

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 29 August 2023 at 10.15am.

Members Present

Joan McCaffrey (Chair of the meeting), Ken Clayton, Paul Francey, Alan Law (Via MS Teams), Derek McCallan, Shane McCurdy (Via MS Teams), Heather McKinstry, Antoinette McMillen, Peter Moore, Michael Rafferty, 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)
Catherine Whyte (Corporate Support Officer)
Emma Lynch (Department for Communities)
Moritz Valeriano (CBRE) (Via MS Teams)
Steven Storrs (CBRE) (Via MS Teams)

1 Declaration of Member Interests

- 1.1 Antoinette McMillen declared an interest in several items related to the NIPSA 'injury to feelings' case. A similar conflict was noted for Alan Law and J J Tohill.

2 Chairperson's Business and Apologies

- 2.1 It was noted that Emma Lynch was attending the meeting in place of Anthony Carleton as Departmental Representative.
- 2.2 Heather McKinstry and Derek McCallan advised they would need to leave the meeting early.
- 2.3 The Secretary informed the Chair of the meeting that Kenneth Clayton and Alan Law would be late in joining the meeting. In response to a question the Committee agreed that it was content that Lindsay Todd and Mark McBride attended meetings in an observer capacity until such times as they were reappointed as members.
- 2.4 The Chair of the meeting invited Lindsay Todd to provide an update. Lindsay Todd informed the Committee that there remained no update

from the Department for Communities in relation to his and Mark McBride's reappointment. The Departmental representative informed the Committee that despite recent legislation being passed to permit the Secretary of State to sign off on the reappointment, this had not taken place. She informed the Committee that the matter was back with the Permanent Secretary, and it was unclear whether he would be content to sign off on the reappointments.

- 2.5 Lindsay Todd expressed his frustrations and disappointment with the situation and the lack of communication regarding the move from Secretary of State to Permanent Secretary. He requested that the Department write to NILGOSC, clearly detailing the current position.

Kenneth Clayton joined the meeting.

3 Minutes of the previous meeting on 12 June 2023

- 3.1 The minutes of the meeting held on 12 June 2023, having been circulated, were agreed.

4 Matters Arising

- 4.1 At the previous meeting Alan Law had requested confirmation from the Department that it was content with the Meeting Chair signing the Departmental Assurance Statement on behalf of the Committee, in the absence of a Chairperson. The Secretary advised the Committee that the Department had confirmed that it was content.

5 Audit and Risk Assurance Committee

5.1 Report of Meeting held on 8 August 2023

- 5.1.1 The Committee noted the verbal report, presented by the ARAC Chair, of the meeting held on 8 August 2023.
- 5.1.2 The Chair of the ARAC observed his thanks to Joan McCaffrey for her membership on the ARAC which has now ended.

5.2 2023/24 Risk Register Review for the Quarter Ended 30 June 2023

- 5.2.1 The Governance Manager presented the review of the risk register for the quarter ended 30 June 2023 including a change to risk C8.
- 5.2.2 The Committee noted the review of the Risk Register and approved the proposed change to risk C8.

5.3 Report to those Charged with Governance and Annual Report and Accounts 2022/23

- 5.3.1 The Chair of the ARAC presented the RTTCWG and Annual Report and Accounts.

- 5.3.2 The Committee noted key results, including the decrease in net assets to £9.53bn at 31 March 2023.
- 5.3.3 The Committee acknowledged the high standard and volume of work that went into the preparation of the Annual Report and Accounts. The Committee thanked the Finance Team and staff involved.
- 5.3.4 One member queried the wording in the Letter of Representation and the Secretary confirmed that this was provided by the NIAO.
- 5.3.5 The Committee noted the three recommendations in the RTTCWG had been carried forward from prior years. The Chair of ARAC confirmed that ARAC was content with the management responses, specifically the response to the recommendation relating to related parties.
- 5.3.6 The Committee noted the Report to those Charged with Governance and approved the Annual Report and Accounts 2022/23.

Alan Law joined the meeting. The Governance Manager left the meeting.

6 Internal Dispute Resolution Committee

- 6.1 The Chair of the IDRC gave an update on the work of the Internal Dispute Resolution Committee. He informed the Committee that three reviews were heard, and three decisions were made at the last IDRC Meeting.
- 6.2 The Committee noted the report.

7 Appointment of Members to Sub Committee

- 7.1 The Secretary presented a paper outlining future sub-committee membership preferences as collected by the Chair during the recent appraisal process.
- 7.2 In discussion about a potential conflict of interest, the Committee noted that this was the final year that KPMG, as subcontractors for the NIAO, would be undertaking the external audit. The Committee noted the specialist knowledge and skills required to audit NILGOSC effectively and sought assurance that the incumbent has the necessary capacity and technical expertise. The Secretary confirmed that he had responded to a notification from the NIAO of the change in firm, noting that the NIAO remained responsible for providing the audit opinion on NILGOSC's accounts.
- 7.3 The Committee agreed to a change of membership for the Audit and Risk Assurance Committee and the Staffing Committee. The Committee opted to add Joan McCaffrey and Ken Clayton to the Staffing Committee, and Alan Law and JJ Tohill to the ARAC.
- 7.4 The Committee sought nominations for a Chair of the Staffing Committee and agreed to appoint Joan McCaffrey to the position.

