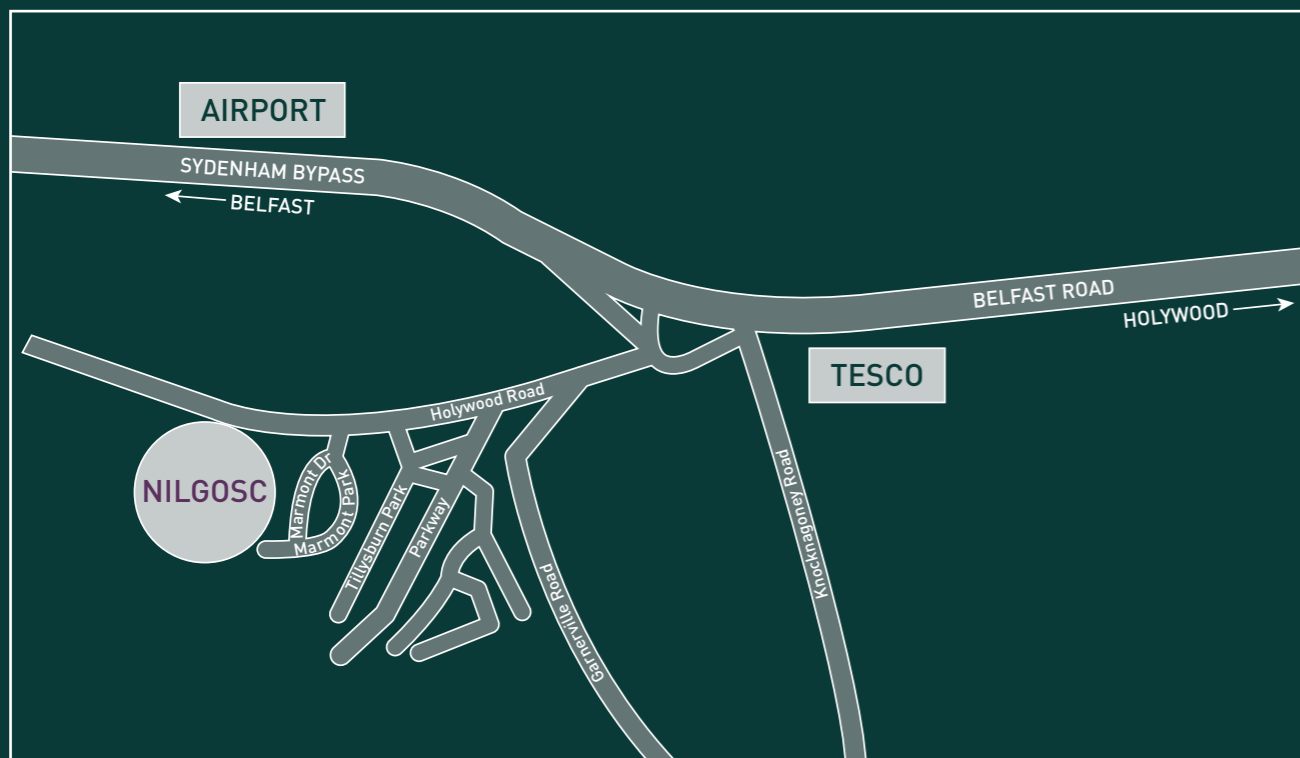


# **ANNUAL REPORT AND ACCOUNTS 2024/25**

NORTHERN IRELAND  
LOCAL GOVERNMENT OFFICERS'  
SUPERANNUATION COMMITTEE



If you have any views and comments on this report, or any questions on any of the services provided, please contact us in writing; by telephone; or email as follows:

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This Annual Report can be made available in a wide range of alternative formats. Requests for alternative formats should be made to the Head of Finance at the above address. In addition to the Annual Report, NILGOSC can provide documents and correspondence in alternative formats, including audio and large print versions for people with sight problems. Documents can also be provided in minority languages for those whose first language is not English. If you would prefer an alternative method of communication, please let us know.

**NILGOSC Annual Report and Accounts**

**For the Year Ended 31 March 2025**

Laid before the Northern Ireland Assembly under Regulation 63(8) of the Local Government Pension Scheme Regulations (Northern Ireland) 2014 by the Department for Communities

on

12 September 2025

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## STATUTORY BACKGROUND

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) is a non-departmental public body sponsored by the Department for Communities, established on 1 April 1950 by the Local Government (Superannuation) Act 1950, to administer and maintain a fund providing pension benefits for employees of local authorities and other admitted bodies.

In accordance with Regulation 63(2) of the Local Government Pension Scheme Regulations (Northern Ireland) 2014, as amended, the Secretary of the Committee submits its Annual Report for the year ended 31 March 2025 to the Department for Communities.

## THE COMMITTEE

The Committee is the corporate body responsible for the administration of the Local Government Pension Scheme in Northern Ireland.

## COMMITTEE'S RESPONSIBILITIES

The Committee is required under the Local Government Pension Scheme Regulations (Northern Ireland) 2014, as amended, to:

- keep accounts of all financial transactions of the Fund; and
- prepare the Financial Statements for the financial year ended 31 March.

The financial statements shall comprise:

- a) a Foreword;
- b) a Statement of the Committee's Responsibilities;
- c) an Accounting Officer's Governance Statement;
- d) a Fund Account;
- e) a Net Assets Statement;
- f) a Statement of Cash Flows; and
- g) Notes to the Financial Statements;

and shall be prepared in accordance with guidance for the time being issued by the Department of Finance (DoF).

The financial statements shall give a true and fair view of the Fund Account for the financial year, and a Net Assets Statement as at the end of the financial year.



## AUDIT

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 provide for the financial statements kept by the Committee to be audited annually by the Local Government Auditor. Her staff are wholly independent of NILGOSC and the audit fee is disclosed in Note 7 to the Financial Statements. The auditor did not perform any non-audit work this year.

## DISCLOSURE OF RELEVANT AUDIT INFORMATION

The Accounting Officer has taken all steps that ought to be taken to ensure that he is aware of any relevant audit information and to ensure that NILGOSC's auditors are apprised of any such information. So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware.

## IMPORTANT EVENTS OCCURRING AFTER THE YEAR END

There have been no significant events since 31 March 2025.

## PAYMENT TO CREDITORS

In November 2008, under the Prompt Payment Initiative, former Prime Minister Gordon Brown announced that all Government Bodies would pay all external suppliers who provided a correctly rendered invoice to the correct location within 10 working days. Also in 2008, the Finance Minister announced that Northern Ireland Departments had set a target of payment of invoices within 10 working days, in order to help local businesses.

NILGOSC endeavours to meet the 10 day prompt payment target and aims to pay suppliers within 10 working days of receipt of a valid, undisputed invoice. Therefore, the default target for paying invoices is 10 working days. During the year ended 31 March 2025 NILGOSC paid 1,016 invoices totalling £22.104m on 10 day terms, of which 90 undisputed invoices were late. 99.48% of invoices were paid within 30 calendar days and no late payment interest was payable during the year. The average time to pay invoices during the year was 7.26 working days (2023/24: 10.0 working days).

# Performance Report

## OVERVIEW

### INTRODUCTION

This section is intended to provide an overview of NILGOSC and how it has performed over the last twelve months. It also provides a summary of its main corporate objectives and activities, as well as the key issues and risks that could prevent it from meeting those objectives. The section begins with a Statement from the Chair and the Chief Executive which provides their perspective on NILGOSC's key activities and achievements during the year ended 31 March 2025. It concludes with highlights of NILGOSC's performance from both a Scheme Administration and Investment perspective.

### JOINT STATEMENT FROM THE CHAIR AND CHIEF EXECUTIVE

2024 will be remembered as the year of the election, as over 70 countries went to the polls, including population heavyweights such as the United States, India and Indonesia. A common theme saw voters using the ballot box to express their dissatisfaction with economic issues, including many outside of government control. Closer to home the UK election in July 2024 also saw a change in government, with a subsequent renewed focus on the pensions sector and the LGPS in particular.

Despite continued geopolitical volatility, financial markets held their nerve and delivered respectable returns over the last twelve months. From an administration perspective, implementation of McCloud remedy regulations and staff recruitment and retention challenges remained a recurring theme throughout the year, with both impacting on service delivery throughout the year. Despite this, it is very pleasing to report that in March 2025 NILGOSC was named *DB Pension Scheme of the Year* at the Pension Age Awards.

In addition to this industry acknowledgement, there has been a number of achievements on both the investment and administration front and this statement is our perspective on the performance of the organisation during the year ended 31 March 2025.

### Investment Performance

2024 was another strong year for equity markets, with the US and in particular the 'magnificent seven' technology stocks continuing to outperform their peers. While the US election result initially boosted US financial markets, the threat and subsequent implementation of tariffs on global trade injected a sense of caution and uncertainty in the first quarter of 2025. Elevated uncertainty caused equity markets to fall sharply in March 2025, before recovering some losses by the month end.

Inflation has yet to moderate as expected and interest rates are now expected to stay higher for longer. Bond markets experienced another challenging year in 2024 as while interest rates moved lower for the first nine months of the year, the final quarter saw a reversal with yields rising and bond prices falling. 2025 started with falling bond yields in developed markets with the exception of Europe, while US 10-year Treasury yields ended the quarter lower than at the start of January. UK government bonds also experienced heightened volatility in the first quarter, with January seeing a spike in 10-year yields to levels last seen in 2008. Market anxiety dissipated somewhat by the year end following the Chancellor's Spring Statement on spending and taxation plans.

It was an improving picture for the UK property market with the expectation that valuations have finally bottomed out, with the exception of the office sector which is still experiencing high levels of obsolescence and changing occupier requirements. Wider worries about inflation and monetary policy, that caused global bond yields to spike in early 2025, mean that the picture for the UK commercial property market remains uncertain. The global property market also exhibited signs of stabilisation, with the US and Japan the top destinations for capital deployment, due to strong income growth and capital appreciation.

Equity and fixed income markets posted returns of 5.3% and 2.7% for the year ended 31 March 2025, while other assets, such as property and infrastructure showed returns of 2.5% and 9.5% respectively.

The Fund increased in value by £489m during 2024/25, ending the year at £10.952bn. As a long term investor, NILGOSC has established a well-diversified portfolio, both in terms of asset type and geographic exposure, and aims to deliver above inflation returns measured over a 3 and

5 year time horizon. At 31 March 2025, the Fund had underperformed its investment objective of Consumer Price Index (CPI)+3% on a 3 and 5 year basis with relative returns of -5.9% and -1.0% respectively. CPI has been chosen as a benchmark as it offers an absolute measure which reflects the relative value of money in the real world, which is essential when the goal is ultimately to pay inflation linked pensions into the future. However, it can be less meaningful during periods when inflation moves significantly from historical averages and central bank target ranges as seen in recent years. It is not possible to invest directly in inflation and therefore asset returns will always be more volatile relative to a CPI benchmark, resulting in periods of over or underperformance over shorter market cycles. As a result, NILGOSC is not unduly concerned with the relative returns shown in this report.

