

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

Minutes of the meeting of the Management Committee held via videoconference on 26 May 2020 at 9.30am.

MEMBERS PRESENT: Lindsay Todd (Chairperson), David Jackson, Peter Caldwell, Mark McBride, Peter McMurray, Linda Neilan, Sharon McQuillan, Tom Irvine, Joan McCaffrey, Antoinette McMillen, JJ Tohill, Paul Francey, Michael Rafferty.

IN ATTENDANCE: David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Maria Bowers (Finance Manager)
Louise Hickland (Investment Services Manager)
Caoimhe Fitzpatrick (Governance Manager)
Catherine Whyte (Corporate Support Officer)
Lindsay Lorimer (Project Coordinator)
Robert Nicholson (RLAM)
Jonathan Platt (RLAM)
Paul Rayner (RLAM)
Tim Garrett (Baillie Gifford)
Gareth Roberts (Baillie Gifford)

1 DECLARATION OF MEMBERS' INTERESTS

1.1 No interests were declared.

2 CHAIRPERSON'S BUSINESS AND APOLOGIES

2.1 The Chairperson confirmed that the Department had redesignated the Committee as the Pension Board with effect from 1 April 2020.

2.2 The Chairperson noted that induction training had been provided for the four new members.

3 APPOINTMENT TO SUB-COMMITTEES

3.1 The Committee agreed that Antoinette McMillen and Michael Rafferty be appointed to the Audit and Risk Assurance Committee. The Committee also agreed that JJ Tohill and Paul Francey be appointed to the Staffing Committee.

4 MINUTES OF THE MEETING HELD ON 24 MARCH 2020

4.1 The minutes of the meeting held on 24 March 2020, having been circulated were agreed following a minor amendment. The minutes will be signed at the next suitable opportunity.

5 MATTERS ARISING

5.1 The Secretary confirmed that clarification on the query surrounding the employer costs associated with a new position in the IT team had been circulated to members after the previous meeting.

5.2 The Secretary advised that in relation to section 12.2 of the minutes, there had been no response from the Department.

5.3 Two members of the Committee were appointed to the selection panel for the investment advisor tender.

(Tom Irvine joined the meeting)

6 COMMITTEE EFFECTIVENESS FRAMEWORK – SELF ASSESSMENT

- 6.1 The Governance Manager presented the results of the Committee’s self-assessment of effectiveness for 2019/20. The Committee noted the results and agreed that the Committee was set up and operates effectively.
- 6.2 The Committee noted that their assessment of the relationship between NILGOSC and the Department for Communities remained an area of dissatisfaction. The Secretary noted that this would be picked up in future discussions in respect of the Partnership Agreement and under the bi-annual review process with Anthony Carleton. The Chairperson stated that he would discuss further with the Secretary.

7 ANNUAL EQUALITY STATEMENT

- 7.1 The Governance Manager presented the draft Annual Equality Statement for the year ended 31 March 2020 to the Committee for approval.
- 7.2 The Committee noted that the Commitment section of the Statement did not make explicit reference to transgender individuals. The Secretary confirmed that the language used in NILGOSC’s Statement and Equality Scheme reflected both the legislation and ECNI’s model Scheme. The Governance Manager agreed to seek advice from the Equality Commission on how transgender individuals are reflected in the language used.
- (The Governance Manager left the meeting, the Finance Manager and Investment Services Manager joined the meeting)*

8 STATEMENT OF RESPONSIBLE INVESTMENT

- 8.1 The Investment Services Manager presented a report on the Statement of Responsible Investment, detailing the amendments made.
- 8.2 The Committee requested that the name of the passive manager be removed from the statement to future proof the document.
- 8.3 The Committee requested that the Climate Risk Policy be circulated.

