

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 22 May 2023 at 10.15am.

Members Present

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

Observers

Lindsay Todd, Mark McBride.

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Maria Bowers (Head of Finance)
Helen McEvoy (Investment Services Manager)
Andrew Clegg (Legal Officer)
Jennifer Campbell (HR Manager)
Caoimhe Fitzpatrick (Governance Manager)
Catherine Whyte (Corporate Support Officer)
Jeff Glass (Department for Communities)
Gareth Hill (RLAM)
Peter Hensman (RLAM)

1 Appointment of Meeting Chair

- 1.1 The Secretary informed the Committee that the term of office for Lindsay Todd and Mark McBride had expired and that their reappointment for a second term had not yet been made by the Department for Communities. The Committee agreed that Lindsay and Mark would attend the meeting as observers.
- 1.2 The Secretary advised the Committee that under its Standing Orders the meeting must be chaired by a member and he asked for any nominations.

The Committee proposed and seconded Joan McCaffrey, as the independent member, to Chair this meeting. Joan confirmed she was happy to chair the meeting.

2 Declaration of Member Interests

- 2.1 The Secretary advised the Committee that one paper, agenda item 17, had not been circulated to the NIPSA representative members Antoinette McMillan and Alan Law due to a previously declared conflict of interest. JJ Tohill also declared a conflict of interest in respect of item 17. Antoinette and Alan declared a conflict with respect to paragraph 4.3 of item 14.
- 2.2 Joan McCaffrey declared an interest in agenda item 18.

Michael Rafferty joined the meeting.

3 Chairperson's Business and Apologies

- 3.1 The Chair invited Lindsay Todd to address this agenda item. Lindsay Todd expressed his frustration and disappointment to the Departmental Representative at the delay in his and Mark McBride's reappointment. He advised that this had been brought to the Department's attention by the Secretary in November 2022. He highlighted the role of a Chair in maintaining good governance and stressed his concern that although NILGOSC has an acting Chair in place for this particular meeting, NILGOSC does not currently have a Chairperson in place.
- 3.2 The Departmental representative advised that they are waiting on the Secretary of State to make the reappointments, noting that other public bodies are in a similar situation.
- 3.3 There were no apologies.

4 Minutes of the previous meeting held on 20 March 2023.

- 4.1 The minutes of the meeting held on 20 March 2023, having been circulated, were agreed. These minutes were signed by the meeting Chair.

5 Matters Arising

- 5.1 There were no additional matters arising.

6 Internal Dispute Resolution Committee (IDRC)

- 6.1 The IDRC Chair presented a report to the Committee on the work of the IDRC in accordance with the Terms of Reference. The Secretary highlighted an error in the report and confirmed that Heather McKinstry was the Chairperson of the most recent meeting.
- 6.2 The IDRC Chair advised that one Stage II review was considered at the recent IDRC meeting held on 13 March 2023.
- 6.3 The Committee noted the report of the Internal Dispute Resolution Committee.

7 Staffing Committee

7.1 Report of Meeting held on 4 May 2023

- 7.1.1 The Committee noted the verbal report, presented by the Staffing Committee Chair, of the meeting held on 4 May 2023.

7.2 Annual Report of the Staffing Committee

- 7.2.1 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 2023.
- 7.2.2 The Management Committee noted the annual report of the Staffing Committee.

7.3 Recruitment and Selection Policy

- 7.3.1 The HR Manager presented to the Committee the revised Recruitment and Selection Policy, which was reviewed and recommended by the Staffing Committee at their recent meeting.
- 7.3.2 The Committee approved the revised Recruitment and Selection Policy.

The HR Manager left the meeting and the Governance Manager joined the meeting.

8 Committee Effectiveness Framework – Self Assessment

- 8.1 The Governance Manager presented a paper, summarising the outcome of the Committee effectiveness evaluation for 2022/23. She advised 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.
- 8.2 The Governance Manager advised that the evaluation was overwhelmingly positive and provided assurance that the Committee was operating effectively.
- 8.3 The Committee discussed the one area for improvement, the gender breakdown of the Committee, and potential routes to improve the imbalance at the time of the next appointments, noting that this was ultimately a matter for the Department to address. The Committee also discussed the frequency of meetings and agreed that it was content with the current schedule.
- 8.4 The Committee noted that, despite a previous internal audit recommendation, 2 members had not completed the 2022/23 survey. It acknowledged that the anonymous nature of the survey made it impossible to follow up on the reasons for non-completion and agreed that, in the following year, members would confirm completion of the survey to the Corporate Support Officer. Lindsay Todd also encouraged those members who were unable to complete the survey to discuss this with the Chair of NILGOSC once reappointed.
- 8.5 The Secretary invited the Departmental representative to provide feedback on the Committee's effectiveness. The Departmental representative confirmed that it was content noting the good level of communication currently in place.
- 8.6 The Committee considered and agreed the outcome of the Committee Effectiveness evaluation.

9 Annual Equality Statement

- 9.1 The Governance Manager 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 the actions set out in the Equality Action Plan had been progressed during the period.
- 9.2 The Committee approved the Annual Equality Statement for the year ended 31 March 2023 for inclusion in the Annual Report and Accounts 2022/23.

The Governance Manager left the meeting.

10 Manager Performance Briefing Note – RLAM

- 10.1 The Deputy Secretary provided a report to the Committee which summarised the performance of the Absolute Return Government Bond portfolio for the year to 31 March 2023.
- 10.2 The Committee noted the Manager Briefing report.

The Committee took a short break. The RLAM representatives and the Investment Services Manager joined the meeting.

11 Presentation by RLAM

- 11.1 The Chairperson welcomed Gareth Hill and Peter Hensman to the meeting and invited them to present on the recent performance and future prospects for the portfolio.
- 11.2 Peter Hensman introduced both himself and Gareth Hill to the Committee and provided an overview of the business, team and strategy. Gareth provided a summary of the investment approach together with a review of fixed income markets over the last twelve months.
- 11.3 He gave an overview of the key contributors to performance, together with current portfolio positioning and outlook.
- 11.4 The Committee questioned RLAM on portfolio positioning, performance expectations, challenges, green bonds and ESG related engagement.
- 11.5 The Committee noted the presentation.

The RLAM representatives left the meeting.

12 Stewardship Report

- 12.1 The Investment Services Manager presented the annual Stewardship report, demonstrating how NILGOSC has applied the UK Stewardship Code's principles and supporting NILGOSC's renewal application to remain a signatory.
- 12.2 The Committee approved NILGOSC's Stewardship Report 2022 for submission to the FRC ahead of 31 May 2023.

The Investment Services Manager left the meeting.

13 Public Sector Pensions Report

- 13.1 The Secretary provided the Committee with an update on Public Sector Pensions.
- 13.2 The Secretary informed the Committee that amending Regulations to move the scheme revaluation date from 1 April to 6 April were made on 17 May 2023.
- 13.3 The Secretary drew the Committee's attention to the Department for Levelling Up, Housing and Communities response to the consultation on the McCloud remedy, noting that a further consultation was expected in the Spring.
- 13.4 He advised the Committee that the Government has announced a change to the SCAPE Discount Rate. As a result of this change, factor tables have been suspended until GAD produces updated tables, which in turn has resulted in a suspension of transfer value related calculations.
- 13.5 The Committee noted the update on Public Sector Pensions.

14 Secretary's Report and Seal Log

- 14.1 The Secretary presented his report to the Committee, outlining important operational issues that had arisen since the last meeting.
- 14.2 The Secretary notified the Committee that NILGOSC, as an Arm's Length Body, is a member of the Public Sector Chairs Forum. The forum has written to the Secretary of State regarding the setting of the Northern Ireland Budget.
- 14.3 The Secretary advised that NILGOSC officials met with representatives of CPD, DfC's Commercial Business Unit and DfC's sponsorship branch to identify potential improvements in the procurement arrangements with DfC and CPD. He advised that the only significant change was agreement that NILGOSC could now contact CPD directly. The Committee raised their frustration with current procurement issues faced by NILGOSC and were advised by the Department representative that the long awaited Partnership agreement should improve the current procurement methods and that this would be available for discussion in the near future.
- 14.4 The Committee were informed that the Pensions Increase (Review) Order 2023 was made on 30 March and confirmed that an increase of 10.1% would apply from 10 April 2023 for deferred members and pensioners who had been on pension or deferred for a full year.
- 14.5 The Secretary verbally outlined the key points of the Actuarial Valuation as at 31 March 2022.