NILGOSC monitors the performance of its individual fund managers by way of a quarterly balanced scorecard. This approach allows for the continuous monitoring of a range of quantitative and qualitative factors, similar to those used during the initial selection process. Factors such as changes in key personnel, adjustments to the investment process, material movements in assets under management or client base can indicate that the ongoing retention of the manager should be reviewed. In many cases, significant changes or developments in the team or investment process can have a direct link to future investment returns. In August 2024, a decision was taken to terminate the global emerging markets equity mandate held by William Blair, following significant changes to the portfolio management team. The assets were transferred to Legal & General's passively managed equity mandate in November 2024 as an interim measure, until the next investment strategy review is completed.

The next triennial valuation of the Fund will take place as at 31 March 2025, with a publication date of 31 March 2026. This is the process whereby the Scheme Actuary calculates the current funding position of the Fund and sets the employer contribution rates for the next three years, a critical part of ensuring longer term financial sustainability. The funding position is intrinsically linked to the investment strategy and, following a change in service provider in early 2025, NILGOSC will be undertaking a formal review of its investment strategy, in conjunction with its new Investment Adviser.

Further details on NILGOSC's investment strategy and fund objective are set out in the Performance Analysis - Investment of the Fund section of this annual report starting on page 45.

Environmental, Social and Governance factors continued to influence investment activity during the period and, in addition to exercising the voting rights attached to its equity holdings, NILGOSC was an active signatory and supporter to a range of global investment initiatives with highlights including:

- Renewed commitment to CDP (formerly the Carbon Disclosure Project) including becoming a signatory to the CDP's 2024 Non-Disclosure campaign, calling on companies to report on their environmental impact through CDP's questionnaires.
- Signatory to an Asset Owner letter to the FCA on proposed changes to the UK Listing Rules, highlighting concerns over weakening corporate governance standards.
- Signatory to the Global Investor Statement on the Climate Crisis 2024, calling on governments and policymakers to urgently consider a whole-of-government approach to accelerate global climate policy ambition.
- Signatory to an Asset Owner Statement on Climate Stewardship, setting out expectations on implementation of climate stewardship by asset managers.

Following the submission of its first Stewardship Report in 2022, NILGOSC was successful in being listed as a signatory to the UK Stewardship Code, demonstrating continued efforts and improvements in the stewardship of the Fund's assets. In order to remain a signatory, NILGOSC prepares annual Stewardship Report submissions, which are assessed by the FRC. NILGOSC was pleased to be informed in July 2024, that it continued to meet the FRC's expected standard of reporting and remained a signatory to the UK Stewardship Code for the third consecutive year. NILGOSC's latest report is available to view at <https://nilgosc.org.uk/wp-content/uploads/2025/12/NILGOSC-Stewardship-Code-Report-2023.pdf>

As a global investor with a long term investment horizon, NILGOSC recognises climate risk as a key investment risk to pension scheme investments and capital markets more broadly. Accordingly, NILGOSC has set out a series of actions it will take in its Climate Risk Statement which includes working with

others to engage with governments and companies, engaging with the Fund's investment managers to monitor how climate change risk is being taken into account and continuing to explore opportunities in low-carbon transition sectors, such as wind and solar, energy-from-waste, and public transport. NILGOSC voluntarily reported against the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations for the fourth year, publishing its report for the year ended 31 March 2024 in October 2024. The report is available to view at

<https://nilgosc.org.uk/wp-content/uploads/2024/10/Climate-related-Disclosure-Report-31-March-2024.pdf>

## Scheme Administration

Scheme membership grew by 4.4% during the year, bringing the total number of members to 176,915 at 31 March 2025. Of this total, 48.7% are actively contributing to the pension scheme, 24.1% have previously contributed but have not yet reached retirement and the remaining 27.2% are currently in receipt of a NILGOSC pension every month. Meeting the needs of these three membership groups continues to be NILGOSC's core function.

The McCloud Remedy regulations, which came into effect in October 2023, continue to dominate the pension administration agenda across the public sector. These amending regulations introduce scheme changes that were required as a result of the McCloud legal judgment, which found that transitional protection arrangements put in place in certain public sector pension schemes were discriminatory on the grounds of age. The amending regulations effectively removes the old discriminatory underpin and replaces it with a new, expanded underpin, thereby changing the benefit structure for a significant cohort of scheme members. As the regulations are retrospective in nature, any benefits paid or accrued on or after 1 April 2015 will need reviewed and, in some cases, recalculated to reflect the revised underpin. Work has been ongoing throughout the last year to collect the additional data required from Scheme employers and/or members and to update member records where necessary.

It has been a challenging labour market over the last couple of years impacting NILGOSC's ability to attract and retain skilled staff. As the only LGPS fund in Northern Ireland, NILGOSC is unable to avail of a readily available pool of skilled staff

across its pensions, investment and finance teams. Staff turnover for the year to 31 March 2025 was 21.1%, which remains behind target for the fourth consecutive year. A two year delay in implementing remedial pay proposals was finally resolved in November 2024, following receipt of Departmental approval. It is hoped this will go some way to improve retention going forward however the legacy impact of circa 30% turnover for the last three years has left NILGOSC with a significant proportion of new and less experienced staff, which in turn impacts on output and efficiency, particularly in the pension administration teams. Service delivery performance to 31 March 2025 fell within the range 90%-100% when measured against published in-house service standards with 2 exceptions: refund quotations and leaver options. 78% of refund quotation requests were processed within the 10 day service standard; while 66% of leaver notifications were processed within the 20 day target. The remaining service delivery related operational actions remain in line with or ahead of published service standards.

Stakeholder satisfaction has historically been a source of pride for NILGOSC and it is pleasing to report the results of the annual satisfaction survey undertaken in February 2025, which show an overall member satisfaction level with the service provided of 90%. Satisfaction levels were also very high for scheme employers, 100% of which rated the service provided throughout the year as either Good or Excellent.

As part of its drive to improve member engagement and access to information, NILGOSC rolled out an upgraded member self-service portal, Engage, in February 2025. The new portal has many of the same features as the original one, but with a more modern look, easier navigation and improved security features. Whilst members retain control over their individual communication preferences for scheme information, it is hoped that Engage will live up to its name and increase member interest and engagement with their valuable LGPS pension entitlements.

The ongoing project to move scheme employers across to i-Connect continued throughout the year, with 133 employers onboarded and submitting data via the new system at 31 March 2025. i-Connect is a software module which acts as an integrated data collection and verification system, allowing employers to submit payroll and pension data directly to NILGOSC via a secure portal. Larger

employers are required to develop a compliant extract file from their payroll system which feeds into the i-Connect system. This has resulted in a number of delays to the original timetable as employers require both software developments and resource to provide a compliant extract. A revised implementation schedule has been notified to employers with an ultimate target completion date of 30 September 2027.

With threats from bad actors and cyber risk remaining high on the agenda of many pension schemes and public bodies, it is pleasing to report that NILGOSC retained its Cyber Essentials Plus accreditation, following a rigorous external assessment in March 2025. Comprehensive cyber security awareness training was also delivered to the Management Committee and the Secretariat in October. The externally provided training was certified by the National Cyber Security Centre and covered key areas such as governance best practice, risk management and threat awareness.

With respect to the corporate plan, it is pleasing to report that NILGOSC delivered 85% of planned activities during 2024/25 and has set out its plans for the year ahead in the Corporate Plan 2025/26-2027/28.

## Looking Forward

The Labour government held true to its manifesto promise to undertake a review of the UK pension landscape and the Mansion House Speech 2024 announced plans for significant reform in the UK pension market. From an LGPS perspective, the *Local Government Pension Scheme (England and Wales): Fit for the future* consultation was launched in November 2024 setting out a package of proposed reforms to the structure, investments, and governance of the Local Government Pension Scheme. Whilst the consultation and proposals relate to the English and Welsh LGPS funds and in many cases do not have a direct read across to Northern Ireland, close attention continues to be paid to government policy and the apparent direction of travel across the water.

As noted above, 2025 is a valuation year for the LGPS NI. Not only will the valuation provide an up-to-date snapshot of the funding position as at 31 March 2025, the Actuary will also determine the contribution rates payable by employers for the three years commencing April 2026. The funding position has improved considerably over recent



valuation cycles and the future cost to Scheme employers will be a key consideration for the 2025 valuation, given the current economic environment and strained public sector finances. Sustainability will also be a key focus for the investment strategy review, which is scheduled for 2025. This review will critically assess NILGOSC's existing investment strategy in the context of current economic conditions and expected future investment returns. An inherent part of the strategy review will ensure that NILGOSC's responsible investment policy remains embedded in decision making, with climate risk mitigation a key factor for consideration.

Implementation of the McCloud remedy regulations will continue to dominate the administration agenda for the year ahead as teams work to update remaining member records and process any adjustments due. Data accuracy will also be a key focus as NILGOSC works towards its connection deadline for the Pensions Dashboard. Together with its public sector and LGPS peers, NILGOSC is due to connect to the Pensions Dashboard by 31 October 2025. Once operational, the Dashboard will allow individuals to view details of all their pension entitlements in a single location, including state and other public sector pensions.

From a systems development perspective, activities for 2025/26 include the continued implementation of i-Connect and promotion of the new online member portal, Engage. In the case of the latter, a key challenge will be the successful transition of members to Engage, together with the maintenance of current registration and usage levels following the move. The identification and implementation of a new recruitment system and board portal software are included in the business plan for the year ahead, together with the implementation of a renewable heating system for Templeton House.

None of the achievements over the last twelve months, or indeed any of the activities planned for the period ahead, can happen without a skilled and experienced workforce. Staff turnover has fallen over the last twelve months however it remains behind the target level and challenges remain in attracting and retaining staff in many niche, technical roles. To try and counter this, NILGOSC is continuing to review its employment offering and a number of specific actions around job evaluation, the development of a formal People Strategy, enhanced staff training, and wellbeing initiatives are scheduled for the year ahead.

### Thanks

We would like to express our thanks to current Committee members for their time and commitment over the past year. In October 2024, the Minister for Communities appointed Cathy Matthews and Dooley Harte as independent members of the Committee, together with the appointment of Mark McBride as Chair. All three members have been appointed for an initial four year term and it is hoped that they find their new roles both interesting and rewarding.

Lastly, we would like to take this opportunity to acknowledge the continued dedication, resilience, skills and support of the staff and management team whose hard work helped deliver the many achievements set out in this report.



