

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at Templeton House on 10 June 2024 at 9.30am.

Members Present

Derek McCallan (Interim Chair), Ken Clayton, Paul Francey, Alan Law (Via MS Teams), Joan McCaffrey, Shane McCurdy, Heather McKinstry, Antoinette McMillen, Peter Moore and Michael Rafferty (via MS Teams).

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)
Catherine Whyte (Corporate Support Officer)
Sophie Simmonds (La Salle)
John Longworth (La Salle)
Robin James (La Salle)
Louis-Paul Hill (Aon)
Alex Martin (Aon)
Hazel Hobbs (Independent Reviewer)

Apologies

JJ Tohill, Anthony Carleton (DfC).

1 Declaration of Member Interests

- 1.1 The Secretary reminded the Committee that members from NIPSA would have an interest in the ongoing McCloud legal action being taken by NIPSA and the dispute with NILGOSC over the 2022/23 pay award.
- 1.2 Alan Law declared an interest in item 4.1 of the Secretary's report relating to the dispute.
- 1.3 The Interim Chair advised that should the Committee wish to discuss NIPSA related matters in further detail, members with an interest should withdraw from the meeting.

2 Chairperson's Business and Apologies

- 2.1 Apologies were noted for JJ Tohill and it was noted that Anthony Carleton was not in attendance.
- 2.2 The Interim Chair gave a summary of his recent attendance at the NI Public Sector ICT Conference.

3 Minutes of the previous meeting on 22 May 2024

- 3.1 The minutes of the meeting held on 22 May 2024, having been circulated, were agreed. These minutes were signed by the Interim Chair.

4 Matters Arising

- 4.1 There were no matters arising.

5 Audit and Risk Assurance Committee

5.1 Report of Meeting held on 21 May 2024

- 5.1.1 The Secretary confirmed that NIPSA staff received a redacted copy of the papers to ensure they did not receive any information pertaining to their conflicts of interest.
- 5.1.2 The Committee noted the verbal report, presented by Michael Rafferty, of the meeting held on 21 May 2024.

5.2 2023/24 Risk Register Review for the Quarter Ended 31 March 2024

- 5.2.1 The Head of Governance and HR presented the review of the risk register for the quarter ended 31 March 2024.
- 5.2.2 The Committee noted the review of the Risk Register.

5.3 Annual Review of the Risk Register 2024/25

- 5.3.1 The Head of Governance and HR presented the Annual Review of the Risk Register.

Antoinette McMillen and Shane McCurdy joined the meeting. Antoinette McMillen declared an interest in matters relating to both the NIPSA McCloud litigation and the dispute with NILGOSC over pay.

- 5.3.2 The Committee approved the Risk Register for the period 2024/25.

5.4 Annual Report of the Audit and Risk Assurance Committee

- 5.4.1 The Chair of the Audit and Risk Assurance Committee presented the annual report of the ARAC for 2023/24.

5.4.2 The Committee noted the report and endorsed it for inclusion in the Annual Report. The Interim Chair extended thanks to staff and ARAC members for their work during the year.

5.5 Departmental Assurance Report

5.5.1 The Secretary presented the Departmental Assurance Statement for the six months ended 31 March 2024.

5.5.2 The Secretary advised that overall assurance was provided but as with the previous period, an issue remains highlighted in relation to procurement. He also advised that a new strategic risk was identified during the reporting period, relating to a failure of The Department for Communities to appoint or reappoint the necessary number of members to the Management Committee on a timely basis, when vacancies arise.

5.5.3 The Committee noted the completed Departmental Assurance Statement for the six-month period ended 31 March 2024. The Interim Chair agreed to sign the Departmental Assurance Statement.

5.6 Draft Governance Statement as at 31 March 2024

5.6.1 The Secretary presented the Accounting Officer's Governance Statement for the financial year ended 31 March 2024, and gave a summary of the key points and updates.

5.6.2 The Committee agreed to endorse the Accounting Officer's Governance Statement for the financial year ended 31 March 2024.

The Head of Investment Services joined the meeting.

5.7 Appointment of Internal Audit Service Provider – Tender Process

5.7.1 The Head of Governance and HR presented a paper, outlining the proposed course of action for selecting and appointing NILGOSC's internal audit service provider. She highlighted that the current contract is not due to end until 1 April 2025, but that due to procurement constraints and delays with CPD, NILGOSC sought to undertake the tender exercise promptly.

5.7.2 The Head of Governance and HR advised that the estimated contract value reported in the paper had increased by £13k as a result of an inflationary adjustment.

5.7.3 The Committee agreed to delegate the tender evaluation and selection process to a panel consisting of the Secretary, Chair of the ARAC and the Head of Governance and HR.

5.7.4 The Committee also approved the tender evaluation process and selection criteria for the appointment of an internal audit provider.

5.8 Revised Risk Management Policy and Risk Evaluation Guidance

- 5.8.1 The Head of Governance and HR presented the revised Risk Management Policy and Risk Evaluation Guidance, advising they had been reviewed and updated in line with best practice guidance.
- 5.8.2 The Committee approved the revised Risk Management Policy and Risk Evaluation Guidance.

5.9 Revised Fraud and Corruption Response Plan

- 5.9.1 The Head of Governance and HR presented the revised Fraud and Corruption Response Plan, advising it had been reviewed and updated in line with best practice guidance.
- 5.9.2 The Committee approved the revised Fraud and Corruption Response Plan.

