

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at Templeton House on 28 August 2024 at 10am.

Members Present

Derek McCallan (Interim Chair), Ken Clayton, Alan Law, Joan McCaffrey, Shane McCurdy, Heather McKinstry, Antoinette McMillen, 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)
Helen McEvoy (Investment Services Manager)
Andrew Clegg (Legal Officer)
Caitriona Roberts (Governance Manager)
Catherine Whyte (Corporate Support Officer)
Emma Lynch (Department for Communities)
Andrew Skeat (T.Rowe Price)
Arif Husain (T.Rowe Price)

Apologies

Anthony Carleton

Invited but did not attend

Paul Francey

1 Declaration of Member Interests

- 1.1 Antoinette McMillen declared an interest in several items related to the NIPSA employment tribunal claims, the internal dispute lodged by NIPSA and various other legal actions involving NIPSA that relate to McCloud, noting several items were redacted from her copy of Committee papers. The same conflicts were declared by Alan Law.

2 Chairperson's Business and Apologies

- 2.1 It was noted that apologies were received in advance of the meeting from Anthony Carleton and that Emma Lynch was attending the meeting in his place as Departmental Representative.
- 2.2 It was noted that Paul Francey was not in attendance and that apologies had not been received from him.
- 2.3 Heather McKinstry advised she would need to leave the meeting at 12pm.
- 2.4 The Interim Chair advised that nine Committee appraisals had been completed with one outstanding. He also advised he was awaiting his appraisal from DfC.
- 2.5 The Interim Chair advised that the meeting would be followed by a presentation to Lindsay Todd for his time served as Committee member and Committee Chair. It was also noted that Mark McBride was due to attend but had sent his apologies.

3 Minutes of the previous meeting on 10 June 2024

- 3.1 The minutes of the meeting held on 10 June 2024, 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 held on 13 August 2024

- 5.1.1 The Chair of the ARAC gave a verbal report on the ARAC meeting held on 13 August 2024. He highlighted that the Internal Auditor had changed its name from ASM to SumerNI but that NILGOSC would still be serviced by the same team. He also informed the Committee that the NIAO were invited to the ARAC meeting to present their Report to those Charged with Governance but did not attend.
- 5.1.2 The Committee noted the verbal report, presented by the ARAC Chair, of the meeting held on 13 August 2024.

5.2 2024/25 Risk Register Review for the Quarter Ended 30 June 2024

- 5.2.1 The Governance Manager presented the review of the risk register for the quarter ended 30 June 2024 noting there had been no changes.
- 5.2.2 The Secretary advised that this agenda item contained information that some Committee members were conflicted in. Therefore, these members had received a redacted copy, and the rest of the Committee's copies

contained 'shaded' areas showing what had been redacted. He advised the Committee that those members with a declared conflict would need to leave the room if the redacted items required further discussion.

5.2.3 The Committee noted the review of the Risk Register.

5.3 Report to those Charged with Governance and Annual Report and Accounts 2023/24

5.3.1 The Chair of the ARAC presented the RTTCWG and Annual Report and Accounts, noting that ARAC was content with the audit and subsequent outcome.

5.3.2 The Committee noted key results, including the increase in net assets to £10.463bn at 31 March 2024.

5.3.3 The Committee noted the Report to those Charged with Governance and approved the Annual Report and Accounts 2023/24.

The Governance Manager and Head of Finance left the meeting.

6 Strategic Review 2024

6.1 The Deputy Secretary presented the revised strategic framework following the outcome of the strategic planning workshop held by the Committee on 22 May 2024. She advised the Committee that the revised framework would be subject to a stakeholder consultation exercise to inform the setting of the strategic direction for the 2025/26 Corporate Plan and beyond.

6.2 The Committee approved the revised Vision, Mission, Values, Strategic Aims and Objectives and agreed to subject these to a stakeholder consultation exercise.

7 Information Security Policy

7.1 The Secretary informed the Committee that this item had been added to the meeting's agenda following a request from Antoinette McMillen.