**Mark McBride**  
Chair



**David Murphy**  
Chief Executive and Secretary

## STATEMENT OF PURPOSE AND ACTIVITIES OF THE ORGANISATION

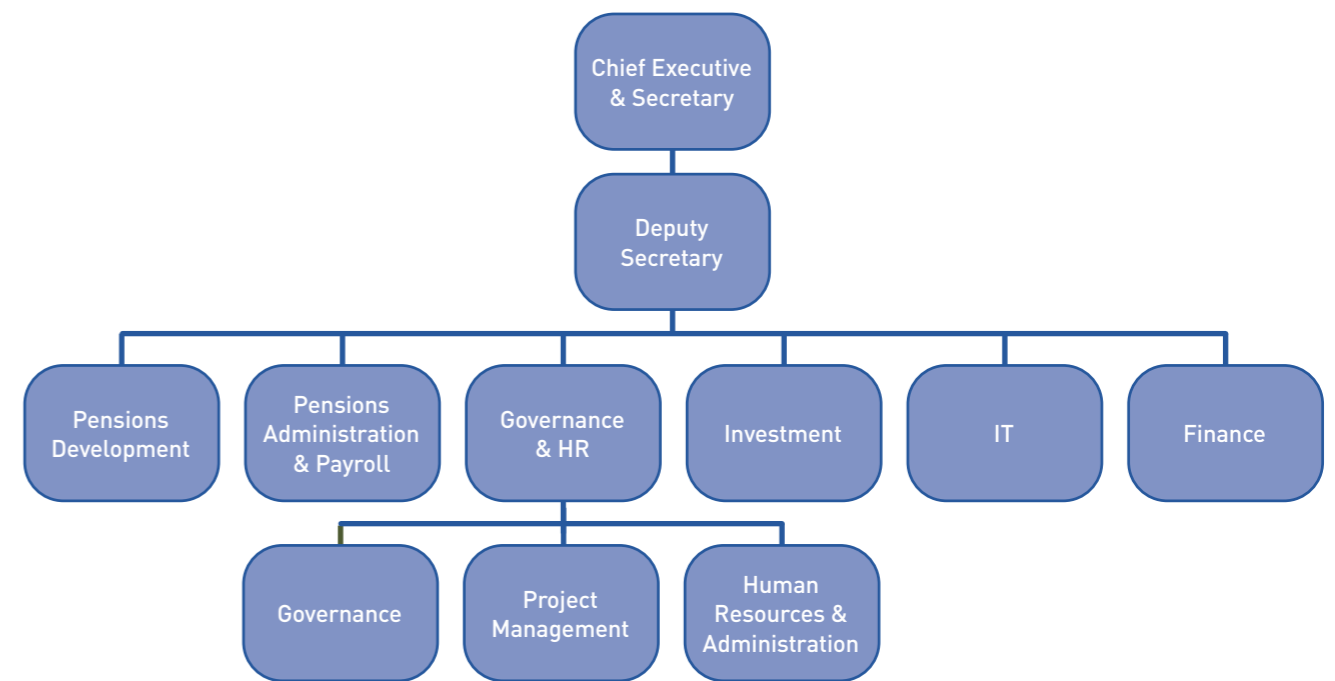
NILGOSC was set up by the Government in April 1950 to operate a pension scheme for the local councils and other similar bodies in Northern Ireland. The pension scheme is known as the Local Government Pension Scheme (Northern Ireland), LGPS (NI) or the 'Scheme', and is a defined benefit scheme, which provides retirement benefits on a 'career average revalued earnings' basis from 1 April 2015. Prior to that date benefits were built up on a 'final salary' basis. NILGOSC is the administrator of the Scheme.

As the administrator of the Local Government Pension Scheme (Northern Ireland) NILGOSC has two main

functions which are laid down in Statutory Rules:

- To administer a pension scheme for local government and other admitted bodies
- To manage and maintain a fund out of which scheme benefits can be met

Day to day administration of the Scheme is performed by the Secretariat, who report to the Committee monthly. Led by the Chief Executive and Secretary and Deputy Secretary, approximately 85 experienced staff are responsible for the administration of retirement benefits and the monitoring of investments and operate within the functions shown in the chart below.



NILGOSC is a Non-Departmental Public Body but receives no funding from central government. It seeks to maximise income and minimise expenditure. The Scheme is funded by contributions made by both employees and employers who have been designated as employing authorities or admitted to the Scheme. All contributions are paid into a fund, the 'Fund', which is used to pay Scheme benefits and other payments, as well as the costs of administering the pension scheme and investment fund.

NILGOSC provides pension services primarily to the public sector in Northern Ireland however a small number of Scheme employing authorities are private sector in nature.

With effect from 1 April 2015, the governing regulations are the Local Government Pension Scheme Regulations (Northern Ireland) 2014, the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014, the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000, as amended.

NILGOSC's corporate vision is "to provide an excellent and sustainable pension scheme" and its mission statement is "to operate the pension scheme efficiently and effectively while enhancing the quality of service provided to stakeholders".

In order to achieve this aim, NILGOSC has set 6 corporate aims which drive its business priorities and activities:

- Aim 1** To provide an effective service complying with the pension scheme regulations, good practice, other legislation and stakeholder expectations.
- Aim 2** To deliver an effective investment strategy in line with the actuarial profile of the fund.
- Aim 3** To promote the scheme and inform members and employers of their pension options.
- Aim 4** To influence and inform the debate on the future of the Local Government Pension Scheme.
- Aim 5** To undertake business in an efficient, effective and accountable manner as required of a public body.
- Aim 6** To promote equality of opportunity, good relations and to fulfil Section 75 obligations.

Under the 6 corporate aims sit a number of business objectives and operational actions, each of which has its own performance indicator against which success can be measured. Detailed performance analysis, including updates to the Corporate Plan objectives for 2024/25, is set out on pages 31 to 44.

## KEY ISSUES AND RISKS

NILGOSC has put in place a robust risk management framework as a means of identifying, recording and managing those risks which could prevent it from achieving its strategic objectives. NILGOSC has a single corporate risk register which is subject to formal quarterly reviews to ensure it remains relevant and accurately reflects the risks facing the organisation. Risks are classified into one of 6 categories – Investment, Financial, Reputational, Political/Strategic, Compliance or Operational. Each category has its own risk appetite, which is the amount of risk NILGOSC is willing to accept to achieve its objectives. This is in line with HM Treasury's classification system for risk appetite which has the 5 levels – Eager, Open, Cautious, Minimal or Adverse.

Further information on NILGOSC's risk assurance framework is contained within the Governance Statement on pages 73 to 81.

NILGOSC provides a frontline service to its members and pensioners and prides itself on providing a high quality service to all its stakeholders. A fully resourced, professionally trained organisation is critical for

NILGOSC if it is to meet key performance targets. As the only LGPS fund in Northern Ireland, there is no readily available pool of skilled staff in the local labour market and attracting and retaining staff remains a key risk for NILGOSC. A legacy of attrition rates in excess of the 20% target has left NILGOSC with a significant proportion of new and less experienced staff, particularly in the pension administration teams. This continues to have a predictable impact on service delivery performance against key metrics, delivery of corporate objectives and related impacts on a number of project related actions, which have been delayed as resources continue to be diverted to core service delivery related activities.

The high level of turnover experienced over the last number of years, together with the lengthy periods required to train staff in specialist pension and investment areas, remains the key challenge to the organisation going forward. It is hoped that settlement of a remedial pay proposal from April 2022 in November 2024 coupled with an organisation wide job evaluation programme to be undertaken in 2025/26 will address pay parity challenges with comparable public sector employers.

A full complement of experienced staff is required if NILGOSC is to meet the demands of the external environment which often presents significant challenges. Policy, legislative and taxation changes, often with little or no lead-in period, can impact materially on the administration of the Scheme. The McCloud Remedy regulations addressing age related transitional protections discrimination has effectively changed the benefit structure and expanded the cohort of scheme members caught in the revised underpin. Due to the retrospective nature of the legislation introduced in October 2023, a significant number of recalculations have been required for benefits paid on or after 1 April 2015. The operational impact of the McCloud Regulations, coupled with sustained high staff turnover, has placed additional demands on the core administration teams. Also, linked to the McCloud Judgement is separate litigation taken by NIPSA on behalf of its members which due to its scale has resulted in a not insignificant additional administration burden for NILGOSC.

Poor data quality remains a key risk to the achievement of NILGOSC's corporate aims and objectives and in 2024/25 NILGOSC continued to roll-out its data exchange platform (i-Connect) for Scheme employers. This migration to a secure data collection and verification platform automates the submission of pension data on a monthly

basis, from the participating employer's payroll systems. Large employers are required to develop a compliant extract and there have been delays to the implementation schedules due to the availability of employer's bespoke software solutions and dedicated resource. Once fully operational, this integrated data collection and verification solution is expected to yield significant benefits from a data accuracy and information security perspective. By March 2025, 133 out of 169 Employers had been onboarded and were actively using the system.

This data quality initiative will further assist NILGOSC in preparing for its Pensions Dashboard connection deadline of 31 October 2025. This UK wide government initiative is designed to enable individuals to access a single source for all their pensions information online to support better retirement planning.

Like all public sector bodies, preventing fraud remains a key priority and NILGOSC participates in the National Fraud Initiative's (NFI) biennial data matching exercises for the purposes of assisting in the prevention and detection of fraud and took part in the NFI 2024/25 data matching exercise. Data was received in January 2025 and progress has continued in investigating and resolving these matches. An update in relation to the NFI exercise is provided in the Performance Report on pages 24 and 25.

Cyber threat management and information security continues to be an evolving threat and therefore a high priority for NILGOSC, given the large volumes of personal data held. A robust control environment is essential to effectively manage information risk and NILGOSC undertakes annual vulnerability testing of its IT systems as part of its Business Continuity Plan to assess the continued robustness of its IT infrastructure to external attack. Like all public bodies, the threat of cyber-attack remains high and in March 2025 NILGOSC sought and retained Cyber Essentials Plus accreditation. Cyber Essentials is a UK Government backed scheme which aims to help organisations protect themselves against cyber-attacks. Additional assurance is obtained from an annual, independent Penetration Test exercise. Any potential cyber-threat vulnerabilities identified following these exercises are evaluated, and prioritised with remedial actions taken by NILGOSC and its cyber partners. It is recognised that this will be a constant and continually developing threat which NILGOSC needs to monitor and evolve its mitigation strategies to address.

Locally, departmental budgets remained constrained in 2024/25, with pay agreements across the public sector placing a strain on already limited finances.

From a horizon scanning perspective NILGOSC remains alert to the potential for a more significant increase in benefits administration as a result of future redundancies or voluntary exit schemes.

Over recent years public sector financial constraint has created uncertainty for many scheme employers over future funding streams and the ongoing ability to meet pension liabilities as they fall due. However, the results of the 2022 triennial actuarial valuation reported an overall Fund surplus of 111%, which combined with an increase in gilts yields, upon which exiting employers' liabilities are estimated, has provided opportunities for smaller employers to exit the Scheme on favourable terms. While asset returns since the last actuarial valuation have fallen behind expectations, the reduction in long term liabilities has meant that many individual scheme employers find themselves in a net surplus position although due to proscriptive accounting standards the surplus may not be able to be recognised on their statements of financial position. In preparation for the next actuarial valuation NILGOSC undertook a thorough employer covenant assessment in 2024 aimed at assessing financial strength and mitigating the risk of future employer defaults. This exercise uncovered no broad based concerns as regards employer default and the 2025 Funding Strategy Statement, while currently subject to stakeholder consultation is not proposing any changes to how employers' pension liabilities are best met in future years.

The focus on long term Scheme sustainability and the achievement of steady long term returns from a suitably diversified investment portfolio is an important part of NILGOSC's on-going risk management process along with continued monitoring of individual fund managers performance against industry benchmarks and agreed targets. NILGOSC also monitors other qualitative factors such as stability of the investment team and following sustained and significant changes to the emerging markets equity portfolio management team, took the decision to terminate the contract with William Blair in November 2024. The equity assets were transferred to a passively managed equity mandate held with Legal and General Investment Management until the next investment strategy review is completed in 2025/26.