- 14.6 The Secretary advised that NILGOSC's Corporate Plan 2023/24 – 2025/26 had been approved by the DfC Permanent Secretary.
- 14.7 The Committee queried the lack of progress with the pay remit which has been with the Department for five months. The Departmental representative advised that it was still with the Departmental Economist and would require their approval prior to submission to DOF.
- 14.8 The Committee noted the Secretary's Report and Seal Log.

15 Corporate Plan 2022/23 – Progress at 31 March 2023

- 15.1 The Deputy Secretary provided a report to the Committee detailing the performance in respect of the delivery of the Corporate Plan 2022/23 during the year ended 31 March 2023 and informed the Committee that 86 out of 99 actions had a green status which translated to an achievement rate of 86.9% for the year.
- 15.2 She highlighted to the Committee the key contributing factor to the deterioration in performance during the year ended 31 March 2023, was the ongoing recruitment and retention challenges.
- 15.3 The Committee noted the progress update on the Corporate Plan 2022/23 and acknowledged the hard work of staff despite ongoing staffing challenges.

The Head of Finance and the Legal Officer joined the meeting.

16 Budget 2022/23

- 16.1 The Head of Finance provided the Committee with a report to show the comparison of Actual Expenditure to Budget for the twelve months to 31 March 2023, highlighting any key variances.
- 16.2 The Committee noted the comparison of Actual Expenditure to Budget for the year ended 31 March 2023.

JJ Tohill, Alan Law and Antoinette McMillen left the meeting due to a conflict of interest.

17 Additional Legal Advice

- 17.1 The Secretary introduced the Legal Officer to those Committee members who weren't members of the IDRC.
- 17.2 The Legal Officer presented a report supporting an amendment to the 2023/24 Budget in respect of additional legal services.

- 17.3 The Committee approved the requested amendment to the 2023/24 budget for additional legal services, with a request for regular verbal updates, noting that the budget was a ceiling and costs should be minimised.

Joan McCaffrey and Michael Rafferty left the meeting, JJ Tohill re-joined the meeting.

18 Appointment of a Tax Advisor

- 18.1 The Head of Finance presented a report summarising the outcome of the tender exercise for the appointment of tax advisory services providers.
- 18.2 The Committee approved the appointment of Deloitte for the provision of Tax Advisory Services for NILGOSC's Investment Portfolio for a period of 48 months, subject to the satisfactory agreement of terms and conditions.
- 18.3 The Committee approved the appointment both Deloitte as primary contractor and PwC secondary contractor to the Tax Reviews in Respect of New Investment Opportunities Framework for a period of 48 months, subject to the satisfactory agreement of terms and conditions.

Joan McCaffrey re-joined the meeting.

19 Purchasing Policy

- 19.1 The Head of Finance presented the revised Purchasing Policy and summarised the proposed changes.
- 19.2 The Committee approved the revised Purchasing Policy.

20 Year End Write-Offs

- 20.1 The Head of Finance presented a paper seeking approval to write off irrecoverable debt in the accounting period 2022/23.
- 20.2 The Head of Finance detailed the cases of irrecoverable debts to be written off, which amounted to £669,7562.82 and related to UK property investment activity.
- 20.3 The Committee approved the write off of £669,756.82 in 2022/23.

21 Any other Business

- 21.1 The Secretary provided an update on expected return to meetings at Templeton House in the Autumn.

- 21.2 The Committee revisited its previous decision to have Investment Managers attend meetings in-person and virtual on an alternate year basis. The Committee agreed its preference for in-person attendance where possible.
- 21.3 The Committee agreed that Joan McCaffrey would continue in the role of acting Chair for the June meeting should anticipated reappointments remain outstanding. Heather McKinstry submitted her apologies for the next meeting and asked to attend virtually if possible.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date