7.2 Antoinette McMillen raised her concerns with NILGOSC's requirement for Committee members to confirm compliance with the Information Security Policy, highlighting the areas where she felt this was not appropriate. The Secretary advised that the policy was written to cover both staff and Committee members and that it was designed to protect NILGOSC's information assets. Antoinette McMillen requested further clarity on the use of personal computers and devices by Committee members and requested that NILGOSC explore the use of secure, NILGOSC controlled devices for accessing meeting papers.

7.3 The Secretary confirmed he would circulate a note to clarify the queries raised, advising that the intention is to move to a paperless system. He advised that such action was included already in the corporate plan and

would be taken forward as part of the outworkings of the recent DfC Review of NILGOSC.

The Head of Investment Services joined the meeting.

8 Committee Meeting Dates 2025

- 8.1 The Deputy Secretary presented a paper outlining the proposed Committee meeting dates for 2025. She advised that following discussion at the May 2024 meeting, the meetings would move back to the original day of Tuesday from January.
- 8.2 Antoinette McMillen noted that she may have a diary conflict for the May date.
- 8.3 The Committee agreed the meeting dates for 2025.
- 8.4 The Secretary announced his intention to hold a training day in October, advising this training would cover Cyber Security, TPR Code and the Pensions Dashboard. He also advised there would be discussion around the recent DfC review recommendations including a review of the frequency of meetings. The Secretary advised that an email would be circulated following the meeting to agree a date for this training, which would be either 23 or 24 October.
- 8.5 The Secretary proposed that the training day would be an alternative to the LGC Conference as it would provide more relevant and focused training.
- 8.6 Members discussed conference attendance and their desire to attend the LGC Conference in Scotland at the end of October as well as the LGA Governance Conference held in January each year and the Committee training day planned for October. The Secretary advised that he would review the various external conference agendas to ensure both relevance and value for money before offering them to members.

9 Performance assessment of Investment Advisors

- 9.1 The Head of Investment Services presented the results of the Balanced Scorecard assessment of NILGOSC's investment advisory services partners Aon and LPFI, [REDACTED]
- 9.2 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 2024.
- 9.3 The Interim Chair certified the Compliance Statement for onward submission to the CMA by the due date of 7 January 2025.

10 Appointment of Investment Advisor

- 10.1 [REDACTED]
- 10.2 [REDACTED]
- 10.3 The Committee approved the termination of the Investment Advisor contract with Aon Investment Ltd.
- 10.4 The Committee agreed to undertake an exercise to appoint a replacement Investment Advisor.
- 10.5 The Committee agreed to pause the investment strategy review until a replacement Investment Advisor has been appointed.

The Committee had a short break.

11 William Blair Retention Review

- 11.1 The Head of Investment Services presented a paper reporting the outcome of the retention review undertaken by the Investment team and Aon, in respect of the William Blair Emerging Market Leaders (EML) Mandate, which was to terminate the William Blair EML mandate.
- 11.2 The Head of Investment Services advised that the Investment team had considered the outcome of the review and agreed with Aon's recommendation. [REDACTED]
- 11.3 The Committee noted the outcome of the retention review undertaken by Aon in respect of the William Blair Emerging Market Leaders Equity mandate.
- 11.4 The Committee approved the termination of the William Blair Emerging Market Leaders Equity Mandate.
- 11.5 The Committee agreed that an alternative active emerging market equity manager is sought, but that this is put on hold until a new Investment Advisor is appointed.
- 11.6 The Committee agreed that the assets from the William Blair mandate should be transferred to passive emerging market equities with LGIM in the interim period.

12 Manager Performance Briefing Note – T. Rowe Price

- 12.1 The Head of Investment Services provided a report which summarised the performance of the Absolute Return Bond portfolio managed by T. Rowe Price for the year to 30 June 2024.
- 12.2 The Committee noted the Manager Briefing Note.

The T. Rowe Price representatives and the Investment Services Manager joined the meeting. Heather McKinstry left the meeting.