While the Fund continued to grow in absolute terms, up 4.67% from 2024, the Fund remained behind its investment target of CPI + 3% per annum measured on a rolling 3 and 5 year basis. This below target performance has arisen due to sustained high inflation and market volatility over the measurement

period. CPI has been selected as a benchmark as it offers an absolute measure reflecting the relative value of money in the real world, which is essential when the goal is ultimately to pay inflation linked pensions into the future. It is however less meaningful over shorter periods, particularly when inflation moves significantly from historical averages and central bank target ranges as seen in recent years. Whilst short term returns are currently below target, NILGOSC continues to believe that its well diversified investment strategy will deliver the longer-term stable, risk-adjusted returns necessary to maintain the current strong funding position.

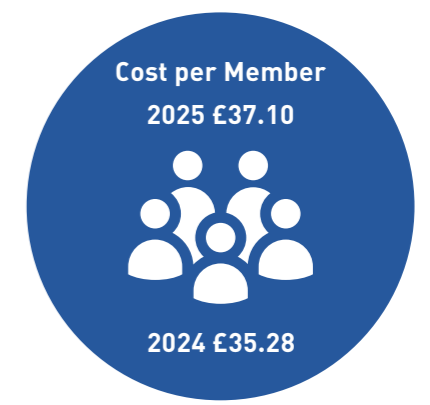
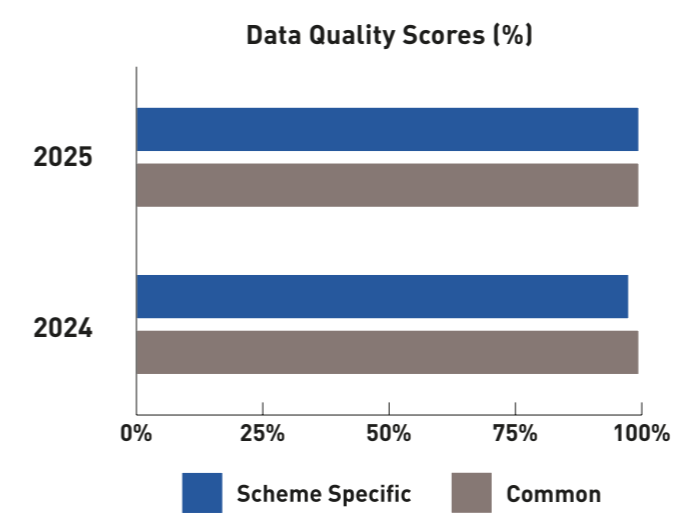
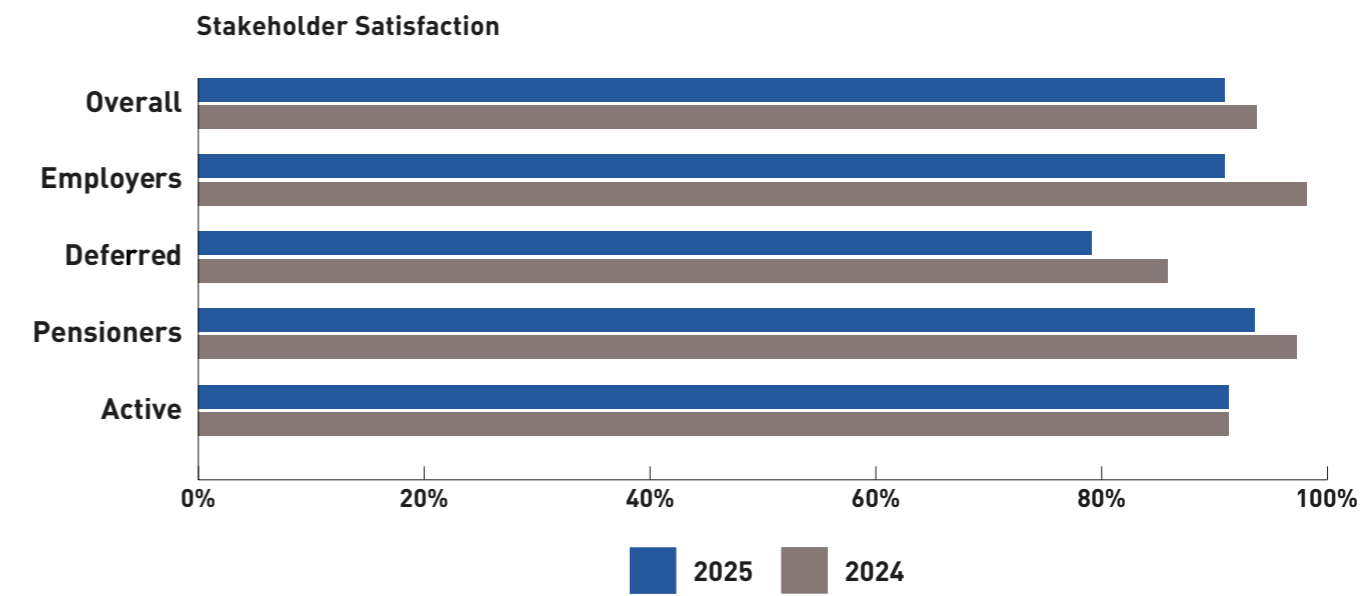
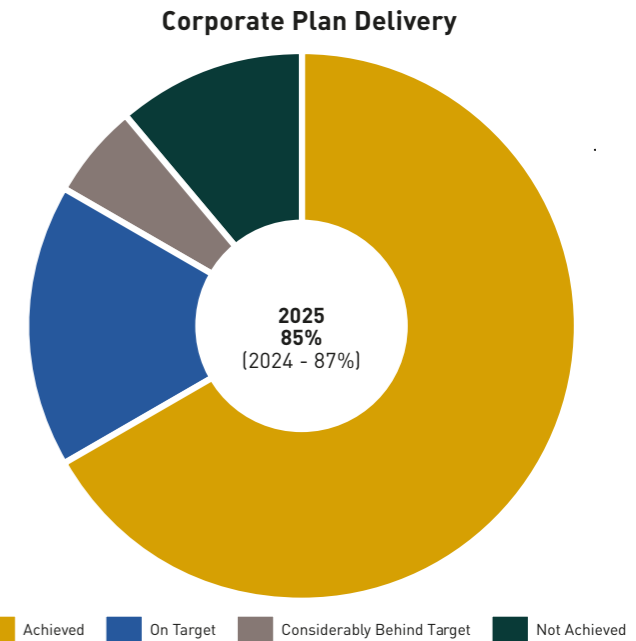
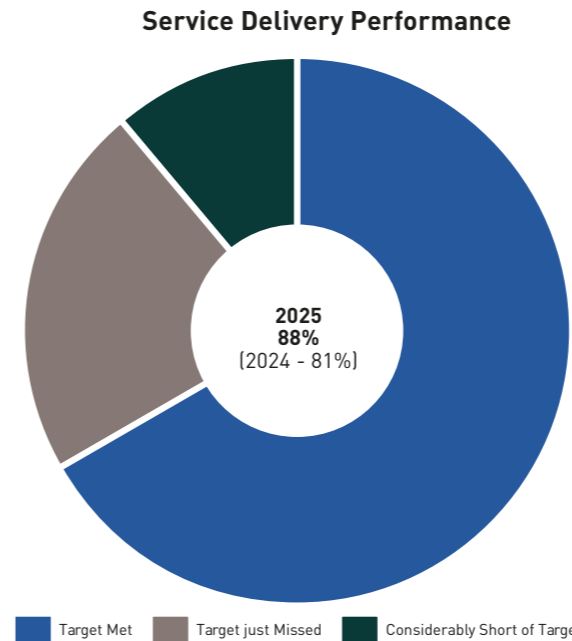
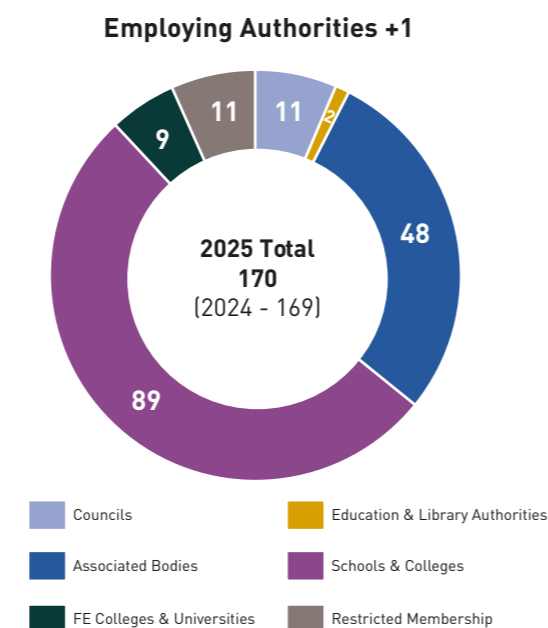
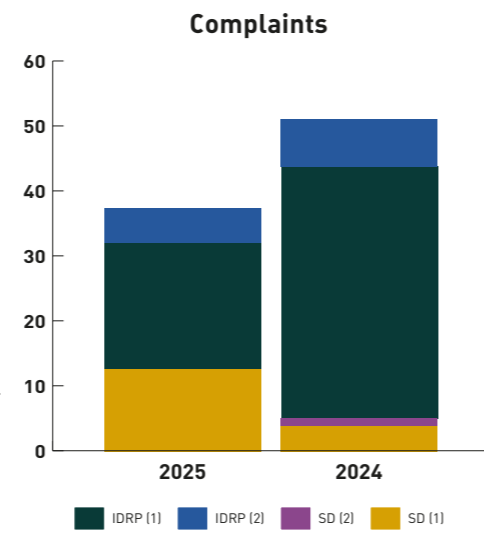
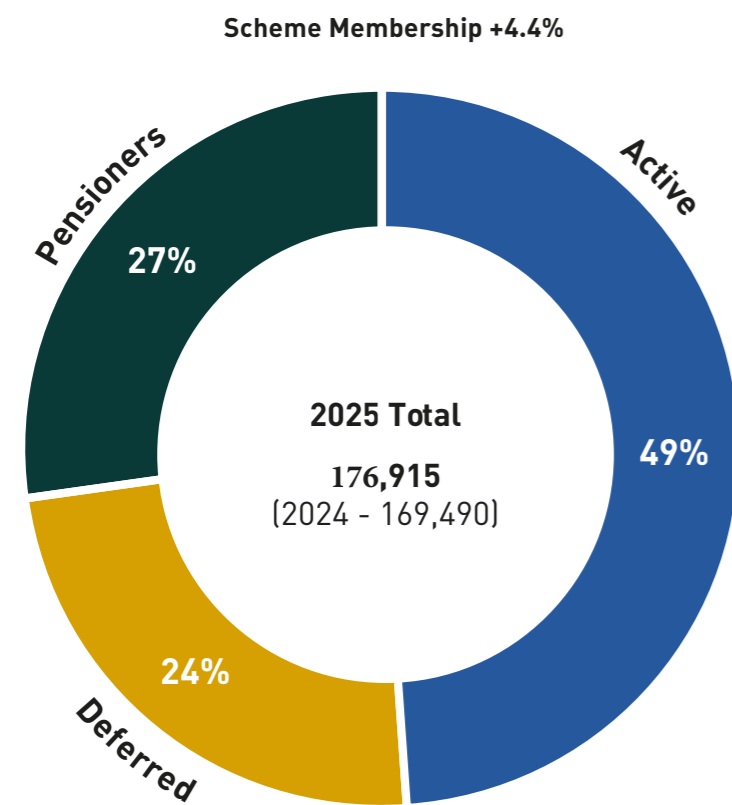
Information on the Fund's investment returns in the period are set out in detail in the NILGOSC Investment Performance section of the Performance Report starting on page 45.

## SUMMARY OF PERFORMANCE

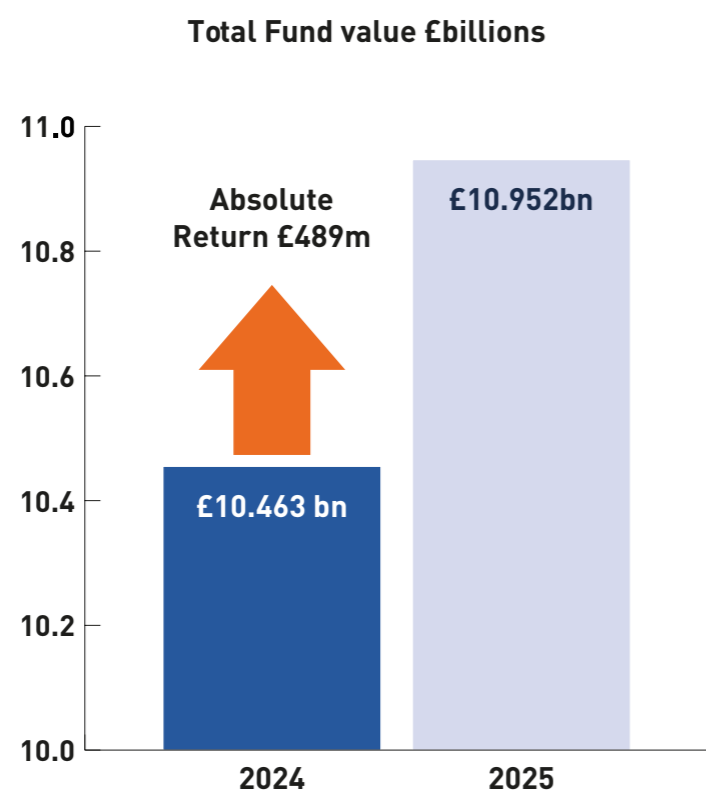
The following section summarises NILGOSC's performance from both a Scheme Administration and Investment perspective. A detailed analysis of performance across both the administration and investment functions can be found on pages 20 to 67 in the Performance Analysis section of the Annual Report.

### Administration of the Scheme

#### Investment of the Fund



	Three Years % p.a.	Five Years % p.a.
Return of Fund	2.38	6.86
CPI + 3.0%	8.24	7.86



Fund's 2024/25 voting record	Europe	North America	Rest of World
Annual General Meetings	30	97	67
Other Meetings	5	7	21
Resolutions	607	1,445	950
Votes for Management	406	715	579
Votes against Management	201	727	371

Investment Performance 2024/2025	
<b>Global Equities</b>	Growth-focused global equities mandates outperformed value-oriented strategies over the 12-month period, as the sustained equity market expansion created more favourable conditions for growth strategies. As such, Baillie Gifford's growth-driven fund outperformed Harris' value-focused fund over the year. The heightened volatility over the reporting period proved beneficial for the Unigestion minimum volatility mandate, which provided the highest return of the Fund's equity mandates.
<b>Global Fixed Income</b>	Global fixed income markets were highly reactive to changing interest rate expectations across the globe. The Fund's absolute return bonds mandates with T. Rowe Price and RLAM having the ability to take long and short positions at the higher quality end of the credit spectrum, while the multi asset credit mandates with BlueBay and PIMCO maintain the ability to seek value across the entire credit spectrum. The year to 31 March 2025 proved a strong environment for such strategies and each of the Fund's mandates delivered returns in the region of 6-8%
<b>UK Property</b>	The UK property market had another challenging year. Performance of each of the Fund's UK property mandates was positive over the year. The LaSalle core mandate outperformed the market delivering a positive absolute return of 8.7%, outperforming its target for the year by 1.9%. The index-linked portfolio returned 4.2% on an absolute return basis, underperforming its RPI-linked target over the year by 1.0%. The lingering impacts of heightened interest rates and low transaction volumes limited valuation growth for both the LaSalle index-linked and the M&G private rented sector strategies.
<b>Global Property</b>	Global property markets reflected varying regional and economic conditions and sector-specific trends. Retail properties continued to face challenges, particularly in markets where consumer spending remained subdued, while residential property markets demonstrated resilience in regions with strong population growth and housing shortages. The CBRE global property mandate reduced in value over the year while Partners Group experienced an uplift since its inception in August 2024 - reflective of the regional and sectoral differentials.
<b>Infrastructure</b>	Infrastructure investments benefitted from falling inflation and the beginning of the rate cutting cycle. Interest rate cuts particularly benefitted long-dated infrastructure asset valuations and allowed for a rebound in listed rate-sensitive sectors such as utilities. Across the asset class strong positive absolute returns (+5.3%) but overall underperforming target of CPI + 3% by 1%.

# Performance Report

## PERFORMANCE ANALYSIS

### SUMMARY

As set out in the Statement of Purpose and Activities of the Organisation the two main functions of NILGOSC are:

- To administer a pension scheme for local government and other admitted bodies
- To manage and maintain a fund out of which scheme benefits can be met

The key measures of performance for the administration of the pension scheme are:

- performance standards, which set a performance target for each of NILGOSC's key pension administration activities;
- progress in relation to the Corporate Plan objectives;
- the annual Stakeholder Satisfaction survey; and
- the cost per member to administer the Scheme.

In addition, NILGOSC monitors the level of complaints received and the nature of these complaints.

Performance against targets in respect of NILGOSC's key pension administration activities is monitored on a monthly basis by the Head of Pension Services, based on data generated by the pension administration software system and is presented to the Management Committee for review on a biannual basis. Progress in relation to corporate plan objectives is reviewed on a quarterly basis by the Senior Management Team and by the Management Committee every six months; a 'status' indicator is applied to each operational action to indicate the progress made in meeting the performance indicator and focus is placed on the areas where performance is behind target. Stakeholder satisfaction and the cost per member to administer the Scheme are measured on an annual basis.

The key measure of performance for the investment of the Fund is the overall return on total assets. NILGOSC's overall investment objective is to exceed the Consumer Price Index (CPI) by 3.0% per annum, to be measured over three and five-year periods. A robust quarterly investment monitoring process is in place, which aims to look behind returns to see the underlying cause of any underperformance. In addition to monitoring financial returns, NILGOSC also reviews a number of important qualitative factors such as investment style and team, business strength, risk management and the level of assets under management.

In relation to asset allocation, NILGOSC sets a long-

term investment strategy which informs the Fund's asset allocation target and the actual asset allocation of the Fund is monitored on a regular basis.

NILGOSC has a system of internal control that is based on an ongoing process designed to identify and prioritise the risks to the achievements of the Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. A full description of NILGOSC's risk management process is provided in the Governance Statement on pages 73 to 81. Key Performance Indicators are set annually as part of the business plan cycle which formulates the Risk Register, the business plan and the budget for the year ahead.

A detailed analysis and explanation of the development and performance within the administration and investment functions is provided in the following sections of this Performance Report.

### ADMINISTRATION OF THE PENSION SCHEME

#### Scheme Benefits and Contributions

From 1 April 2015, a member builds up retirement pension under the career average revalued earnings (CARE) Scheme at the rate of 1/49<sup>th</sup> pensionable pay for each year. Prior to that date the Scheme was a final salary scheme. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60<sup>th</sup> pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80<sup>th</sup> (pension) and 3/80<sup>ths</sup> (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

The Scheme is funded by contributions made by both employees and employers who have been designated as employing authorities or admitted to the Scheme. Tiered employee contribution rates, determined by the whole-time equivalent rate of pay, were introduced from 1 April 2009.

From 1 April 2015, employee contribution rates are determined on the actual rate of pay and not the whole-time equivalent rate of pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the pensions increase. The Pensions (Increase) Act (Northern Ireland) 1971 applies the rate of inflation (as measured by the Consumer Price Index (CPI)) for the preceding September. The CPI figure for September 2023 was 6.7% and this was applied to the actual pensionable pay ranges for 2024/25. The rates effective from 1 April 2024 were as follows:

Actual Pensionable Pay Range	Employee Contribution Rate
£0 - £18,000	5.5%
£18,001 - £27,700	5.8%
£27,701 - £46,300	6.5%
£46,301 - £56,300	6.8%
£56,301 - £111,700	8.5%
More than £111,700	10.5%

Employers' contribution rates are determined by the Scheme's Actuary every three years. The most recent valuation took place as at 31 March 2022 and set the employers' contribution rates for the period from 1 April 2023 to 31 March 2026. For those employers whose participation in the Scheme is deemed to be indefinite and/or where an adequate covenant is in place, NILGOSC has agreed with its Actuary employer contribution rates of 19% for the three years commencing 1 April 2023.

Year	Employer Contribution Rate
1 April 2023 – 31 March 2024	19%
1 April 2024 – 31 March 2025	19%
1 April 2025 – 31 March 2026	19%

Those employers who have closed the Scheme to new entrants, or those whose participation in the Scheme is believed to be of limited duration, have individual contribution rates and capital payments as determined by the Actuary.

The next valuation takes place as at 31 March 2025.

## Scheme Status and Regulations

The Scheme is a statutory public service pension scheme as defined by the Pension Schemes Act (Northern Ireland) 1993. All the rules of the Scheme and the powers of NILGOSC are set out in legislation.

The Public Service Pensions Act (NI) 2014 set out a common framework for all the public service pension schemes in Northern Ireland from 1 April 2015. The Act provides that the Department for Communities is the responsible authority with the power to make regulations, with the consent of the Department of Finance, for a scheme for the payment of pensions and other benefits to or in respect of local government workers. Prior to the 2014 Act, the Department's power to make regulations was set out in the Superannuation (NI) Order 1972.

The principal regulations relating to the 2024/25 financial year are contained in the following sets of regulations, as amended:

- The Local Government Pension Scheme Regulations (Northern Ireland) 2014 (SRNI 2014/188)
- The Local Government Pension Scheme (Amendment and Transitional) Regulations (Northern Ireland) 2014 (SRNI 2014/189)

The Scheme is also governed by:

- Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000 (SRNI 2000/178)
- Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 (SRNI 2007/93)

As a public service pension scheme, the Scheme was contracted out of the State Second Pension (S2P) up until 5 April 2016 and is a registered public service scheme under Chapter 2 of Part 4 of the Finance Act 2004. Automatic registration was achieved by Part 1 of Schedule 36 of that Act. Full tax relief is granted on members' and employers' contributions paid to the Fund.

