

Northern Ireland Local Government Officer's Superannuation Committee

Minutes of the meeting of the Management Committee held via teleconference on 23 February 2021 at 10.15 am.

Members Present:

Lindsay Todd (Chairperson), Ken Clayton, Paul Francey, Alan Law, Mark McBride, Joan McCaffrey, Shane McCurdy, Antoinette McMillen, Sharon McQuillan, Peter Moore, Linda Neilan, Michael Rafferty and JJ Tohill.

In Attendance:

David Murphy (Secretary)
Nicola Todd (Deputy Secretary)
Ciara Keenan (Head of Governance and Support Services)
Helen McEvoy (Investments Services Manager)
Patricia Managh (Legal Officer)
Maria Bowers (Finance Manager)
Joanne Ferris (Corporate Support Officer)
Chris Lyons (Legal & General)
David Barron (Legal & General)

Apologies:

Anthony Carleton (Department for Communities)

1. Declaration of Member's Interests

1.1. No declarations of interest were declared.

2. Chairperson's Business and Apologies

2.1. The Chair accepted the apologies from the Sponsoring Department sent via email.

2.2. The Chair drew the Committee's attention to the letter responding to the Minister at the Department for Communities (DfC) regarding NILGOSC's action to mitigate climate risk. The Committee noted the detailed response.

3. Minutes of the meeting held on 26 January 2021

- 3.1. The minutes of the meeting held on 26 January 2021, having been circulated, were agreed. The minutes will be signed at the next available opportunity.

4. Matters Arising

- 4.1. No matters arose for discussion.

(Ciara Keenan joined the meeting)

5. Audit and Risk Assurance Committee

5.1. Verbal Report on the Meeting

- 5.1.1. The Chair of the Audit and Risk Assurance Committee (ARAC) provided a verbal update of items covered at the ARAC meeting on 9 February 2021.
- 5.1.2. The Chair of ARAC reported that three internal audit reports were presented: Complaints, Whistleblowing and Freedom of Information, a follow up review on HR Management and a Staff Payroll and Committee Expenses report. He noted the satisfactory ratings.
- 5.1.3. A Committee Member raised a question about ongoing fraud investigations undertaken by the Education Authority with the Chair of the ARAC Committee, at which point Alan Law declared an interest and withdrew from the discussion.
- 5.1.4. The Chair of the ARAC replied to the Committee Member with information about the ongoing investigations into fraud. The Deputy Secretary provided an update on the current position.
- 5.1.5. The Management Committee noted the verbal report.

5.2. Review of the Risk Register

- 5.2.1. The Head of Governance and Support Services presented the review of the Risk Register for the quarter ended 31 December 2020.

- 5.2.2. All Statements of Assurance, having been reviewed by the SMT, were completed for the quarter ended 31 December 2020 and no new risk/ control issues were identified. The Management Committee noted the review of the Risk Register and agreed that no changes were required.

6. Corporate Plan 2021/22 - 2023/24

- 6.1. The Deputy Secretary presented the draft Corporate Plan 2021/22 – 2023/24 and detailed a summary of the proposed amendments to the rolling three-year Corporate Plan.
- 6.2. The Deputy Secretary brought the Committee's attention to the funding and administration implications of Cost Cap and McCloud, noting that additional resources will be required to aid the administration of the changes. She gave an update on proposed and existing projects with a focus on system developments. She also discussed the potential implications of the pandemic on employer contributions and regarding the forewarned public sector budget cuts.
- 6.3. The Committee questioned the Deputy Secretary on the next review of employer covenant and the link between employer financial strength and membership levels and the upcoming actuarial valuation in March 2022. Other questions fielded covered staffing levels and continued migration to electronic member communications. Both the Deputy Secretary and the Secretary responded to the questions and the Committee, having been assured, approved the proposed Corporate Plan.

(Maria Bowers joined the meeting)

7. Annual Budget

- 7.1. The Finance Manager presented the Annual Budget for the administration of the scheme for 2021/2022 totalling £5,227,000.
- 7.2. The Finance Manager justified the significant variance between the forecasted expenditure for 2020/21 and the actual spend, before highlighting the key elements of the upcoming budget and providing an overview of the key expenditure items.

7.3. The Committee noted provision for additional resources within the 2021/22 budget and queried the role of the Staffing Committee in reviewing new posts. It was noted that the existing Terms of Reference of the Staffing Committee focused on staffing strategy and therefore the posts had not been considered by the sub-committee. The Committee expressed its desire that any new permanent posts added to the budget be considered by the Staffing Committee. The Secretary undertook to amend the Terms of Reference for the Staffing Committee and bring to the next meeting for approval.

7.4. The Committee approved the Annual Budget for 2021/22, with the recruitment of the additional resources deferred pending consideration by the Staffing Committee and subsequent approval by the Management Committee.

(Shane McCurdy and Maria Bowers left the meeting)

(The Chair proposed a break from 11.40 – 11.50 and altered the agenda to suit the arrival of the Legal & General Representatives at noon)

8. Manager Briefing Note- Legal & General

8.1. The Investment Services Manager presented a summary of Legal and General's performance in the year to 31 December 2020.

8.2. The Committee noted the briefing and agreed questions to ask the representatives.

(Chris Lyons and David Barron joined the meeting)

9. Presentation by Legal & General

9.1. The Chair welcomed Chris Lyons and David Barron to the meeting and invited them to present on the recent performance and prospects for NILGOSC's portfolio with them which currently stands at c£3.7 billion.

9.2. Chris Lyons gave an overview on the mandate, strategy, and investment stewardship.

9.3. David Barron outlined LGIM's performance against the index across the range of

funds under management.

- 9.4. The Committee raised several questions in relation to assets under management in Exchange-Traded Fund products, the market demands for ESG themed products and index rebalancing. Further questions were raised on green gilts and RPI reform.
- 9.5. The Committee noted the presentation and thanked Chris and David for their presentation.

(Chris Lyons and David Barron left the meeting)

10. Review of Investment Monitoring Guidelines

- 10.1. The Investment Services Manager presented a report to the Committee proposing updates to the Investment Monitoring Guidelines which were last updated in June 2017. She explained those updates in detail and responded to one question of clarity from the Chair.
- 10.2. The Committee approved the revised Investment Monitoring Guidelines.

11. Secretary's Report and Seal Log

- 11.1. The Secretary presented his report outlining important operational matters arising since the last meeting.
- 11.2. He advised the Committee that The Pension Regulator's (TPR) annual Governance and Administration Survey had recently been submitted and presented a copy thereof.
- 11.3. The Secretary took questions about the rebalancing of the investment portfolio in line with the strategic allocation.
- 11.4. The Chair noted the update on Prudential's service delivery and requested that the matter be kept under close review.
- 11.5. The Committee noted the Secretary's Report and Seal Log.

(Patricia Managh joined the meeting)

12. Investments

12.1. The Committee noted the Summary of Invested Funds as at 31 January 2021.

13. Stage II Member [REDACTED]

13.1. The Legal Officer presented an application from a member for a review of the decision taken by the Secretary at Stage I regarding the transfer of benefits.

13.2. The Committee discussed the application, referencing the evidence provided in advance of the meeting and the paper presented by the Legal Officer.

13.3. The Committee wished their sympathy to be noted but agreed to uphold the Secretary's initial decision based on considerations of the current Regulatory position.

14. Any Other Business

14.1. The Chair informed the Committee that the competition for new members was progressing with interview dates lined up for 10 March 2021.

There being no further business, the meeting was closed. The date of the next meeting is 23 March 2021.

CHAIRPERSON (signature):

DATE: