

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at Templeton House on 22 May 2024 at 10.15am.

Members Present

Derek McCallan (Deputy Chair), Ken Clayton, Paul Francey, Shane McCurdy, Peter Moore, Michael Rafferty, and JJ Tohill.

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Maria Bowers (Head of Finance)
Denise McElrea (Head of Governance and HR)
Louise Hickland (Head of Investment Services)
Zena Kee (Head of Pensions Policy)
Jennifer Campbell (HR Manager)
Catherine Whyte (Corporate Support Officer)
Anthony Carleton (Department for Communities)
Paul Rayner (RLAM)
Peter Hensman (RLAM)

Apologies

Alan Law, Joan McCaffrey, Heather McKinstry, and Antoinette McMillen.

1 Declaration of Member Interests

1.1 There were no conflicts of interest declared.

2 Chairperson's Business and Apologies

2.1 The Deputy Chair advised of some upcoming events and Forums he would be attending.

2.2 Apologies were noted in advance of the meeting for Alan Law, Joan McCaffrey, Heather McKinstry and Antoinette McMillen.

2.3 Paul Francey advised he would need to leave the meeting early.

3 Minutes of the previous meeting held on 25 March 2024.

- 3.1 The minutes of the meeting held on 25 March 2024, having been circulated, were agreed. These minutes were signed by the Deputy Chair.

4 Matters Arising

- 4.1 The Secretary advised that he had an update in relation to item 5.3 of the previous month's minutes and that this would be addressed at item 7 of the agenda.

5 Staffing Committee

5.1 Report of Meeting held on 29 April 2024

- 5.1.1 The Committee noted the verbal report, presented by a member of the Staffing Committee, of the meeting held on 29 April 2024.

5.2 Annual Report of the Staffing Committee

- 5.2.1 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 2024.

- 5.2.2 The Management Committee noted the annual report of the Staffing Committee.

5.3 Redundancy Policy

- 5.3.1 The HR Manager presented the revised Redundancy Policy, which was reviewed and recommended by the Staffing Committee at their recent meeting on 29 April 2024.

- 5.3.2 The Committee queried whether NILGOSC had a Pay Protection Policy and the Secretary confirmed that there was currently no formal policy in place. It was agreed that if a material restructure or redundancy programme was required, the Committee would be involved in the process of determining a suitable pay protection policy for the particular circumstances.

- 5.3.3 The Committee approved the revised Redundancy Policy.

Anthony Carleton joined the meeting.

5.4 Establishment of Additional Post

- 5.4.1 The Deputy Secretary presented a paper outlining the requirements for an additional resource within the Investment team, advising there was no increase to the headcount in the team and that this position was a restructure of a vacant post which hadn't yet been filled.
- 5.4.2 The Deputy Secretary advised that the Staffing Committee had considered the rationale behind the proposal made by the Secretariat and were supportive of the establishment of the additional post. She also confirmed that no additional funding was required for the current financial year, but that Management Committee approval was required at this stage for future salary costs.
- 5.4.3 The Committee noted the endorsement of the Staffing Committee and approved the establishment of the post of Investment Manager and the future funding for associated salary costs.

The Head of Pensions Policy joined the meeting.

5.5 Staffing Committee Terms of Reference

- 5.5.1 The Human Resources Manager presented to the Committee the revised Staffing Committee Terms of Reference, which was reviewed and recommended by the Staffing Committee at their recent meeting on 29 April 2024.
- 5.5.2 The Human Resources Manager highlighted that the change made was to help clarify that the Staffing Committee are only responsible for matters relating to NILGOSC staff.
- 5.5.3 The Committee approved the revised Staffing Committee Terms of Reference.

5.6 Discretionary Policy for Former Scheme Employers

- 5.6.1 The Head of Pensions Policy presented the revised Policy Statement on the Exercise of Discretions relating to Former Employing Authorities.
- 5.6.2 The Head of Pensions Policy advised that the Staffing Committee had considered the revisions at its meeting on 29 April 2024 but that responsibility for approving the policy rests with the Management Committee. She confirmed that the minor amendments proposed were intended to clarify the existing process rather than reflect a change in underlying policy.
- 5.6.3 The Management Committee approved the revised Policy Statement on the Exercise of Discretions relating to Former Employing Authorities.

