

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at the Stormont Hotel on 25 March 2024 at 10.15am.

Members Present

Derek McCallan (Deputy Chair), Ken Clayton, Joan McCaffrey, Heather McKinstry, Antoinette McMillen, Peter Moore, Michael Rafferty and JJ Tohill.

Virtual attendees: Paul Francey, Shane McCurdy, Alan Law

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Denise McElrea (Head of Governance and HR)
Louise Hickland (Head of Investment Services)
Rebecca Boyd (Senior Responsible Investment Officer)
Catherine Whyte (Corporate Support Officer)
Emma Lynch (Department for Communities)
Gareth Roberts (Baillie Gifford)
Tim Garratt (Baillie Gifford)
Louis-Paul Hill (Aon)

1 Declaration of Member Interests

- 1.1 Antoinette McMillen declared an interest in matters relating to the NIPSA pay dispute, and Injury to Feelings cases, within the previous month's minutes and the Secretary's Report. It was agreed Antoinette would leave the room if these matters were discussed.
- 1.2 Alan Law joined the meeting virtually after item 4 and declared a similar interest in both the NIPSA pay dispute and Injury to feelings cases. It was agreed that he would leave the meeting if the matters were discussed.

2 Chairperson's Business and Apologies

- 2.1 The Deputy Chair advised that Alan Law, Paul Francey and Shane McCurdy would be attending the meeting remotely. He also advised that Ken Clayton and Alan Law may be delayed in attending the meeting. Apologies were noted from Anthony Carleton and Jenna Fisher.
- 2.2 The Deputy Chair advised of his recent attendance at the Public Sector Chairs' Forum conference and at the bi-annual meeting with the Department held on 8 March 2024.

- 2.3 The Deputy Chair also welcomed the recent news that reappointments had been made for eight Committee members who would reach the end of their first term of office on both 31 March 2024 and 30 September 2024. He also confirmed that the independent member had had their term of office extended until the upcoming public appointments exercise has concluded.
- 2.4 The Departmental Representative confirmed that the upcoming appointments exercise was included as part of the same submission recently approved by the Minister.

3 Minutes of the Previous Meeting held on 26 February 2024

- 3.1 The minutes of the meeting held on 26 February 2024, having been circulated, were agreed.

4 Matters Arising

- 4.1 The Secretary updated the Committee on the progress of the DfC External ALB Review conducted by Hazel Hobbs. He advised that the initial report should be received by the DfC Governance Department in the coming days and then would go through a series of subsequent accuracy reviews, to include NILGOSC, prior to submission to the Minister.

Alan Law joined the meeting and declared the conflicts of interest as recorded above.

5 Delegations of Authority and Sub-Committee Governance

- 5.1 The Secretary advised that this paper had been prepared in advance of the recent appointments and was designed to provide cover for the Management Committee to act should it ever have more vacancies than members, as this is expressly prohibited under the Regulations. He advised that it would be prudent for the Committee to review the existing Delegations of Authority to ensure that NILGOSC could continue to operate should a similar situation arise in the future.

Joan McCaffrey joined the meeting.

- 5.2 The Secretary advised of a further amendment required to the paper presented, to update the reference to TPR 'Code of Practice 14: Governance and Administration of Public Service Pension Schemes' to TPR 'General Code of Practice'.
- 5.3 The Committee queried whether a Deputy Chair could automatically fulfil all of the role of the Chair and the Secretary confirmed that he would take this point away for further consideration.

- 5.4 The Committee discussed the existing process to be undertaken when the Secretary is empowered to take urgent action on behalf of the Committee. They requested that the word 'consult' is replaced with 'agree'.
- 5.5 The Committee agreed to amend the Delegations of Authority to allow for urgent decisions to be made on occasions when the Committee cannot act due to vacancies.
- 5.6 The Committee agreed to amend the Terms of Reference of ARAC and Staffing Committee to allow the sub-committee members to appoint a meeting chair in the absence of a Chairperson.

The Head of Investment Services and the Senior Responsible Investment Officer joined the meeting.

6 Stewardship Code Report

- 6.1 The Senior Responsible Investment Officer 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.
- 6.2 The Committee approved NILGOSC's Stewardship Report for 2023 for submission to the FRC ahead of 31 May 2024.

The Senior Responsible Investment Officer left the meeting.

