joined 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 2022. She also provided an overview of the transition to the LGIM Low Carbon Transition Developed Markets Index Fund in February 2022.

9.2 The Committee noted the Manager Briefing Report.

The Committee had a short break. The Legal and General representatives joined the meeting. Chris Lyons joined the meeting in person and Robert Dowling and Robert Rayner joined the meeting virtually.

10 Presentation by Legal and General

10.1 The Chairperson 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 portfolio.

10.2 Chris Lyons provided an overview of LGIM and the NILGOSC mandate, together with a summary of activity over the last twelve months. Robert Dowling gave an overview of the low carbon transition strategy and the methodology adopted to achieve a decarbonisation pathway in line with the Paris Agreement. He provided commentary on the performance of both the equity and index linked gilt portfolios, together with the market outlook for both asset classes.

10.3 The Committee raised a number of questions with Legal and General on market volatility, climate transition scores, Debt Management Office gilt issuance, liquidity in the index-linked gilt market and absolute performance.

10.4 The Chairperson thanked the representatives of Legal and General for their presentation.

The Legal and General representatives and the Head of Investment Services left the meeting.

11 Public Sector Pensions Update

11.1 The Secretary presented an update on Public Sector Pensions. He informed the Committee that the Department of Finance had published a review of the Effects of the Public Service Pensions Act in January 2023.

- 11.2 The Secretary advised that the second review of the State Pension Age must be published by May 2023.
- 11.3 The Secretary advised the Committee that Dominic Harris took up the post of Pensions Ombudsman in January 2023.
- 11.4 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 advised that NILGOSC had submitted TPR's survey on the Governance and Administration of Public Service Pension Schemes and confirmed that it would be presented to the Committee at their next meeting.
- 12.3 The Secretary informed the Committee that 2,580 members attended the virtual member seminars and feedback had been extremely positive.
- 12.4 He also informed the Committee that a 10.1% increase would be applied to pensions in payment.
- 12.5 He informed the Committee that an €8m commitment had been made to a co-investment fund with Antin.
- 12.6 The Committee noted the ongoing discussions with the Education Authority regarding data timeliness and accuracy and the impact this could have on pension benefit statements and the Pension Dashboard project.

Antoinette McMillen and Alan Law left the meeting.

- 12.7 The Secretary gave an update on the NIPSA injury to feelings cases.

Antoinette McMillen and Alan Law rejoined the meeting.

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

13 Any Other Business

- 13.1 The Secretary informed the Committee that there would be investment related training, following the next Committee meeting.
- 13.2 He also informed the Committee that the Public Sector Pensions Conference would be taking place on 10 October 2023.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date