9 BUDGET 2020/21

- 9.1 The Finance Manager presented a paper seeking approval of a budget for 2020/21 Salaries cost of living increase in excess of that already approved in February 2020.
- 9.2 The Finance Manager advised that there had been a recent proposal to increase salaries in line with the cost of living rise agreed by NJC. This offer is expected to be between 2.5% and 5% and will need backdated to 1 April 2020. The Committee noted that approval was being sought in advance of final confirmation of the pay offer in order to expedite the approval process imposed by the Department of Finance.
- 9.3 The Committee noted the affordability of the request and approved the increase in the salaries expenditure of up to £90k to cover the cost of the NJC Cost of Living award for 2020/21.

10 PENSIONS ADMINISTRATION SYSTEM

- 10.1 The Deputy Secretary presented a business case for the provision of pension administration software following the expiry of the existing contract in December 2022.

- 10.2 The Deputy Secretary detailed the options available for tender and recommended that NILGOSC use the National LGPS Framework as the lowest risk, most efficient and cost effective procurement route.
- 10.3 The Committee noted that a response from the Department remained outstanding in respect of the request for clarification on procurement related matters, sent in February 2020. The Committee noted the business critical nature of the software system and the risk to NILGOSC should it not have such a system in place and agreed that an expediated, PCR compliant procurement was an appropriate course of action.
- 10.4 The Committee supported the recommendation to use the National LGPS Framework for Pension Administration Software and approved the business case.
- 10.5 The Committee requested that the matter be highlighted to the Department when the minutes of the meeting are circulated.

11 MANAGER BRIEFING NOTE – BAILLIE GIFFORD LTGG

- 11.1 The Investment Services Manager presented a summary of Baillie Gifford's LTGG portfolio performance for the year 31 March 2020.
- 11.2 The Committee noted the briefing note.

(Tim Garrett and Gareth Roberts joined the call)

12 PRESENTATION BY BAILLIE GIFFORD

- 12.1 The Chairperson welcomed Tim Garrett and Gareth Roberts from Baillie Gifford to the meeting and invited them to present on the recent performance and future prospects for the LTGG portfolio.
- 12.2 Tim Garrett gave an overview of their 17 year relationship with NILGOSC. He also gave an insight into Baillie Gifford management of the COVID-19 crisis, including positive news on how the research hub in Shanghai was now operating.
- 12.3 Gareth Roberts provided a summary of current portfolio thinking and positioning, and how the current situation with COVID-19 has and will influence decisions and purchases.
- 12.4 The Committee raised a number of questions in relation to individual investments, particularly recent investments, business resilience, ESG integration within the investment process and consideration of environmental risks. It was noted that NILGOSC's portfolio with Baillie Gifford does not invest in any fossil fuels.
- 12.5 The Committee noted the presentation and thanked Tim Garrett and Gareth Roberts for their attendance.

(Tim Garrett and Gareth Roberts left the call and the Committee had a short comfort break)

13 MANAGER BRIEFING NOTE – RLAM

- 13.1 The Investment Services Manager presented a briefing note detailing an overview of the RLAM Absolute Return Government Bond Portfolio performance to the year to 31 March 2020.
- 13.2 The Committee noted the report.

(Robert Nicholson, Jonathan Platt and Paul Rayner joined the meeting)

14 PRESENTATION BY RLAM

- 14.1 The Chairperson welcomed Robert Nicholson, Jonathan Platt and Paul Rayner from RLAM to the meeting and invited them to present on the Absolute Return Government Bond strategy.
- 14.2 Jonathan Platt gave an overview of the business, its management of the recent pandemic and a market review and outlook for global bond markets.
- 14.3 Paul Rayner gave a summary of how the portfolio has performed over the last 12 months together with current portfolio positioning and an outlook of how performance may look in the coming months.
- 14.4 The Committee discussed the issues raised through the 2019 AAF control reporting process and sought assurance that these would be addressed promptly. RLAM confirmed that it has reviewed those areas currently out of scope and confirmed that there have been no issues of concern for the NILGOSC portfolio. Given the annual review cycle for control reporting, it was noted that it will be the year ended September 2021 before all systems are included within the independent AAF Control report.
- 14.5 It was noted that NILGOSCs portfolio does not hold any investments in fossil fuels.
- 14.6 The Committee raised a number of questions in relation to performance, positioning and the impact of central bank intervention. The Committee noted the presentation and thanked RLAM for their presentation.

