

Northern Ireland Local Government Officers' Superannuation Committee

Minutes of the meeting of the Management Committee held at Templeton House on 23 September 2024 at 10.15am.

Members Present

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

In Attendance

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Denise McElrea (Head of Governance and HR)
Louise Hickland (Head of Investment Services)
Helen McEvoy (Investment Services Manager)
Catherine Whyte (Corporate Support Officer)
Anthony Carleton (Department for Communities)
Colin Cartwright (Aon)
Kenneth Ettles (Aon)
Moritz Valeriano (CBRE)
Dhaved Neerpath (CBRE)

1 Declaration of Member Interests

- 1.1 Alan Law declared standing interests in the ongoing NIPSA legal action against NILGOSC and the NIPSA staff dispute, noting that he was not aware of any related matters included in the meeting papers.

2 Chairperson's Business and Apologies

- 2.1 The Interim Chair advised that he had completed all Committee appraisals and that he awaited his appraisal from the Department for Communities.
- 2.2 The Interim Chair informed the Committee that he and the Secretary had attended the recent ALB meeting held by the Department which focused on the recently released Programme for Government and resource deficits within the Department.

3 Minutes of the previous meeting on 28 August 2024

- 3.1 The minutes of the meeting held on 28 August 2024, having been circulated, were agreed.

4 Matters Arising

- 4.1 The Secretary advised that following the Committee's vote on preferred dates, the Committee training event would be held on 24 October. The Committee members confirmed that they were all able to attend on the 24 October.
- 4.2 The Secretary advised the Committee that the six monthly meeting with the Department due in September had been cancelled by DfC at short notice and had not yet been rearranged.

5 Staffing Committee

5.1 Report of the meeting on 28 August 2024

- 5.1.1 The Chair of the Staffing Committee gave a verbal report on the recent Staffing Committee on 28 August 2024, advising that this meeting was held to consider the establishment of a temporary post for succession planning.
- 5.1.2 The Committee noted the verbal report.

5.2 Establishment of Temporary Post for Succession Planning

- 5.2.1 The Deputy Secretary presented a paper outlining the requirement for an additional temporary resource to assist with effective succession planning, following the announcement of a planned retirement.
- 5.2.2 She advised that the Staffing Committee considered the rationale behind the proposal made by the secretariat and were supportive of the establishment of the additional post for succession planning.
- 5.2.3 The Deputy Secretary outlined the plan for handover, the intention to begin recruitment soon and the planned reorganisation of the pension teams.

Antoinette McMillen joined the meeting.

- 5.2.4 The Committee acknowledged the retiring member of staff's years of service and their depth of knowledge and experience, which was well regarded.
- 5.2.5 The Committee noted the endorsement of the Staffing Committee and approved the future funding for associated salary costs.

The Head of Investment Services joined the meeting.

6 Statement of Investment Principles

- 6.1 The Head of Investment Services presented a paper which set out the amendments to the Statement of Investment Principles (SIP) as a result of review.

6.2 She outlined the key changes, noting that all changes were minor and that, in line with the Regulations, advice had been sought from the Investment Advisor. NILGOSC's Investment Advisor had confirmed that they are content with the SIP.

6.3 The Committee approved the revised SIP.

Antoinette McMillen declared an interest in section 19.1 and 19.4 in the minutes of the previous month's meeting, relating to the NIPSA legal action against NILGOSC. Alan Law declared the same interest.

7 Appointment of Investment Advisor

7.1 The Head of Investment Services presented a paper setting out the proposed tender process for the appointment of a replacement Investment Advisor.

Anthony Carleton joined the meeting.

7.2 The Committee discussed the proposed criteria and weightings and noted the importance of team stability in the delivery of investment advisory services.

Helen McEvoy joined the meeting.

7.3 The Committee approved the selection criteria and the service specification for the provision of Investment Advisory Services.

7.4 The Committee agreed to select the provider of Investment Advisory Services by way of an Invitation to Participate in Further Competition to those on the National LGPS Framework for Investment Management Consultancy Services.

7.5 The Committee agreed to delegate the tender evaluation and selection process to a Selection Panel consisting of the Secretary, Deputy Secretary, Head of Investment Services and the Committee Chair.

8 Climate Related Disclosure Report

8.1 The Investment Services Manager presented the Climate Related Disclosures Report for the year ended 31 March 2024, in alignment with the recommendations of the Taskforce on Climate-related Financial Disclosures.

8.2 The Committee noted the Climate related Disclosures Report as at 31 March 2024.

The Investment Services Manager left the meeting.

9 Manager Performance Briefing Note – CBRE

- 9.1 The Head of Investment Services provided a report which summarised the CBRE Investment Management global property portfolio for the year to 30 June 2024.
- 9.2 The Committee discussed the pros and cons of having absolute return targets for performance measurement purposes.
- 9.3 The Committee noted the Manager Performance Briefing Note.

The Committee had a short break. The CBRE and Aon representatives joined the meeting.