The Human Resources Manager left the meeting.

6 Admission of Lecale Trinity Grammar School

- 6.1 The Head of Pensions Policy presented a paper outlining an application by Lecale Trinity Grammar School to join the scheme.
- 6.2 The Head of Pensions Policy presented the background to the application and advised that the admission of the new school would be on an open basis, expected to be with effect from 1 September 2024, and was subject to various conditions.
- 6.3 The Committee agreed to approve the admission of Lecale Trinity Grammar School to the Scheme on an open basis, expected to be with effect from 1 September 2024, at the main employer group rate, subject to the following conditions: the Department of Education signs a formal Guarantee Agreement; a satisfactory risk assessment; completion of an admission agreement; completion of apportionment agreements and a due diligence exercise; all in a form satisfactory to NILGOSC.

The Head of Pensions Policy left the meeting.

7 Delegations of Authority

- 7.1 The Secretary presented an amendment to the Committee Delegations of Authority, which gives specific powers to the Deputy Chairperson when the role of the Chairperson is vacant.
- 7.2 The Secretary informed the Committee that the Department has taken legal advice and considers a previous change to the Delegations of Authority for situations when the Committee could not act, to be too wide. He informed the Committee that NILGOSC had responded to both the DfC Governance Team and Sponsorship Branch to advise that this created an intolerable risk for NILGOSC and that the Department need to take action to address this, potentially through legislative change.
- 7.3 The Departmental Representative stated that advertisements to replace the vacant post of Chairperson and Independent Committee member will be issued in June.
- 7.4 The Committee agree to amend the Delegations of Authority to allow the Deputy Chairperson to undertake the role of the Chairperson in circumstances where the position of Chairperson is vacant.

8 Committee Effectiveness Framework – Self Assessment

- 8.1 The Head of Governance and Human Resources presented a paper, summarising the outcome of the Committee effectiveness evaluation for 2023/24. 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 Head of Governance and Human Resources advised that the evaluation was overwhelmingly positive and provided assurance that the Committee was operating effectively. She also advised that as all members had completed the survey this year, the outstanding Internal Audit recommendation relating to previous years' less than 100% completion rates could now be closed off.
- 8.3 The Committee discussed the first area for improvement which was the gender imbalance of the Committee. They noted that this was ultimately a matter for the Department to address and the Departmental representative welcomed suggestions to try and improve the gender mix of the Board.
- 8.4 The Committee then discussed the second area for improvement which was the working relationship between NILGOSC and the sponsor department. It was noted that the results of the Department's Strategic Review of NILGOSC was imminent and this may include recommendations regarding the relationship.
- 8.5 The Committee considered and agreed the outcome of the Committee Effectiveness evaluation.

9 Annual Equality Statement

- 9.1 The Head of Governance and Human Resources 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 2024 for inclusion in the Annual Report and Accounts 2023/24.

10 Public Sector Pensions Report

- 10.1 The Secretary provided the Committee with an update on Public Sector Pensions.

- 10.2 The Secretary informed the Committee that the Department has completed the Cost Cap valuation of NILGOSC as at 31 March 2020 and found that there is no requirement for the Department to make changes to the scheme regulations.
- 10.3 The Secretary drew the Committee's attention to a recent Court of Appeal verdict, which found in favour of the Government's decision to include McCloud costs in HM Treasury's cost control process.
- 10.4 The Secretary advised the Committee that the Economic Activity of Public Bodies Bill was discussed for a second time in the House of Lords but to date none of the proposed amendments had been incorporated into the Bill. He also gave an update on the Pensions Dashboard timetable for public sector pension schemes.
- 10.5 The Committee noted the update on Public Sector Pensions.