8 Committee Meeting Dates 2024

8.1 The Committee discussed the current arrangements for Committee meetings, including start times and frequency. Lindsay Todd requested that the Secretary bring an options paper to a future meeting on the timing and format of meetings especially in regards of how the Committee monitored fund managers.

8.2 The Committee agreed the meeting dates for 2024.

The Acting Head of Investment Services joined the meeting.

9 Manager Performance Briefing Note - CBRE

9.1 The Acting Head of Investment Services provided a report which summarised the CBRE Global Property Portfolio performance for the year to 30 June 2023.

9.2 The Committee noted the Manager Briefing Note.

The CBRE representatives joined the meeting via MS Teams.

10 Presentation by CBRE

10.1 The Chair welcomed CBRE and invited them to present their report on the performance of the global property portfolio over the last year and the strategy going forward.

10.2 The CBRE representatives apologised they could not attend the meeting in person due to their flight being cancelled.

10.3 Steven Storrs presented an overview of broader CBRE's investment management business, including AUM, strategies and new developments.

10.4 Moritz Valeriano gave an overview of mandate performance, current portfolio positioning, performance and sustainability.

10.5 The Committee raised a number of questions with CBRE on rising interest rates, inflation environment, performance drivers, overweight positions and the Net Zero Asset Managers initiative.

10.6 The Chair thanked CBRE for their presentation and the Committee noted the update.

The CBRE representatives left the meeting. Derek McCallan and Heather McKinstry left the meeting.

11 Alternative Investments Briefing Note

11.1 The Acting Head of Investment Services presented a paper providing an update on the alternative investments held within the Fund's portfolio,

which are not reported through the quarterly investment monitoring scorecard process.

11.2 The Committee noted the report summarising the Alternative Investments.

The Acting Head of Investment Services left the meeting, and the Governance Manager joined the meeting.

12 Disability Action Plan

12.1 The Governance Manager presented an updated Disability Action Plan following consultation responses. She advised that as per ECNI guidelines, the Statement of commitment should be signed on behalf of the Committee and by the Chief Executive.

12.2 The Committee noted the Disability Action Plan and, subject to a minor wording amendment, the Chair of the meeting agreed to sign the Statement of Commitment on behalf of the Committee.

The Governance Manager left the meeting.

13 Public Sector Pensions Update

13.1 The Secretary provided the Committee with an update on Public Sector Pensions, noting that the Department of Communities have now issued draft legislation on the McCloud remedy for a brief consultation and NILGOSC has submitted a response which is available on the NILGOSC website.

13.2 The Secretary informed the Committee of legislative activity in England and Wales, including plans to increase the level of pooling for the LGPS E&W and also to encourage investment in the UK as well as private equity. He advised that although this currently only effects England and Wales, the regulation amendments regarding the CMA order will eventually need to be made for the LGPS (NI).

13.3 The Secretary also advised the Committee that the Department of Levelling Up, Housing and Communities introduced the Economic Activity of Public Bodies Bill to Parliament which is designed to prevent LGPS funds from divesting from countries for moral or political reasons. He expressed his concerns that this could hinder NILGOSC's ESG and stewardship activity and advised that NILGOSC would continue to work with other groups to ensure this is not an unintended consequence of the Bill.

13.4 The Committee noted the Public Sector Pensions Update.

Alan Law left the meeting.

14 Secretary's Report and Seal Log

- 14.1 The Secretary presented his report outlining important operational issues that had arisen since the last Committee Meeting.
- 14.2 He notified the Committee that NILGOSC was nominated in 4 categories in this years' LAMP Investment awards.
- 14.3 The Secretary advised that NILGOSC has pledged support for a number of Responsible Investment initiatives.
- 14.4 The Committee noted the Secretary's Report and Seal Log.

Antoinette McMillen and Alan Law left the meeting.

JJ left the meeting during the following section before the conflicting item was heard.

15 Annual Report Supplement 2022/23

- 15.1 The Deputy Secretary presented a report which provided information supplementary to the annual report, including comparative LGPS data on administrative and investment performance and costs; administration performance standards; outreach activities and a summary of on-going legal actions and complaint handling.
- 15.2 The Committee noted the Annual Report Supplement 2022/23.

16 Management Statement and Financial Memorandum

- 16.1 The Departmental Representative advised that there had been no movement on the Partnership Agreement, which remained with the legislation branch within DfC. When asked about the pay remit, the Departmental Representative advised that queries had just been received from the Department of Finance and would be forwarded to NILGOSC in the coming days.
- 16.2 The Committee noted the Management Statement and Financial Memorandum that remains in force.

17 Any other business

- 17.1 The Committee noted the recent public sector data breach widely publicised in the media and sought assurance that NILGOSC had reviewed their internal processes following this. The Secretary confirmed that the procedures had been reviewed and advised that procedures required the use of an encrypted system for all member data.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date