6 Manager Performance Briefing Note – LaSalle

- 6.1 The Head of Investment Services provided a report to the Committee which summarised the performance of both the core property and index-linked property portfolios for the year to 31 March 2024.
- 6.2 The Committee noted the Manager Briefing report.

The LaSalle and Aon representatives joined the meeting.

7 Presentation by LaSalle

- 7.1 The Interim Chair welcomed Sophie Simmonds, John Longworth and Robin James to the meeting and invited them to present their reports.
- 7.2 Sophie Simmonds provided an overview of the UK property market and presented a summary of the composition and performance of the Core property portfolio.
- 7.3 John Longworth presented a summary of asset management activity during the year, together with LaSalle's future plans for acquisitions and disposals.

Peter Moore joined the meeting.

- 7.4 Sophie Simmonds gave a summary of ESG activity across both portfolios including LaSalle's Net Zero Carbon programme.
- 7.5 Sophie Simmonds provided a summary on the composition and performance of the index linked portfolio, noting that this area of the market had been disproportionately impacted by high interest rates. John Longworth provided an update on asset management activity and planned future sales.
- 7.6 Robin James outlined his role as Head of Transactions for UK and Ireland and how this feeds into NILGOSC's portfolios. Robin provided a summary

of acquisitions during the last year together with future plans to reach target allocation.

Alan Law left the meeting.

- 7.7 The Committee raised several questions relating to RAAC risks, EPC ratings and ESG risks, key drivers relating to performance and potential risks associated with student housing.
- 7.8 The Interim Chair thanked LaSalle for their reports, and the Committee noted the presentation.

The LaSalle representatives left the meeting, and the Committee had a short break.

8 Investment Monitoring Scorecard

- 8.1 The Head of Investment Services presented the outcome of the investment manager review for the quarter ended 31 March 2024.
- 8.2 The Head of Investment Services informed the Committee that with two exceptions all mandates had been awarded an overall green rating. She advised that William Blair remained on the watchlist for a second quarter with their rating moving from amber to red, highlighting the reasons for the downgrade. She advised that, in accordance with the Investment Monitoring Guidelines, a formal retention review will now commence. The Head of Investment Services advised that Unigestion had been moved to an amber rating and outlined the reasons behind the change.
- 8.3 The Committee noted the overall ratings for the quarter ended 31 March 2024.
- 8.4 The Committee agreed that William Blair would remain on the watchlist pending further investigation and agreed to commence a formal retention review.
- 8.5 The Committee agreed to add Unigestion to the watchlist with effect from 31 March 2024, pending further investigation.

9 Presentation by Aon

- 9.1 The Chair invited Louis-Paul Hill and Alex Martin to present Aon's quarterly investment report to the Committee. Alex introduced himself to the Committee and provided a short career biography, explaining his role with the NILGOSC fund.
- 9.2 Louis-Paul provided a market overview together with the fund's total performance for the quarter ended 31 March 2024 and a summary of manager performance.
- 9.3 Louis-Paul discussed the ongoing impact of inflation and the effect upcoming global elections may have on the market.

9.4 The Committee noted the report.

Louis-Paul Hill and Alex Martin left the meeting. Apologies were received from Anthony Carleton.

10 Secretary's Report and Seal Log

10.1 The Secretary presented his report to the Committee outlining important operational issues that had arisen since the last Committee Meeting.

10.2 The Secretary confirmed that the Minister for Communities had approved a retrospective appointment of Derek McCallan as Interim Chair from 29 January 2024 on a temporary basis until an appointment exercise was undertaken.

10.3 The Secretary gave an update on the expected timetable for the committee member appointment exercise.

10.4 The Secretary informed the Committee that progress with the Economic Activity of Public Bodies Bill had stalled due to the announcement of a General Election and the proroguing of Parliament.

10.5 The Secretary informed the Committee that he, the Deputy Secretary and the Head of Pensions Policy had met with representatives of the Independent Review of the Roles and Responsibilities of Councillors in Northern Ireland.

10.6 The Secretary advised that following a NILGOSC NIPSA branch meeting, staff had voted in favour for a ballot for strike action regarding their dispute with NILGOSC over the 2022/23 pay remit process.

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

Hazel Hobbs joined the meeting.

11 DfC Review of NILGOSC

11.1 The Interim Chair invited Hazel Hobbs to present her review of NILGOSC, commissioned by The Department of Communities.

11.2 Hazel Hobbs presented her findings, highlighting key points and invited questions from the Management Committee and Officers.

11.3 Hazel Hobbs advised that the outcome of the review confirmed that NILGOSC is a well-run organisation and is accurately placed as an Arm's Length Body of the Department for Communities.

11.4 Hazel Hobbs advised that many of the recommendations raised during the review were relating to the relationship NILGOSC has with DfC.

11.5 The Committee posed some questions to Hazel Hobbs on the content of the report.

11.6 Hazel Hobbs commended the workforce at NILGOSC and acknowledged their knowledge, expertise and focus on customer service.

Hazel Hobbs left the meeting.

12 Any Other Business

12.1 The meeting was followed by an Investment Strategy Workshop.

There being no further business, the meeting was closed.

Chairperson (Signature).

Date