## New Regulations

The Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2024 were made on 28 August 2024, came into operation on 31 August 2024 and had retrospective effect to 1 October 2023. In recognition of the complex and detailed work that was required to implement the McCloud Remedy, these amending regulations removed the requirement to include details of the McCloud Remedy in annual benefit statements for 2023/24 and potentially 2024/25.

## Scheme Membership

The number of active, deferred and pensioner members of the Scheme continued to grow during 2024/25.

## Members

Membership of the Scheme increased during the year to 176,915 members. At 31 March 2025, the Scheme consisted of 86,137 contributing members, 48,171 pensioners and 37,063 deferred members plus 5,544 members with a miscellaneous classification.

## Employing Authorities

At 31 March 2025, there were 170 employing authorities contributing to the Scheme. These employing authorities were composed of 11 councils, 1 Education Authority, 1 Library Authority, 48 associated bodies, 89 schools, 9 further and higher education colleges and universities and 11 employers with restricted membership (closed to new members). A full list of these organisations can be found on pages 144 to 146.

The Independent Commission for Reconciliation and Information Recovery (ICRIR) was admitted to the Scheme on 1 April 2024. Lecale Trinity Grammar School was admitted to the Scheme on 1 September 2024 and was formed from an amalgamation of St Patrick's Grammar School Downpatrick, De La Salle High School and St Mary's High School.

## Revaluation of CARE Benefits

The Public Service Pensions Revaluation Order (Northern Ireland) 2024 makes legislative provision for the revaluation of active contributing members' benefits for those CARE schemes which use the change in prices (the LGPS (NI)) or change in earnings as the measure for revaluation. An increase of 6.7% was applied on 6 April 2024 to CARE benefits built up in the LGPS (NI) to 31 March 2024.

## Pensions Increase

The Pensions (Increase) Act (Northern Ireland) 1971 and the Social Security Pensions (Northern Ireland) Order 1975 are the primary legislation that govern increases to public sector pensions. The Pensions Increase Orders govern increases to Scheme pensions and the Social Security Revaluation of Earnings Factors Orders govern increases to guaranteed minimum pensions (GMPs), a component of some members' pensions.

The Pensions Increase (Review) Order (Northern Ireland) 2024, operational from 8 April 2024, increased pensions which had been in payment for more than a year (commenced before 24 April 2023) by 6.7%. A proportionate increase applied to any pensions beginning from 24 April 2023 but before 24 March 2024.

The Guaranteed Minimum Pensions Increase Order (Northern Ireland) 2024 increased GMPs by 3.0% from 6 April 2024.

## Triennial Valuation as at 31 March 2022

The last triennial valuation was carried out as at 31 March 2022 and set out the employers' contribution rates for a three-year period from 1 April 2023 to 31 March 2026.

The overall funding level was 111% with a surplus of £1,004.4m relative to the liabilities. The future service (common) contribution rate, which is the cost to employers of providing the pension benefits members build up each year, was 22.1%. The past service rate, which looks backward, is the adjustment needed to reduce the funding level of the Fund as a whole to an agreed threshold (in NILGOSC's case 105%) over a recovery period of 20 years. The past service rate was set by the actuary at -2.3% giving a total employer contribution rate, as percentage of pay, of 19.8%.

Individual employers' contribution rates differ depending on whether they are in the Main Employer Group, their membership profile, funding level and recovery period. Employers assessed by NILGOSC as having a strong covenant and whose participation in the Scheme is considered indefinite in nature, form the Main Employer Group and have a contribution rate of 19% for each of the next three years. Each employer that is not in the

Main Employer Group has its own individual rate set and some also have additional deficit recovery contributions depending on individual circumstances.

The next triennial valuation will be as at 31 March 2025. This is currently underway and the results of this will be finalised by 31 March 2026. This will be used to set employers' contribution rates from 1 April 2026 to 31 March 2029.

## Cost Cap Mechanism

The Scheme's regulations make provision requiring the cost of the Scheme to remain within specified margins either side of an employer cost cap, and, for cases where the cost of the Scheme would otherwise go beyond either of those margins, provision specifying a target cost. The cost cap for the Local Government Pension Scheme (Northern Ireland) was set at 17%. Initially the margins were set within a +/- 2% corridor. This applied for the 31 March 2016 cost cap valuation. Following a further review, the Government widened the corridor to +/- 3% and introduced an economic check that would apply to the 2020 cost cap valuation.

The results of the 2020 cost cap valuation were published in April 2024. The core cost of the Scheme was outside the 3% cost cap corridor (4.1% below the employer cost cap of 17%) but when the wider economic situation was taken into account through the economic cost cap cost (6.4% above the employer cost cap of 17%) the cost cap corridor was not breached. A breach of the cost cap mechanism occurs only if both the core and economic cost caps are outside the corridor and in the same direction. As these breaches are in opposite directions, there is therefore no need for the Department for Communities to consult on changes to the Scheme.

Membership data as at 31 March 2024 has been provided to the Government Actuary's Department so that it can commence the 2024 cost cap valuation.

## Indexation and Equalisation of Guaranteed Minimum Pensions (GMP)

From 6 April 2016 onwards the LGPS (NI) has been responsible for paying full indexation for members who reach state pension age on or after that date i.e. no increase in respect of the GMP is paid along with a member's state pension. This change was initially achieved by an interim solution which became permanent from 1 April 2021. This means that the LGPS (NI) is responsible for fully uprating the GMP pensions in line with the Consumer Prices Index for all members who have a GMP element to their pension and reach their state pension age on or after 5 April 2016.

Equalisation of GMPs for public service pension schemes is still under review.

## Proposed Increase in Normal Minimum Pension Age

Section 10 of the Finance Act 2022 increases the normal minimum pension age from 55 to 57 from 6 April 2028. The Department for Communities will need to change the Scheme rules to align with the normal minimum pension age before 6 April 2028 and consider whether members who qualify for protections will be allowed to receive payment before age 57.

## Independent Review of the State Pension Age

The results of the last review of the State Pension Age were published by the Department for Work and Pensions on 30 March 2023. State Pension Age is currently age 66 and there will be a gradual increase to age 67 for those born on or after April 1960. There is a further increase to age 68 between 2044 and 2046 for those who were born on or after April 1977. There will be another review within two years of the current Parliament, and it will again consider whether the increase to age 68 should occur earlier.

As the normal pension age for Scheme benefits is now linked to the State Pension Age, any change in State Pension Age will affect the normal pension age for pension benefits payable by the Scheme.

## Pensions Dashboard

In 2016 the Financial Conduct Authority (FCA) recommended that pensions dashboards should be available to individuals to enable them to engage more easily with their pensions. The Government was supportive of this initiative and since then has consulted on the issues and options for delivering this service. In April 2019 it decided that it would legislate to make pension schemes provide data and that the Money and Pensions Service (MaPS) would be responsible for working with the pensions industry to deliver the dashboard service. MaPS established the Pensions Dashboards Programme (PDP) to design and implement the infrastructure for the pension dashboards. The vision of the Pensions Dashboards Programme (PDP) is 'to enable individuals to access their pensions information online, securely and all in one place, thereby supporting better planning for retirement and growing financial wellbeing'.

The draft Pensions Dashboards Regulations 2022 were published for consultation in early 2022 and came into force on 12 December 2022. The Regulations confirmed that NILGOSC would have a go live deadline of 30 September 2024.

In March 2023, Laura Trott, Parliamentary Under Secretary of State for Pensions, made a statement for the Department of Work and Pensions (DWP) which detailed delays in the delivery of the IT systems that make up the dashboards digital architecture. Given these delays, the Pensions Dashboard Programme was reset and subsequently The Pensions Dashboards (No. 2) Regulations (Northern Ireland) 2023 came into operation on 8 December 2023.

These latest regulations delayed NILGOSC's connection deadline to 31 October 2026 but stated that it would have to have regard to the staging timetable that would be set out in guidance. This guidance was published on 25 March 2024 and gave NILGOSC a revised "Connect by" date of 31 October 2025. NILGOSC is working towards this connection date.

## National Fraud Initiative

NILGOSC participates in the biennial National Fraud Initiative (NFI) run by the Northern Ireland Audit Office, which has statutory powers to conduct data matching exercises for the purposes of assisting in the prevention and detection of fraud. NILGOSC continues to participate in the NFI Data Matching Exercise, most recently in 2024/25. As a result of the 2024/25 exercise, seven overpayments



totalling £19.8k were identified. We are currently seeking repayment of these monies. NILGOSC is also actively pursuing recovery of the £10k overpayment identified in the 2022/23 exercise, which was confirmed as fraud. NILGOSC continues to pursue recovery of any overpayments identified through previous NFI data matching exercises.

## Equality, Social Matters and Human Rights

NILGOSC has a commitment to the fulfilment of its duties under Section 75 of the Northern Ireland Act 1998 and NILGOSC's Equality Scheme states that it will report on the progress it has made in the delivery of its Section 75 statutory duties. NILGOSC's Annual Equality Statement is set out on pages 138 to 139 of this report. NILGOSC's commitment to the promotion of equality of opportunity and diversity within its workforce is reflected across all of its staff policies.

NILGOSC includes social value evaluation criteria when procuring goods and services exceeding the public procurement threshold (£140k).

As a global investor NILGOSC can influence social factors including human rights through its responsible investment activities. NILGOSC has developed a Statement of Responsible Investment which sets out its practices in this regard. Further information in respect of NILGOSC's responsible investment activities can be found within the Investment of the Fund section of this Performance Analysis, starting on page 61.

## Anti-Bribery and Anti-Corruption Matters

NILGOSC values its reputation for ethical behaviour, financial probity and reliability and is committed to conducting business in an honest and ethical manner. NILGOSC takes a zero-tolerance approach to acts of bribery and corruption, by its staff or anyone acting on its behalf. Further details are set out in NILGOSC's Anti-Bribery Policy Statement which can be found on NILGOSC's website at the following address:

<https://nilgosc.org.uk/wp-content/uploads/2024/07/Anti-Bribery-Policy-1.pdf>

## Environmental Matters and Sustainability Targets

NILGOSC's Statement of Investment Principles acknowledges that environmental, social and governance (ESG) issues can affect the financial performance of investment portfolios and states that NILGOSC will take such matters into consideration as part of the investment process. As a responsible investor, NILGOSC exercises its ownership rights and uses its vote to inform companies of the corporate behaviour it expects to see, including by voting against management where there are significant ESG failings. NILGOSC's expectations for good corporate governance are laid out in its Proxy Voting Policy, which is reviewed and updated annually.

NILGOSC developed its Statement of Responsible Investment to further outline how ESG issues are incorporated into its investment practices. Recognising that of all of the ESG risks facing investors, climate change has arguably the greatest potential for widespread impact, NILGOSC also developed a Climate Risk Statement. This statement sets out the framework within which climate risk is taken into account across the range of assets in which NILGOSC invests and confirms NILGOSC's support for the aims of the Paris Agreement, which seeks to limit global temperature rise to below 2°C degrees above pre-industrial levels. In June 2020, NILGOSC became an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and produced its fourth TCFD-aligned Climate-related Disclosures report (for the year ended 31 March 2024) in October 2024.