7 Investment Monitoring Guidelines

- 7.1 The Head of Investment Services presented a report to the Committee giving an overview of the proposed updates to the Investment Monitoring Guidelines which were last updated in February 2021. She highlighted that the changes were presentational in nature and conformed that no changes were proposed to the underlying methodology and approach.
- 7.2 The Committee agreed the proposed updates to the Investment Monitoring Guidelines.

8 Investment Monitoring Scorecard

- 8.1 The Head of Investment Services presented the Investment Monitoring Scorecard and Watchlist as at 31 December 2023.
- 8.2 The Committee agreed the overall ratings for the quarter ended 31 December 2023.
- 8.3 The Committee agreed to remove T Rowe Price from the Watchlist with effect from 31 December 2023, and to add William Blair to the Watchlist with effect from 31 December 2023.

- 8.4 The Committee discussed the various benchmarks in operation and agreed to consider this in further as part of the 2024 Investment Strategy Review.

9 Manager Performance Briefing Note – Baillie Gifford

- 9.1 The Head of Investment Services presented a summary of the performance of the equity portfolio managed by Baillie Gifford.
- 9.2 The Committee noted the report and agreed to use it as a basis for discussion with Baillie Gifford at the meeting.

The Committee had a short break.

The Aon and Baillie Gifford representatives joined the meeting.

10 Presentation by Baillie Gifford

- 10.1 The Deputy Chair welcomed the Aon and Baillie Gifford representatives to the meeting.
- 10.2 Gareth Roberts introduced himself and his colleague, Tim Garratt, explaining their roles as Client Service Director and Partner respectively. He provided an overview of the business and strategy.

Ken Clayton joined the meeting.

- 10.3 Gareth gave an overview of recent performance highlighting various key contributors.
- 10.4 Tim Garratt gave an update on portfolio composition and outlook.
- 10.5 The Committee questioned Baillie Gifford on changes within the portfolio management team, interest rate movements, Emerging Market exposure in China, stock specific holdings and ESG risks with Artificial Intelligence.
- 10.6 The Deputy Chair thanked Baillie Gifford for their presentation.

The Baillie Gifford representatives left the meeting.

11 Presentation by Aon

- 11.1 The Deputy Chair invited Louis-Paul Hill to present Aon's quarterly report on the performance of the Fund for the quarter ended 31 December 2023.
- 11.2 Louis-Paul Hill gave an overview of the performance of the fund for the quarter ended 31 December 2023, including an overview of the market backdrop. He also discussed NILGOSC's stable funding level noting that this presented an opportunity to further de-risk.
- 11.3 The Committee discussed the proposed approach to the 2024 Investment Strategy Review and Louis-Paul advised this would be a two-stage

process, with the June workshop focusing on the investment objective and risk appetite. Louis-Paul summarised some asset classes which may warrant consideration and advised that training would be provided at a future date.

- 11.4 The Committee noted the report and thanked Louis-Paul for his presentation.

The Aon representative left the meeting. Alan Law left the meeting.

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 informed the Committee that the new value equity manager, Harris Associates, was funded on 7 March 2024, in tandem with the rebalancing of other equity mandates.
- 12.3 The Secretary highlighted relevant announcements from the recent UK Budget statement.
- 12.4 The Secretary advised the Committee that he had discussed the outstanding 2022/23 pay remit with the Department for Communities on 8 March 2024 and advised that the contractual pay remit for 2024/25 had also been submitted to the Department for approval.
- 12.5 The Committee noted the Secretary's Report and Seal Log.

13 Pension Administration Strategy

- 13.1 The Secretary presented the updated Pension Administration Strategy to the Committee.
- 13.2 He advised that the strategy is essentially a Service Level Agreement with Scheme Employers which sets out expectations both for NILGOSC and the employers.
- 13.3 He advised this had been reviewed and subjected to a 10 week consultation, with feedback received taken into consideration in the final version.
- 13.4 The Committee noted the amended Pension Administration Strategy.

14 Any Other Business

- 14.1 Heather McKinstry queried why details hadn't been circulated for the PLSA Local Authority conference. The Secretary advised they would be circulated when the programme was published but confirmed he was happy for Committee members to book their travel arrangements.

14.2 The Secretary confirmed that meetings would be returning to Templeton House in May 2024. Joan McCaffrey submitted her apologies in advance for the May meeting.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date