

To: Chief Executives
At: Employing Authorities assessed as
having a weak covenant

Circular 11C/2025
17 September 2025

Dear Colleagues,

NILGOSC Annual Employer Covenant Update 2025

NILGOSC undertakes an assessment of employer covenants on a triennial basis as part of its risk management and funding strategy and regularly monitors covenants between triennial assessments. The employer covenant refers to the employer's legal obligation and financial ability to meet scheme liabilities now and in the future.

The purpose of employer covenant assessment is to assess the strength and reliability of each employing authority in the pension scheme to help determine if there is any risk that an employer may not be able to meet its pension liabilities. The covenant assessment therefore helps mitigate the risk of an employer's pension liabilities being spread across the other employers in the scheme in the event of default.

As you're aware, in the 2024 Triennial Covenant Assessment Exercise your organisation was assessed as having a weak covenant and is being treated separately from the main employer group for the March 2025 valuation.

NILGOSC monitors those employing authorities assessed as having a weak covenant between triennial valuations and to enable this monitoring to take place you are required to submit additional information to NILGOSC in interim years. Please complete and submit the Employer Annual Update Form using the link below, along with a copy of the documentation requested on the form.

[Employer Annual Update Form: Weak Category](#)

Please submit your response by **Friday 10th October 2025**.

Please note that, due to the nature of the information required and the purpose for which it will be used, it is essential that you, as Chief Executive, are satisfied that all relevant information has been provided. Confirmation of this is requested on the form.

If you have any queries with respect to the completion of the form please contact me at janice.houston@nilgosc.org.uk or on 0345 3197 320.

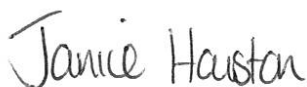
In addition to participating in the Employer Covenant Exercises it is important that you alert NILGOSC to any of the following as soon as you are aware they are to take place:

1. Change in company structure, including takeovers and mergers
2. Change in nature of business or constitution
3. Change in funding basis
4. Change with respect to the guarantor in place for pension liabilities
5. Change in scheme membership, including restructuring and outsourcing
6. Change to employee terms and conditions which would impact on the pension scheme
7. Any other event that may affect continued participation in the fund

If you are aware of any significant events as noted in points 1-7 above, please communicate the relevant information to me by e-mail at janice.houston@nilgosc.org.uk.

I would like to thank you for your participation in this process and if you have any queries, please do not hesitate to contact me.

Yours sincerely



Janice Houston
Investment Accountant