Further information regarding ESG issues and NILGOSC's actions to address climate risk during the year are provided within the Investment of the Fund section of the Performance Analysis Report.

NILGOSC is exempt from the targets within the Greening Government Commitments, however NILGOSC gives due consideration for sustainability factors in its procurement exercises where appropriate.

Furthermore, NILGOSC has invested in e-communications and encourages members to engage via electronic media platforms including through its member self-service facility, *My NILGOSC Pension Online*.

## Publications

NILGOSC has produced a series of guides and booklets, which have been designed to provide additional information on various aspects of the Scheme. Copies of these publications are available on request from NILGOSC or may be downloaded from our website [www.nilgosc.org.uk](http://www.nilgosc.org.uk). The guides and booklets available are as follows:

- Member Guide to the Local Government Pension Scheme (Northern Ireland)
- NILGOSC Pension Guide
- Retirement Guide
- Increasing your Retirement Benefits
- Leaving the Scheme Before Retirement
- Pensions on Divorce or Dissolution
- Alternative Communications Leaflet
- Decisions, Reviews and Complaints
- Re-Joining the Scheme
- Equality Scheme Summary
- Employers' Guide to the 2015 Scheme
- Employers' Guide to Automatic Enrolment
- Human Resources Guide to LGPS (NI)
- Payroll Guide to LGPS (NI)
- Members' News, Deferred Members' News and Pensioners' News
- Annual Report

The Scheme rules are available from the TSO shop at <http://www.tsoshop.co.uk>. The Regulations are also available online at [www.legislation.gov.uk](http://www.legislation.gov.uk).

In addition to providing information to members, deferred members, prospective members, pensioners, and employers, the NILGOSC website also contains a wide range of corporate information including:

- Statement of Investment Principles
- Funding Strategy Statement
- Management Committee Biographies
- Equality Scheme
- Publication Scheme
- Corporate Plan
- Decisions, Reviews and Complaints

## Performance Standards

In May 1997, the Management Committee approved service standards for key NILGOSC activities and set a performance target for each service standard. The service standards are reviewed annually, and performance against the targets is monitored by the Committee. In April 2025, the internal auditor, Sumer NI, tested NILGOSC's service standards reporting system and performance outturn as part of its annual validations review.

The following table provides a summary of performance against the service standards during 2024/2025:

Task	Standard (working days)	Target Performance %	2024/25 Actual Performance %
Lump sum retirement payments	10 days	90%	91%
Death grant payments	10 days	90%	97%
Leaver options notifications	20 days	90%	66%
Refund payments	10 days	95%	92%
Refund quotations	10 days	90%	78%
Transfer out quotations	20 days	90%	93%
Transfer out payments	10 days	90%	89%
Transfer in quotations	10 days	90%	91%
Transfer in confirmations	20 days	90%	98%
New entrant certificates	20 days	95%	99%
Correspondence	10 days	95%	96%
Benefit quotation requests	10 days	90%	89%
Issue members' annual report	By 30 November	100%	100%
Issue members' annual benefit statements	Within 5 months of year end, unless relevant data unavailable	100%	98%
Pensions paid each month	Last banking day of month	100%	100%
P60s issued to all pensioners	By 31 May	100%	100%

As previously noted, the 2024/25 year continued to provide challenges for NILGOSC and this is reflected in performance falling short of service standards in six areas. Service delivery was in line with or exceeded target for the remaining 10 standards (2023/24: 11/16 targets met). Sustained high work volumes, together with elevated staff turnover and staff absence due to illness, significantly contributed to the failure to meet certain service standards. During those periods when resource cannot match demand, actions such as retirement and death benefit payments will be prioritised. Two activities fell considerably short of target; the provision of leaver option notifications (66%) and refund quotations (78%). The remaining four actions that fell short of target are within 3% of standard.

## Service Delivery Enhancements

### i-Connect

In January 2022, NILGOSC launched a project in conjunction with its employers to transition to a new data exchange platform. This secure platform automates monthly submission of pension data, either by accepting an extract directly from the participating employer's payroll systems or by employers updating it online. The objectives of the project are to improve the quality of the data, accuracy of member records and spread the administration over the year, rather than having a peak following year end.

NILGOSC has adopted a system called 'i-Connect' for this secure data exchange from employers' payroll platforms to NILGOSC's pension administration system. The project is adopting a phased approach and is scheduled to complete March 2027. By 31 March 2025, 133 employers had been onboarded and were actively using the system. Initial feedback

on the system and the transition experience has been positive with 93% of employers rating it 'Good' or 'Excellent' in the latest stakeholder satisfaction survey. 97% of employers rated the post-onboarding support as 'Good' or 'Excellent'.

#### **My NILGOSC Pension Online**

*My NILGOSC Pension Online*, the member portal, was upgraded in February 2025. The new portal has many of the same features as the original site, but with a fresh new look, easier navigation and improved security features. This secure online portal allows members 24/7 access to their pension records enabling them to view and update personal information, check the value of their pension benefits and estimate the value of their pension upon retirement. NILGOSC continues to promote the functionality offered by *My NILGOSC Pension Online* as a means of enhanced service delivery and the empowerment of members to manage their pension directly.

NILGOSC has moved the default delivery setting for active and deferred members to electronic, subject to individual member preference. As a result, Scheme communications such as annual benefit statements and newsletters are issued online via *My NILGOSC Pension Online* unless postal communications have been specifically requested.

In addition to its secure member self-service facility, NILGOSC makes available a wide range of information through its public website [www.nilgosc.org.uk](http://www.nilgosc.org.uk). In the year to 31 March 2025 the website had around 394,451 users, 407,503 individual sessions and over 416,223 page views.

Communication and member engagement remains a strategic priority for NILGOSC, and it continues to monitor member satisfaction and behaviour. As at March 2025, nearly 64,000 members had registered for *My NILGOSC Pension Online* and this, together with public website activity, indicates a clear demand for information being available online. In the 2024/25 satisfaction survey, members gave a satisfaction rating of 93% for *My NILGOSC Pension Online* when asked to consider factors such as ease of registration, quality and accuracy of information provided, look and layout of website and ease of navigation.

NILGOSC prides itself on offering a high-quality, individual service to its members for over 75 years and is keen to maintain its reputation despite moving to virtual service delivery. Whilst there are undoubtedly benefits to members to be able to access their pension information electronically at a time of their choosing,

NILGOSC also recognises that many members value personal interaction and paper communications. Prior to any change, NILGOSC has written to members seeking their individual communication preferences. NILGOSC also operates a biennial reconnection programme to its deferred members which is designed to reconnect with those members who are less engaged with their pension scheme. The most recent reconnection letters were issued in March 2025 to any deferred members who had not registered for *My NILGOSC Pension Online*. This was also an opportunity to promote the upgraded member portal.

#### **Satisfaction Survey**

A Stakeholder Satisfaction Survey for the year 2024/25 was carried out in February 2025. Surveys were drawn up for members, deferred members and pensioners, relevant to the service they receive from NILGOSC. Approximately 3,758 surveys were sent to the three member groups, and the response rate averaged at 28%. In addition, online surveys were also sent to 170 employing authorities. A total of 65 employers responded to the survey, a response rate of 38%.

The surveys focused on three main areas:

- Publications
- Customer service
- *My NILGOSC Pension Online* and the NILGOSC website

Satisfaction levels, which are measured with respect to the percentage of good or excellent ratings given, ranged from 79% for deferred members, 91% for active members and 95% of pensioners. 100% of employers indicated a satisfaction rating of 'Good' or 'Excellent'. The aggregate satisfaction rate across all stakeholder groups was 91% (2023/24: 92%).

#### **Publications**

Respondents were asked to rank communication materials on a scale of 1 to 5 (1 being poor and 5 being excellent). Questions related to relevance of information, presentation and layout and ease of understanding. 94% of member respondents and 91% of employers rated NILGOSC communications as being 'Good' or 'Excellent'.

#### **Customer Service**

The survey examined a range of areas relating to customer service for members including staff knowledge, courtesy and professionalism. Overall customer service received a 'Good' or 'Excellent' rating from members and employers of 92.26% and 96.97% respectively.

#### **My NILGOSC Pension Online and the NILGOSC website**

Elements of *My NILGOSC Pension Online* surveyed included ease of registration, quality and accuracy of information provided, look and layout of website and ease of use and 92.81% of respondents gave an overall rating of 'Good' or 'Excellent'.

Respondents were also asked to rate the look, usefulness, and quality of content on the NILGOSC website. Satisfaction across all stakeholder groups was high, with 95.17% of respondents rating the NILGOSC website as 'Good' or 'Excellent'.

#### **Seminars to Employers and Members**

NILGOSC is committed to supporting its members to better understand the Scheme. To do this, NILGOSC regularly invites employers, members, and trade union representatives to attend topical pension information sessions. These sessions include a live demonstration of how to use the member portal, *My NILGOSC Pension Online*, and are categorised as follows:

- Welcome to the Scheme
- Scheme Benefits
- Approaching Retirement

NILGOSC also provides Scheme Administration training for employers twice-yearly.

Sessions can be held either online, or in person at an employer's premises upon request. Recordings are also made available on NILGOSC's website for those unable to attend a live event.

In the 2024/25 year, NILGOSC hosted 22 pension information sessions for members and employers, with a total of 1,137 attendees. The satisfaction survey showed that 34% of employer respondents had attended a NILGOSC seminar in the last year and 97% of those rated the seminar as 'Good' or 'Excellent'. 100% of members who provided feedback after attending a seminar rated it as 'Good' or 'Excellent'.

#### **Cost per Member**

The table on the following page shows administration expenses per Scheme member, together with the ratio of members to staff. In the year ended 31 March 2025, the cost per member, adjusted for inflation, has increased from the previous year. After adjustments there has been an increase in the administration expenses from the prior period that is somewhat mitigated by the uplift in total membership. The headline cost per member increase is largely driven by settlement of pay awards – both 2024/25 national agreement and approval of a pay increment from 1 April 2022 lifting the inflation adjusted cost per member annual charge by approximately £1.



Year ended 31 March	Total Members	Number of Staff	Members/ Staff	Admin Expenses £'000	Cost/ Member £	Inflation adjusted cost £
2016	114,026	64	1,782	3,803	33.35	45.39
2017	118,794	78	1,523	4,348	36.60	48.69*
2018	122,587	84	1,459	4,393	35.84	46.51*
2019	129,947	82	1,585	4,699	36.16	46.10*
2020	139,048	77	1,806	4,643	33.39	41.94**
2021	142,492	79	1,804	4,675	32.81	40.92**
2022	149,739	76	1,970	4,745	31.69	36.94**
2023	160,929	80	2,012	5,601	34.81	36.85**
2024	169,490	82	2,067	5,979	35.28	36.19**
2025	176,915	85	2,081	6,563	37.10	37.10**

\* Between 2017–2019, adjustments to the administration expenses totals have been made (2018/19 £846k; 2017/18 £281k; 2016/17 £1,933k) for the purposes of the cost per member calculation. These material adjustments reflect the amount of the total movement in employing authority bad debt provision (2018/19 and 2017/18) and bad debt write-off (2016/17). These are not member related costs but attributed to the employing authorities in the Scheme through the triennial valuation.

