



# **Funding Strategy Statement**

## Summary of Consultation Responses

August 2025

## **1 Background**

- 1.1 NILGOSC is the administering body for the Local Government Pension Scheme (LGPS) in Northern Ireland. NILGOSC was set up by the Government in April 1950 to operate a pension scheme for local councils and other similar bodies in Northern Ireland. The pension scheme is known as the Local Government Pension Scheme (Northern Ireland) and is a defined benefit scheme. The pension scheme is funded by contributions paid by both employees and the scheme employers.
- 1.2 NILGOSC's role is to administer the LGPS Regulations, both in terms of pension scheme administration, including the calculation and payment of benefits, and the management of the investment fund. The Regulations are made by the Department for Communities and, while NILGOSC will respond actively to any consultation process, it does not have any power to change the regulations or determine their content.
- 1.3 Under the Local Government Pension Scheme Regulations (Northern Ireland) 2014, NILGOSC is required to prepare, maintain and publish a Funding Strategy Statement (FSS) which sets out the framework for the funding of all pension liabilities. The regulations also require that the FSS and any subsequent changes to it must be agreed following consultation with relevant stakeholders.
- 1.4 The current FSS was published in September 2022 and is currently due for review as part of the 2025 triennial valuation process. In preparation for each triennial valuation NILGOSC reviews the FSS using advice provided by the Scheme Actuary.
- 1.5 In addition, in January 2025, the LGPS England and Wales Scheme Advisory Board (SAB), the Chartered Institute of Public Finance and Accountancy (CIPFA) and Ministry of Housing, Communities and Local Government (MHCLG) jointly produced updated guidance for Pension Schemes to consider when reviewing and preparing their FSS.
- 1.6 While this has resulted in a more proscriptive format to ensure consistency across all Schemes, as regards NILGOSC's approach to managing long-term funding requirements, there are no changes in methodology or approach for funding pension liabilities proposed in the 2025 FSS revision.

## **2 Consultation Process**

- 2.1 An eight week consultation process was launched on 23 April 2025 seeking views from relevant stakeholders, including Scheme employers, Trade Unions and other interested parties.
- 2.2 The closing date for the consultation was 27 June 2025.

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#### **3 Summary of consultation responses**

- 3.1 A total of seven responses were received by the closing date 27 June 2025. A list of respondents is attached at Appendix A.
- 3.2 Of the seven responses received, four noted that following review of the draft FSS, the employer was content and no further feedback was provided.
- 3.3 There were three responses which were more comprehensive, two of which were from employers outside the Main Group. One of these, while noting its status as an orphan employer, was broadly in agreement with NILGOSC's approach to the key funding principles.
- 3.4 A comprehensive response from an employer in the Main Group queried some of the financial and demographic assumptions that NILGOSC may select, in conjunction with the Scheme Actuary, which will ultimately dictate the new contribution rates. The FSS does not address specific assumptions, rather it sets out the integrated framework and funding principles set by NILGOSC to ensure that pension liabilities will be met going forward.
- 3.5 This response recommended more prudence around setting the Probability of Funding Success and long term discount rates. These and other comments have been noted and while consistent with initial parameters agreed for the 2025 valuation exercise, would not change any content in the current draft FSS.
- 3.6 The final response was received from an ongoing orphan employer whose membership is now closed and therefore is outside the Main Group. This focussed response requested a separate funding strategy for 'closed' employers in the fund that would 'lock-in' gains on the recent growth of assets.
- 3.7 The current FSS already permits the possibility of individual employer strategies (section 8.8.1 and 8.8.2 in the 2025 revision) although this provision has not been utilised to date. By way of further clarification, an additional line has been added at 10.9 which states:
- "NILGOSC may consider ways of providing individual employers outside of the Main Group, at their request and at their own risk and cost, with an investment strategy that may be more tailored to their individual liabilities. The implementation of a bespoke investment strategy for any employer, or group of employers, will be at NILGOSC's discretion."
- 3.8 With the exception of the additional clarification paragraph at 10.9, no further changes have been made to the FSS as a result of the consultation exercise. The Committee approved the FSS at its meeting on 26 August 2025.

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### **Appendix A Respondents**

Northern Regional College

Local Government Staff Commission

Arbour Housing Association

University of Ulster

Northern Ireland Fire & Rescue Service

Northern Ireland Housing Executive

Tourism NI