

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 12 June 2023 at 10:15am.

Members Present

Joan McCaffrey (Chair of the Meeting), Ken Clayton, Alan Law, Derek McCallan, Shane McCurdy, Heather McKinstry (Via MS Teams), Antoinette McMillen (Via MS Teams), Peter Moore, Michael Rafferty (via MS Teams), and J J Tohill.

Observers

Lindsay Todd, Mark McBride

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Helen McEvoy (Acting Head of Investment Services)
Caoimhe Fitzpatrick (Governance Manager)
Emma Lynch (Department for Communities)
Sophie Simmonds (La Salle)
John Longworth (La Salle)
Tom Rose (La Salle)
Ryan Daily (La Salle)
Louis-Paul Hill (Aon)

Apologies

None

1 Declaration of Member Interests

- 1.1 Antoinette McMillen declared an interest in several items relating to the NIPSA 'injury to feelings' case at paragraph 3.6.3 of agenda item 5.3, and the correlating references in the appendices of this item. An interest was declared for references to the same issue within item 5.5, paragraph 6 of item 5.6 and paragraph 4.8 of the Secretary's report. The Secretary confirmed that an update on the NIPSA 'injury to feelings' cases will take place at the end of the meeting. A similar conflict of interest was noted for Alan Law and JJ Tohill.
- 1.2 The Chair of the meeting advised that should the Committee wish to discuss the issue in further detail, those members with an interest should withdraw.

2 Chairperson's Business and Apologies

- 2.1 It was noted that Paul Francey was not in attendance.
- 2.2 The Chair of the meeting invited Lindsay Todd to provide an update. Lindsay Todd confirmed that both himself and Mark McBride had not been reappointed. The Secretary reported to the Committee that the Northern Ireland Office (NIO) had indicated that the legislation required in order to make the reappointments was expected by the end of June 2023, at which point it would be over to the Secretary of State to make the appointments.
- 2.3 The Committee agreed that Lindsay Todd, following his recent one-to-one appraisal meetings with members, would circulate proposals in relation to the planned rotation of Sub-Committee attendees to the Secretary and suggested that the Audit and Risk Assurance Committee (ARAC) would retain its current composition until the approval of the Annual Report and Accounts in August.

3 Minutes of the previous meeting on 22 May 2023

- 3.1 The minutes of the meeting held on 22 May 2023, having been circulated, were agreed save for an amendment at 8.4. This amendment replaced 'the Chair' with 'Lindsay Todd' and 'once reappointed' was also added to reflect the current situation.

4 Matters Arising

- 4.1 There were no matters arising.

5 Audit and Risk Assurance Committee

5.1 Report of Meeting held on 30 May 2023

- 5.1.1 The Committee noted the verbal report, presented by Mark McBride, of the meeting held on 30 May 2023.

5.2 2022/23 Risk Register Review for the Quarter Ended 31 March 2023

- 5.2.1 The Governance Manager presented the review of the risk register for the quarter ended 31 March 2023.
- 5.2.2 The Committee noted the review of the Risk Register.

5.3 Annual Review of the Risk Register 2023/24

- 5.3.1 The Governance Manager presented the Annual Review of the Risk Register.
- 5.3.2 The Committee approved the Risk Register for the period 2023/24.

5.4 Annual Report of the Audit and Risk Assurance Committee

5.4.1 The Chair of the Audit and Risk Assurance Committee presented the annual report of the ARAC for 2022/23.

5.4.2 The Committee noted the report.

5.5 Departmental Assurance Report

5.5.1 The Secretary presented the Departmental Assurance Statement for the six months ended 31 March 2023.

5.5.2 The Secretary highlighted a couple of updates since the Statement was originally completed and submitted to DfC on 23 May 2023.

5.5.3 The Secretary also highlighted that the wording in the Statement of the Chair was amended to reflect the current position whereby NILGOSC is without a Chair. The Committee expressed its continuing dissatisfaction regarding the lack of a Chair. The Committee agreed to further remove the statement 'my responsibilities as set out in the Management Statement and Financial Memorandum (MSFM) are fully understood and discharged by me', given that the Chair of the meeting and signatory of the document does not have these responsibilities. Committee member Alan Law disagreed with the submission of the Statement of Assurance to the Department for the requisite period, given the absence of a Chair of the Management Committee and suggested seeking the Department's advice on the matter.