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 meeting.
- 11.2 The Secretary notified the Committee that on 15 April 2024, the Minister wrote to NILGOSC confirming approval of the draft Corporate Plan 2024/25-2026/27.
- 11.3 The Secretary advised that on 17 April 2024, he and the Deputy Secretary met with the Deputy Secretary of Communities, Place and Local Government at DfC, accompanied by Anthony Carleton. He informed the Committee that at the meeting, Anthony Carleton had suggested that the Minister could appoint a temporary Chair of the Committee and the Secretary agreed this would be a positive step. Anthony Carleton confirmed he would follow this up and the Committee expressed their support for this proposal.
- 11.4 The Secretary updated the Committee on the timetable for the publication of the DfC review of NILGOSC, noting that specific dates had not been provided by the Department. He reported that he had conducted a fact checking review of the draft report and had returned it to DfC. He advised that the draft report may be available for the June Committee meeting and that Hazel Hobbs would attend the meeting to present her findings. The Secretary expressed his thanks to all the staff at NILGOSC for their cooperation during the review.
- 11.5 The Secretary updated the Committee that an Artificial Intelligence Usage Policy had been developed and issued to all staff.
- 11.6 The Secretary advised that the pay remit for contractual pay increments had been approved by the Department but that the approval was received

too late for inclusion in April salaries and had therefore be paid and backdated in May salaries.

- 11.7 The Secretary provided an update on the ongoing dispute with NIPSA on the two pay-point issue and advised that the trade union was intending to ballot members on industrial action.
- 11.8 The Secretary gave an update on McCloud rectification and the additional data now required from Scheme employers.
- 11.9 The Committee were updated on NILGOSC's new wellbeing programme.
- 11.10 The Committee noted the Secretary's Report and Seal Log.

The Head of Investment Services joined the meeting.

12 Manager Performance Briefing Note – RLAM

- 12.1 The Head of Investment Services provided a report to the Committee which summarised the performance of the Absolute Return Government Bond portfolio for the year to 31 March 2024.
- 12.2 The Committee noted the Manager Briefing report.

The Committee took a short break. The RLAM representatives joined the meeting.

13 Presentation by RLAM

- 13.1 The Chairperson welcomed Paul Rayner and Peter Hensman to the meeting and invited them to present on the recent performance and future prospects for the portfolio.
- 13.2 Peter Hensman introduced both himself and Paul Rayner to the Committee and provided an overview of the business and team developments.
- 13.3 Paul Rayner gave an overview of the strategy, bond markets and outlook, together with a detailed review of positioning, performance and attribution.
- 13.4 The Committee and the Secretary questioned RLAM on portfolio positioning, central bank rates, inflationary pressures, diversification, new opportunities and ESG.

Paul Francey left the meeting.

- 13.5 The Committee thanked Paul Rayner and Peter Hensman for their attendance and noted the presentation.

The RLAM representatives and the Head of Investment Services left the meeting.

14 Corporate Plan 2023/24 – Progress at 31 March 2024

- 14.1 The Deputy Secretary provided a report to the Committee detailing the performance in respect of the delivery of the Corporate Plan 2023/24. She informed the Committee that 85 out of 98 actions had a green status which translated to an achievement rate of 86.7% for the year.
- 14.2 She provided a summary for those actions with a red or yellow flag, highlighting that the key contributing factor remains the ongoing recruitment and retention challenges.
- 14.3 The Committee noted the progress update on the Corporate Plan 2023/24.
- 14.4 The Committee sought and obtained confirmation that staff are aware that the Management Committee was fully supportive of the pay proposal to adjust spinal scales by two pay points.

The Head of Finance joined the meeting.

15 Budget 2023/24

- 15.1 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 2024, highlighting any key variances.
- 15.2 The Committee noted the comparison of Actual Expenditure to Budget for the year ended 31 March 2024.

16 Any other Business

- 16.1 The Head of Finance advised that all Committee members had been provided with a copy of their attendance for the previous year which would be included in the Annual Report. She requested that members check this for accuracy and advise of any amendments required.
- 16.2 The Secretary sought approval to move the November meeting date by one day to Tuesday 26 November and the Committee agreed to this change.
- 16.3 The Committee was supportive of the Secretary's proposal for 2025 meetings to revert to Tuesdays instead of Mondays.
- 16.4 The Secretary advised that Lindsay Todd and Mark McBride had been invited to Templeton House after the August meeting for a short presentation.

The meeting was followed by a strategic planning workshop.

Chairperson (Signature).

Date