

Northern Ireland Local Government Officers' Superannuation Committee

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

Members Present

Joan McCaffrey (Chair of the meeting), Ken Clayton, Paul Francey, Derek McCallan, Shane McCurdy, Antoinette McMillen, Peter Moore, Michael Rafferty, and J J Tohill.

Observers

Lindsay Todd, Mark McBride

Apologies

Alan Law, Heather McKinstry

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Maria Bowers (Head of Finance)
Denise McElrea (Head of Governance and HR)
Caoimhe Fitzpatrick (Governance Manager)
Helen McEvoy (Acting Head of Investment Services)
Annie McElhatton (Investment Services Manager)
Catherine Whyte (Corporate Support Officer)
Emma Lynch (Department for Communities)
Anna Dragesic (PIMCO)
Charlie Watford (PIMCO)
Rob English (PIMCO) Via MS Teams
Fiona Furlong (PIMCO) Via MS Teams

1 Declaration of Member Interests

- 1.1 The Secretary discussed the recent review of the Conflicts of Interest Policy following a DAO from the DfC.
- 1.2 NILGOSC officers and Lindsay Todd declared an interest in the NJC settlement paper.
- 1.3 J J Tohill declared a conflict in relation to the NIPSA Class action case, and advised the Committee of the steps he intended to take to resolve the conflict. It was agreed that he would leave the meeting when any pertinent matters were being discussed.

2 Chairperson's Business and Apologies

- 2.1 The Chair of the meeting invited Lindsay Todd to provide an update. Lindsay Todd informed the Committee of an upcoming independent review of NILGOSC, being undertaken by a consultant on behalf of DfC. He informed the Committee that the reviewer would be attending the December Committee meeting as an observer, noting that she had previously observed the ARAC meeting on 14 November 2023.
- 2.2 The Secretary provided the Committee attendees with a copy of the Terms of Reference for the review, noting that these were set by the Department.
- 2.3 The Departmental Representative was invited to provide some background on the reasons for the review and confirmed that the Department was happy for Lindsay Todd to meet with the independent reviewer, as the Chair of NILGOSC pending his formal reappointment.
- 2.4 Lindsay Todd expressed his frustration with the ongoing delay in his, and Mark McBride's, reappointments to the Committee, which have now been outstanding for 8 months. He sought and obtained confirmation from the Departmental Representative that DfC was content for both himself and Mark McBride to continue to act in an observer capacity. The Committee agreed that it was also content for both to continue to attend meetings in an observer capacity.

Antoinette McMillen joined the meeting and declared a Conflict of Interest with any NIPSA Class Action related matters. It was agreed that she would leave the meeting when any pertinent matters were being discussed.

3 Minutes of the previous meeting on 25 September 2023

- 3.1 The minutes of the meeting held on 25 September 2023, having been circulated, were agreed.

4 Matters Arising

- 4.1 There were no matters arising.

5 Audit and Risk Assurance Committee

5.1 Report of Meeting

- 5.1.1 The Chair of the ARAC presented a verbal report of the ARAC meeting held on 14 November 2023.
- 5.1.2 The Chair of the ARAC, thanked the Governance Manager for her work as Secretary of the ARAC, noting that was her last ARAC meeting.

5.2 Anti-Fraud Policy

5.2.1 The Governance Manager presented a paper noting the review of the Anti-Fraud Policy. She advised the review was completed in line with relevant guidance and best practice, namely Internal Fraud Risks – NIAO (2022).

5.2.2 The Management Committee approved the revised Anti-Fraud Policy.

5.3 Departmental Assurance Statement – 6 months Ended 30 September 2023

5.3.1 The Secretary presented the Departmental Assurance Statement for the period ending 30 September 2023. He advised an issue was highlighted in relation to Conflicts of Interest.

J J Tohill and Antoinette McMillen left the meeting.

5.3.2

[REDACTED]

J J Tohill and Antoinette McMillen rejoined the meeting.

5.3.3 The Committee noted the Assurance Report for the Department, and were content that Joan McCaffrey, as Chair of the meeting, signed this in the absence of a Committee Chair.

5.4 Raising Concerns Policy

5.4.1 The Governance Manager presented a paper noting the review of the Raising Concerns Policy. She advised the review was completed in line with the Department for Communities guidance.

5.4.2 The Management Committee approved the revised Raising Concerns Policy.

J J Tohill and Antoinette McMillen left the meeting.

5.5 2023/24 Risk Register Review – Quarter Ended 30 September 2023

5.5.1 The Governance Manager presented a report documenting the review of the risk register for the quarter ended 30 September 2023.

5.5.2 The Committee discussed the rationale of replacing risk 016 with a new risk 016 and the addition of risk 020.

5.5.3 The Committee approved the replacement of risk 016 and the addition of risk 020.

J J Tohill and Antoinette McMillen rejoined the meeting.

5.5.4 The Governance Manager presented the remaining changes proposed to the risk register including risk C3, I6 and F6.

5.5.5 The Committee noted the outcome of the risk register for the quarter ended 30 September 2023, and approved the proposed changes.

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

6 Manager Performance Briefing Note – PIMCO

- 6.1 The Investment Services Manager provided a report which gave an overview of the PIMCO Multi Asset Credit Portfolio performance for the year to 30 September 2023.
- 6.2 The Committee discussed the summary of holdings which had been identified as having ESG flags.
- 6.3 The Committee noted the Manager Performance Briefing Note.