5.5.4 The Committee noted the completed Departmental Assurance Statement for the six-month period ended 31 March 2023.

5.6 Draft Governance Statement as at 31 March 2023

5.6.1 The Secretary presented the Accounting Officer's Governance Statement for the financial year ended 31 March 2023.

5.6.2 The Committee agreed to endorse the Accounting Officer's Governance Statement for the financial year ended 31 March 2023.

The Committee had a short break. The Acting Head of Investment Services and Louis-Paul Hill joined the meeting.

6 Manager Performance Briefing Note – LaSalle

6.1 The Deputy Secretary provided a report to the Committee which summarised both the core property and index-linked property portfolios for the year to 31 March 2023.

6.2 The Committee noted the Manager Briefing report.

The LaSalle representatives joined the meeting.

7 Presentation by LaSalle

- 7.1 The Chair welcomed Sophie Simmonds, John Longworth, Tom Rose and Ryan Daily to the meeting and invited them to present their reports.
- 7.2 Tom Rose provided an overview of the UK property market and Sophie Simmonds presented her review of the index linked property mandate. Each of the LaSalle representatives participated in the presentation, including portfolio performance, statistics, and activity during the year to 31 March 2023, and their strategy going forward. LaSalle acknowledged that the UK property market had been challenged over the last twelve months.
- 7.3 Ryan Daily highlighted the impact of inflation and the Bank of England's monetary policy. Sophie Simmonds concluded the presentation outlining her future expectations for the portfolio, assuming a moderate inflation scenario but noting the impact of interest rates on the real return.
- 7.4 Sophie Simmonds presented her review of the core property mandate, advising on the highest factors impacting on performance, such as increased vacancy and declines in capital values in the industrial sector. She also highlighted the risk profile of the portfolio, emphasising that its structure was favourable for the long-term.
- 7.5 Ryan Daily presented on sector total return forecasts and John Longworth detailed steps taken to improve the return prospects of the portfolio.
- 7.6 The Committee raised several questions relating to industrial sector weightings, energy data collection programme, the approach to new opportunities in the Index-Linked portfolio, the recent sale of properties and current tenant profiles.
- 7.7 The Chair thanked LaSalle for their reports, and the Committee noted the presentation.

The LaSalle representatives left the meeting.

8 Investment Monitoring Scorecard

- 8.1 The Deputy Secretary presented the outcome of the investment manager review for the quarter ended 31 March 2023.
- 8.2 She informed the Committee that all mandates had been awarded an overall green rating.
- 8.3 The Committee agreed the Investment Monitoring Scorecard for the quarter ended 31 March 2023.

- 8.4 The Committee agreed to remove T Rowe Price from the Watchlist with effect from 31 March 2023.

9 Presentation by Aon

- 9.1 The Chair invited Louis-Paul Hill to present Aon's quarterly investment report to the Committee.
- 9.2 Louis-Paul provided an overview of the fund's total performance for the quarter ended 31 March 2023 noting that the fund had outperformed its target over the quarter. He provided an update on the current funding position now that the 2022 triennial valuation had concluded.
- 9.3 Louis-Paul advised that inflation was still high, however the markets were stronger and fund assets had increased during the last quarter. Louis-Paul provided an overview of the current asset allocation noting that rebalancing would be required at some point to bring various asset classes in line with their target allocation.
- 9.4 The Committee noted the report.

Louis-Paul Hill left the meeting.

10 Public Sector Pensions Update

- 10.1 The Committee noted the Secretary's Public Sector Pensions Update.

11 Secretary's Report and Seal Log

- 11.1 The Secretary presented his report to the Committee outlining important operational issues that had arisen since the last Committee Meeting. He confirmed that the pay remit had been approved by the DfC Permanent Secretary and that it had been forwarded to DoF.
- 11.2 The Secretary informed the Committee that annual newsletters had been issued to members.
- 11.3 The Committee noted the Secretary's Report and Seal Log.

12 Any Other Business

- 12.1 Lindsay Todd queried the current status of the Partnership Agreement with the departmental representative, who confirmed that the current draft was with the DfC Litigation Branch. Lindsay Todd expressed the Committee's frustration with the ongoing delays and lack of progress and requested an indicative timeframe from the Department. The departmental representative advised that no progress was possible until further internal

advice was provided and noted that this was unlikely in the immediate future due to other priorities. It was agreed that the matter would be raised at the next meeting between NILGOSC and DfC, scheduled for September 2023.

Heather McKinstry, Antoinette McMillen, JJ Tohill, Alan Law and Emma Lynch left the meeting.

12.2 The Secretary updated the Committee in relation to the NIPSA 'Injury to Feelings' cases.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date