(Robert Nicholson, Jonathan Platt, Paul Rayner and the Investment Services Manager left the meeting)

15 ACTUARIAL VALUATION REPORT

- 15.1 The Secretary presented the Actuarial Valuation Report as at 31 March 2019 and summarised the key results.
- 15.2 The Committee noted that employer rates will be kept under review and may need to be increased if Covid-19 related market volatility has a material impact on the funding position.
- 15.3 The Committee Noted the Actuarial Valuation Report at 31 March 2019.

16 BUDGET 2019/20

- 16.1 The Finance Manager presented a paper showing the comparison of actual expenditure to budget for the year to 31 March 2020.
- 16.2 The Committee noted the comparison of actual expenditure to budget for the year to 31 March 2020.

(The Finance Manager left the meeting)

17 CORPORATE PLAN 2019/20 – PROGRESS AT 31 MARCH 2020

- 17.1 The Deputy Secretary provided a summary of performance in respect of the delivery of the Corporate Plan 2019/20 as at 31 March 2020, highlighting the achievement rate of 90%.
- 17.2 The Chairperson noted that it was disappointing that not all Committee members had achieved their CPD target for the year. It was agreed that details of training opportunities, including remote learning, would be circulated to members together with the tariff sheet for permitted training credits.
- 17.3 The Committee noted the progress made in implementing the business plan for 2019/20.

18 PUBLIC SECTOR PENSIONS REPORT

- 18.1 The Secretary presented his update on Public Sector Pensions.
- 18.2 The Secretary provided detail on the updated Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2020 and a recent press summary from the Supreme Court.
- 18.3 The Committee noted the Public Sector Pensions Report.

19 CORONAVIRUS

- 19.1 The Secretary presented a Report on the status of NILGOSC service provision.
- 19.2 The Committee noted the status report.
- 19.3 The Committee noted the importance of staff wellbeing and mental health at this time and requested that the relevant sub-committees could pick this up in due course.

20 SECRETARY'S REPORT AND SEAL LOG

- 20.1 The Secretary presented a report outlining important operational issues arising since the last meeting.
- 20.2 The Secretary informed the Committee of his correspondence with the Department regarding the Transfer of Responsibility for Processing Procurements (Over £5,000 and Under £30,000) from 1 April 2020.
- 20.3 The Committee were advised that the euro hedge on the passive portfolio had been increased in line with previously agreed triggers. The Secretary also advised the Committee that letters had been sent to deferred members relating to their communication preferences and annual benefit statements.
- 20.4 The Committee noted the Secretary's Report and Seal Log.

21 INVESTMENTS

- 21.1 The Committee noted the Summary of Invested Funds as at 30 April 2020.

22 MANAGEMENT STATEMENT AND FINANCIAL MEMORANDUM

- 22.1 The Secretary presented the Management Statement and Financial Memorandum confirming that no changes have been made to the documents since they were last tabled.
- 22.2 The Committee noted the Management Statement and Financial Memorandum.

23 ANY OTHER BUSINESS

- 23.1 The Chair queried the status of the funding of the Global property mandate and any impact on future performance. The Secretary confirmed that the mandate was discretionary in nature and that CBRE were responsible for any decision to pause or proceed with drawdown, noting that at present they were proceeding with caution.

24 DATE OF NEXT MEETING

- 24.1 The date of the next meeting is Tuesday, 23 June 2020 at 10.15am with arrangements to be circulated nearer the time.

There being no further business, the meeting was closed.

CHAIRPERSON

DATE