The PIMCO representatives joined the meeting.

7 Presentation by PIMCO

- 7.1 The Chair of the meeting welcomed Anna Dragesic and Charlie Watford in person, and the others virtually, to the meeting. She invited them to present their report on the Multi Asset Credit Portfolio.
- 7.2 Anna Dragesic introduced the team, and provided an overview of the market, performance and portfolio characteristics. Charlie Watford provided an overview of positioning changes, economic outlook and strategy, yields and Environmental, Social and Governance (ESG) issues.
- 7.3 The Committee raised a number of questions with PIMCO on portfolio positioning, adjustments to the investment process, main performance drivers, Debt-to-equity restructures and ESG considerations.

Derek McCallan left the meeting.

- 7.4 The Chair of the meeting thanked PIMCO for their presentation and the Committee noted the update.

The PIMCO representatives left the meeting.

The Committee had a short break.

8 Performance Assessment of Investment Advisors

- 8.1 The Acting Head of Investment Services gave a report presenting the draft Scorecard for discussion and giving opportunity to consider the preliminary assessment of the performance of the Investment Advisors for the year ended 31 March 2023.
- 8.2 She informed the Committee that the assessments concluded that the service provided by Aon was satisfactory and the service provided by Lothian was very satisfactory, noting that the two services were not directly comparable.

- 8.3 The Committee reviewed and agreed the Balanced Scorecard assessments of the performance of NILGOSC's investment advisory services partners, Aon and LPFI, against agreed Strategic Objectives for the year ended 31 March 2023.
- 8.4 The Chair of the meeting certified the Compliance Statement for onwards submission to the Competitions and Markets Authority.

Paul Francey and Antoinette McMillen left the meeting.

9 Investment Costs Report for year ended 31 March 2023

- 9.1 The Investment Services Manager presented the Investment Costs Report, noting this year NILGOSC appointed CEM Benchmarking to conduct the analysis.
- 9.2 The Committee noted the Investment Costs Report for the year ended 31 March 2023.

10 Statement of Responsible Investment and Climate Risk Policy

- 10.1 The Acting Head of Investment Services presented the reviewed Statement of Responsible Investment and Climate Risk Policy.
- 10.2 She informed the Committee that the Statement of Responsible Investment and Climate Risk Policy were amended to reflect updates in the responsible investment activities and reporting currently undertaken by NILGOSC.

Michael Rafferty left the meeting.

- 10.3 The Committee was no longer quorate so was unable to approve the revised Statement of Responsible Investment and Climate Risk Policy. It was agreed this would be circulated for electronic approval via email, following the meeting. The Committee approved the revised policies by email on 28/11/23.

11 Secretary's Report and Seal Log

- 11.1 The Secretary presented his report outlining important operational issues that had arisen since the last Committee Meeting.
- 11.2 He informed the Committee that there had been no progress from DoF on the approval of the 2022/23 Pay Remit.
- 11.3 The Secretary updated the Committee that a complaint made against NILGOSC to the Pensions Ombudsman was not upheld, and there was no further action required from NILGOSC.
- 11.4 Lindsay Todd highlighted the Committee's dissatisfaction with the delay to the outstanding 2022/23 Pay Remit. He asked the Departmental

Representative to request the attendance of a Department of Finance spokesperson at the next Committee meeting to explain the reason for the delay in providing approval.

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

12 Progress of the Corporate Plan 2023/24

12.1 The Deputy Secretary presented a summary of performance in respect of the delivery of the Corporate Plan 2023/24 during the six months ended 30 September 2023.

12.2 She advised the Committee that at 30 September 2023, 7 actions had been achieved, 80 actions were on target, 5 operational actions had been given a caution flag and 6 were flagged as behind target or not achievable.

12.3 The Committee noted that at the halfway point in the corporate planning year, 89% of the Corporate Plan remained on target or to be achieved or substantially achieved by 31 March 2024.

12.4 The Committee noted the progress update on the Corporate Plan 2023/24.

13 Annual Budget 2023/24 – Expenditure to half year ended 30 September 2023

13.1 The Head of Finance provided the Committee with a report to show the comparison of Actual Expenditure to Budget for the six months to 30 September 2023, highlighting any key variances.

13.2 The Committee noted the comparison of Actual Expenditure to Budget for the six months ended 31 March 2023.

The NILGOSC officers and Lindsay Todd left the meeting.

14 Salaries Budget Addendum for NJC Settlement

14.1 The Head of Finance presented a paper seeking budgetary approval for the 2023/24 cost of living increase in excess of that approved by the Management Committee in February 2023.

14.2 The Head of Finance referenced a recent offer from the National Employers for Local Government Services (LGS), which had been agreed by the Trade Union side.

14.3 Due to the Committee not being quorate, the approval for the increase in salaries budget would be agreed via email following the meeting. The Committee approved the budget increase by email on 28/11/2023.

The NILGOSC officers and Lindsay Todd rejoined the meeting.

15 Any other business

15.1 Lindsay Todd asked the Departmental Representative on the progress of the Partnership Agreement. The representative informed the Committee that work on the Partnership Agreement had been postponed pending the outcome of the independent review.

15.2 The Secretary notified the Committee of some upcoming dates for 2024,
[REDACTED]
[REDACTED]
[REDACTED]

There being no further business, the meeting was closed.

Chairperson (Signature).

Date