13 Presentation by T. Rowe Price

- 13.1 The Interim Chair welcomed the representatives of T. Rowe Price and invited them to present their report on the performance of the dynamic global bond portfolio to 30 June 2024 and the strategy going forward.
- 13.2 Andrew Skeat introduced the team and invited Arif Husain to give an overview of T. Rowe Price's performance for the last 5 years.
- 13.3 Arif Husain acknowledged that performance was behind target and set out the reasons behind the underperformance. He provided a reminder of the strategy deployed and an overview of fixed income markets over the last year, together with expectations looking forward.
- 13.4 Arif Husain gave an overview of ESG integration, highlighting T. Rowe Price's proprietary assessment tools.
- 13.5 The Committee raised a number of questions with T. Rowe Price including areas of value in the bond market, portfolio positioning, market conditions, engagements at a corporate or sovereign issuer levels, changes required to improve performance and anticipated rate cuts.
- 13.6 The Interim Chair thanked T. Rowe Price for their presentation and the Committee noted the update.

The T. Rowe Price representatives left the meeting.

14 Alternative Investments Briefing Note

- 14.1 The Investment Services Manager 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.
- 14.2 The Committee raised several questions around the valuation of alternative assets and the industry approach to measuring performance. The Committee noted that as the allocation to alternatives was now a larger part of the total fund, consideration should be given to improving performance reporting at an overall asset class level.
- 14.3 The Committee noted the report summarising the Alternative Investments.

The Head of Investment Services and the Investment Services Manager left the meeting.

15 Public Sector Pensions Update

- 15.1 The Secretary provided the Committee with an update on Public Sector Pensions.
- 15.2 The Secretary advised that the Department of Communities and the Ministry of Housing, Communities and Local Government had consulted on amending regulations to remove the requirement for 23/24 annual benefit statement, to show the McCloud underpin. He noted that if the regulations were not in place by 31 August 2024, failure to include this information would be a reportable breach of the law.
- 15.3 The Committee noted the Public Sector Pensions Update.

16 Secretary's Report and Seal Log

- 16.1 The Secretary presented his report outlining important operational issues that had arisen since the last Committee Meeting.
- 16.2 The Secretary advised that the TPR's General Code of Practice came into effect in Northern Ireland on 5 July 2024, following an appointed day order.
- 16.3 The Secretary advised that NILGOSC had been shortlisted for the Governance award and the Investment Innovation award at this year's LAPF Investment awards.
- 16.4 The Secretary informed the Committee of the sad news that a member of staff with over 23 years of service and held in high esteem by colleagues had passed away. The Committee expressed their condolences to the family and the colleagues of the deceased.
- 16.5 The Committee noted the Secretary's Report and Seal Log.

17 Annual Report Supplement 2023/24

- 17.1 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.
- 17.2 The Committee noted the Annual Report Supplement 2023/24.

18 Management Statement and Financial Memorandum

- 18.1 The Secretary presented the Management Statement and Financial Memorandum for the information of Committee Members as is done annually, in line with the Management Statement.
- 18.2 The Departmental Representative advised that there had been no movement on the Partnership Agreement, and that there wouldn't be until the Minister had finalised the DfC Strategic review report.
- 18.3 The Departmental Representative also advised that this was her last meeting attending the NILGOSC Management Committee meeting as the DfC representative. The Committee thanked Emma Lynch and wished her well.
- 18.4 The Committee noted the Management Statement and Financial Memorandum.

Alan Law and Antoinette McMillen left the meeting due to a conflict with the next item on the agenda. The Legal Officer joined the meeting.

19 NIPSA Employment Tribunal cases

- 19.1 The Legal Officer provided a verbal update on current NIPSA tribunal cases together with any expenditure incurred to date.
- 19.2 The Legal Officer advised that the majority of cases had been handled in house and therefore external costs incurred to date were relatively low.
- 19.3 He drew the Committee's attention to a potential conflict of interest issue that the Legal Team were exploring as regards the appropriate course of action.
- 19.4 The Committee noted the verbal update and thanked the Legal Officer and his team for their efforts to date.

20 Any other business

- 20.1 The meeting was followed by a farewell presentation to Lindsay Todd. There being no further business, the meeting was closed.

Chairperson (Signature).

Date