10 Presentation by CBRE

- 10.1 The Interim Chair welcomed the representatives from CBRE and invited them to present their review report on the global property portfolio.
- 10.2 Moritz Valeriano gave an overview of the strategy, global property market performance and outlook, advising the portfolio is almost fully committed.
- 10.3 Moritz advised that 100% of the assessable portfolio holdings participated in GRESB 2023, noting that the overall score had improved from the previous year.
- 10.4 Dhaved Neerpath gave an overview of the mandate performance and composition, including plans for any reinvestment activity.
- 10.5 Dhaved explained the ‘Moody’s Climate Solutions Climate on Demand Tool’ for managed assets and how this provides a high-level indicator for specific risks.
- 10.6 The Committee raised a number of questions with CBRE on the demand for office space post-Covid, the secondary market, redemption queues, ESG initiatives and positive asset engagements within the portfolio.
- 10.7 The Interim Chair thanked CBRE for their presentation and the Committee noted the update.

The CBRE representatives left the meeting.

11 Presentation by Aon

- 11.1 The Interim Chair invited the Aon representatives to present Aon’s quarterly investment report to the Committee.
- 11.2 Colin Cartwright introduced himself and Kenneth Ettles and emphasised their commitment to service delivery for the remainder of the current contract and outlined their intention to resubmit a tender application in the upcoming tender exercise.

- 11.3 Kenneth Ettles provided an overview of the fund's performance for the quarter ended 30 June 2024 noting the fund had underperformed its CPI+3% target by 0.5%.
- 11.4 Kenneth gave an executive summary of market performance, current funding position, asset allocation, returns relative to benchmark, and individual manager performance. He confirmed that the ongoing review of the Unigestion strategy was scheduled to be completed by the end of September.

Heather McKinstry left the meeting.

- 11.5 The Committee thanked Aon and noted the presentation.

12 Investment Monitoring Scorecard

- 12.1 The Head of Investment Services presented the outcome of the Investment Manager review for the quarter ended 30 June 2024.
- 12.2 The Head of Investment Services informed the Committee that most mandates had been awarded an overall green rating.
- 12.3 She advised that as William Blair had a red rating and following the decision to terminate the mandate on 28 August, they would be removed from the watchlist once all assets have been withdrawn from the manager.
- 12.4 She also advised that Unigestion had an amber rating and would remain on the watchlist pending the outcome of the Investment Advisor's review of the strategy.
- 12.5 The Committee noted the overall ratings for the quarter ended 30 June 2024.
- 12.6 The Committee agreed that the William Blair mandate should remain on the Watchlist pending the transfer of assets.
- 12.7 The Committee agreed that the Unigestion mandate should remain on the Watchlist pending further review.

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

13 Public Sector Pensions Update

- 13.1 The Secretary provided the Committee with an update on Public Sector Pensions, noting that the Department of Communities and MHCLG had made their amending regulations to remove the requirement for 23/24 annual benefit statements to show the McCloud underpin.
- 13.2 The Secretary advised that the Westminster government had set out the terms of reference for the Pensions Review and issued its first call for evidence.

- 13.3 The Secretary advised that the Chancellor, Rachel Reeves had issued a press release urging UK pension Schemes to invest more in the UK economy and deliver better returns for savers, to align with the Canadian Model.
- 13.4 The Secretary advised that the NI Programme for Government included a section on 'Public Sector Transformation' and that if this resulted in redundancies this could cause an increase in workload for NILGOSC staff.
- 13.5 The Secretary also advised that the Budget would be released on 31 October and may detail changes to Pensions tax.
- 13.6 The Committee noted the Public Sector Pensions Update.

14 Secretary's Report and Seal Log

- 14.1 The Secretary presented his report outlining important operational issues that had arisen since the last Committee Meeting.
- 14.2 He notified the Committee that Heather McKinstry had been reappointed for a further 4-year term to 30 April 2029.
- 14.3 The Secretary advised that NIPSO had confirmed that NILGOSC's Complaints Handling Procedure is compliant with the procedural guidance.
- 14.4 The Secretary informed the Committee that Anthony Carleton would be retiring on 30 November 2024 and thanked him for his support over the years in his position as Departmental Representative to NILGOSC. He confirmed that the position would be taken over by Gerard Murray.
- 14.5 The Secretary advised the Committee that the Head of Investment Services and the Deputy Secretary had a call with Aon Partner, Colin Cartwright on 30 August, to advise that the Investment Advisory Services contract would be terminated from 31 March 2025. He also advised that William Blair were notified that their contract with NILGOSC was being terminated.
- 14.6 The Secretary advised the Committee that NILGOSC had issued 98% of member benefit statements ahead of the 31 August statutory deadline.

15 Any other business

- 15.1 The Secretary advised the Committee that this was likely to be Derek McCallan's last meeting as Interim Chair as the appointment of a new Chair was imminent.
- 15.2 He expressed thanks to Derek McCallan from the Management Committee and from NILGOSC Officers for his time as Interim Chair.

- 15.3 The Secretary also advised the Committee that this was Joan McCaffrey's last meeting following her initial appointment on 1 March 2016.
- 15.4 He expressed his thanks and gratitude to Joan for her time on the Management Committee, outlining her various roles on Sub Committees and as Meeting Chair during an extended period when there was no Chair in place. Joan thanked the Committee and staff for their support during her term of office and imparted her good wishes for the future.

There being no further business, the meeting was closed.

Chairperson (Signature)

Date