\*\* The total administration expenses in 2020 – 2024 have been reduced by £625k, £386k, £782k, £646k and £8k respectively and increased in 2025 by £68k, that being the IAS 19 adjustment to current service pension costs. In earlier years these adjustments were sufficiently material to impact the cost per member calculation and are also not a member related cost.

## Decisions, Reviews and Complaints Processes

NILGOSC operates two distinct processes for dealing with complaints. The appropriate process depends on the nature of the complaint.

If the complaint relates to a disagreement about matters relating to the application of Scheme Regulations, it will be dealt with under the Internal Dispute Resolution Procedure (IDRP). The specific conditions under which an IDRP complaint could apply and the decision making authority are set out in the Scheme Regulations. This is a two-stage process, referred to as Stage 1 and Stage 2.

NILGOSC also has a process in place for complaints relating to service delivery. In general terms, a service related complaint is an expression of dissatisfaction about NILGOSC's action, lack thereof, or about the level of service provided. This is also a two-stage process, referred to as Stage 1 (Frontline response) and Stage 2 (Investigation).

### Internal Dispute Resolution Procedure

NILGOSC and its employing authorities have the right to make decisions regarding membership, contributions payable and benefits to be awarded. If a member does not understand, or is unhappy with, a decision made by their employer, the member should take this up with the employer via its complaints and disputes procedure.

If an individual is unhappy with a decision made by NILGOSC, in the first instance they should try to resolve the issue with the member of staff who made the decision, or with their manager. This can be done in writing, by telephone or by personal visit. If the matter is not resolved to their satisfaction, they can make a formal complaint.

NILGOSC operates a formal two stage process for Reviews and Complaints that relate to decisions taken in the application of Scheme Regulations. At Stage 1, an individual should submit their complaint to the Head of Pension Services by way of a letter or a Reviews and Complaints Form, giving details of the complaint, and asking for a review of the decision.

The form is available on the NILGOSC website or on request from the Pensions Service team. The person appointed to consider a Stage 1 review is normally NILGOSC's Secretary, although in his absence the appointed person will be the Deputy Secretary or Acting Secretary.

If the individual is unhappy with the decision made by the Secretary at the Stage 1 review, they may request a Stage 2 review. Stage 2 reviews will be considered by the Internal Dispute Resolution Committee (IDRC), a sub-committee of the Management Committee with decision making powers. Any request for a Stage 2 review must be sent to the Head of Pension Services within six months of the date of the Secretary's Stage 1 review decision. The timeframe for decisions under both Stage 1 and Stage 2 is four months from receipt of the application for review.

### Service Delivery Complaints Procedures

NILGOSC has adopted the Northern Ireland Public Service Ombudsman's (NIPSO) Model Complaints Handling Procedures, which are created to help all public bodies handle complaints in broadly the same way.

An individual wishing to make a complaint about service delivery must do so within six months of the event occurring or when they discover they have a reason to complain. NILGOSC aims to provide a frontline response to complainants (Stage 1) within 5 working days or less. If the individual is not satisfied with the Stage 1 response, the complaint can be escalated to Stage 2 for investigation. This must be done within 30 days of receiving a frontline response and a 20 working day response timeframe will apply.

Further details on both processes can be found in the 'Decisions, Reviews and Complaints' booklet, which is available on the NILGOSC website or on request. This guide provides full contact details for external bodies which may be able to help to resolve complaints, such as MoneyHelper, the Pensions Ombudsman Service, The Pensions Regulator (TPR), and the Northern Ireland Public Services Ombudsman.

### Complaints and Reviews received during 2024/25

NILGOSC received a total of 37 complaints/requests for review during the 2024/25 year. This is a reduction from the 51 complaints/requests for review received during the 2023/24 year. Of this total, 13 related to service delivery complaints and 24 complaints were handled under the Internal Dispute Resolution Procedure (IDRP) route, the majority of these (15) related to a request for a review of an ill-health retirement benefit decision.

Of the 15 Stage 1 requests received during the 2024/25 year, 6 were upheld meaning the initial ill-health decisions were overturned and 7 were not upheld meaning the initial ill-health decisions remained in place. Two requests were still in progress at the year end. The remaining 9 non-ill-health related reviews were handled at Stage 1 only, 5 of which were upheld, 3 were not upheld and 1 remained in progress at the year end.

Out of the 15 ill-health reviews, 5 progressed to Stage 2 and only one was heard by the IDRC during the 2024/25 year. This decision was upheld meaning the initial ill-health decision was overturned. The remaining 4 had not been heard by the IDRC at the year end.

All 13 service delivery complaints were dealt with at Stage 1 by way of a frontline response, 7 complaints were upheld and 6 not upheld.

NILGOSC regularly monitors the nature of the complaints to ensure that any trends are noted, and that lessons are learned with appropriate actions as required. In line with the complaints handling procedures, the senior management team review complaints performance statistics, together with an analysis of trends and outcomes, on a quarterly basis. Complaints outcomes, actions and lessons learned are also considered biannually.

Further information on the monitoring of appeals/ complaints received by NILGOSC can be requested by writing to the Head of Pension Services at NILGOSC's address which is provided on page 2 of this report.

## Review of Corporate Plan 2024/25

NILGOSC publishes its Corporate Plan over a rolling three-year period. The purpose of the Corporate Plan is to set out the aims, objectives and service standards of the Committee, taking into account external factors such as government policy and stakeholder needs. The Corporate Plan is reviewed and revised annually, and a copy of the latest 2025/26 – 2027/28 Corporate Plan can be downloaded from the NILGOSC website at [www.nilgosc.org.uk](http://www.nilgosc.org.uk). As can be seen from the following table, a significant proportion of the 2023/24 – 2025/26 Corporate Plan was completed or on target as at 31 March 2025.

**1. To provide an effective service complying with the pension scheme regulations, good practice, other legislation and stakeholder expectations.**

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
1.1 To pay members' pension benefits, refunds and transfers promptly and accurately	1.1.1 To pay monthly pensions promptly and accurately	Paid by last banking day of the month	564,215 pensioners paid 100% paid by last banking day of the month	<b>Achieved</b>
	1.1.2 To pay pension lump sums promptly and accurately	Within 10 working days of the receipt of the relevant details	3,389 pension lump sums paid 91% within target Average time taken - 8 days	<b>Achieved</b>
	1.1.3 To pay refunds of contributions promptly and accurately	Within 10 working days of receiving a valid application	3,628 refunds paid 92% within target Average time taken - 6 days	<b>Substantially Achieved</b>
	1.1.4 To pay transfer payments promptly and accurately	Pay the cash equivalent within 10 working days of receipt of required information	140 transfer outs paid 89% within target Average time taken - 9 days	<b>Substantially Achieved</b>
1.2 To credit pension contributions, transfers and other employer liabilities received promptly and accurately	1.2.1 To collect monthly contributions and invest in scheme fund promptly	Within 10 working days of following month	All Employer and Employee contributions received, records updated and credit control policy applied as required	<b>Achieved</b>
	1.2.2 To update member records on receipt of annual returns from employers	For 100% of employers required to submit a return by 31 July	98% returns posted by 31 July	<b>Substantially Achieved</b>
	1.2.3 To credit pension account on receipt of transfers into the scheme promptly	Provide confirmation within 20 working days of receiving the transfer payment	325 transfer in confirmations provided 98% within target Average time taken - 15 days	<b>Achieved</b>
	1.2.4 To obtain and advise employers of actuarial costs and agree payment schedule promptly	Within 20 working days of receipt of information	All requests completed within timescales	<b>Achieved</b>
1.3 To provide members with information needed to make pension decisions promptly	1.3.1 To respond to member queries	Within 10 working days	6,631 items of correspondence 96% within target Average time taken - 2 days	<b>Achieved</b>
	1.3.2 To provide members leaving the scheme with option choices	Provide a statement of benefit options within 20 working days of notification	3,927 early leaver notifications provided 66% within target Average time taken - 39 days	<b>Behind Target</b>
	1.3.3 To provide short service members leaving the scheme with option choices	Provide a statement of options within 10 working days of notification	5,412 refund quotes provided 78% within target Average time taken - 10 days	<b>Moderately Behind Target</b>
	1.3.4 To provide members with benefit quotations on request	Benefit quotations issued within 10 working days	2,010 quotations provided 89% within target Average time taken - 6 days	<b>Substantially Achieved</b>

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
1.3 To provide members with information needed to make pension decisions promptly	1.3.5 To provide members and deferred members with benefit statements	Benefit statements issued within 5 months of year end	98.1% of deferred statements and 97.9% of active statements were issued ahead of 31 August 2024, giving an overall achievement rate of 97.9%	<b>Substantially Achieved</b>
	1.3.6 To provide members with annual allowance statements as applicable	Statements issued by 6 October	12 pension savings statements were issued for the 2023/24 year ahead of 6 October and one was issued in November 2024	<b>Substantially Achieved</b>
	1.3.7 To provide an estimate of a CETV	Within 20 working days of receipt of relevant details	787 transfer out quotations provided 93% within target Average time taken - 15 days	<b>Achieved</b>
1.4 To pay death benefits promptly and accurately	1.4.1 To notify dependants of pensions payable	Within 10 working days of receipt of the relevant proof of title	152 dependants pensions paid 98% within target Average time taken - 4 days	<b>Achieved</b>
	1.4.2 To pay death grants promptly	Within 10 working days of receipt of relevant proof of title	1,377 death grants paid 97% within target Average time taken - 4 days	<b>Achieved</b>
1.5 To ensure that all necessary action is taken on any change to scheme rules	1.5.1 Ensure that processes change to reflect regulation changes	Complete changes within 3 months of regulations made	The LGPS (Amendment) Regulations (NI) 2024 were made on 28 August 2024 and were implemented immediately	<b>Achieved</b>
	1.5.2 To train relevant staff on any regulation changes	Relevant staff trained on new regulations within 3 months of regulations made	Staff were advised of the changes on 28 August 2024 There were no training requirements	<b>Achieved</b>
	1.5.3 To have administration systems updated for any new or amended regulations	To have administration systems in place within 6 months of regulations made	The LGPS (Amendment) Regulations (NI) 2024 were made on 28 August 2024 and no changes were needed to administration systems	<b>Achieved</b>
	1.5.4 To update processes to reflect scheme changes arising from McCloud/cost cap breach	Processes updated within 9 months of regulations made	McCloud Regulations were made on 28 September 2023 and there have been multiple software releases and changes in documentation since Programming for transfers is outstanding Statutory guidance for implementing the McCloud Remedy is also outstanding for the LGPS NI, along with some GAD guidance An interim McCloud procedure has been created but extensive changes are needed to procedures as McCloud is interwoven throughout administration processes	<b>Not Achieved</b>

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
1.5 To ensure that all necessary action is taken on any change to scheme rules	1.5.5 To update administration systems for scheme changes arising from McCloud/cost cap breach	To have pension software updated within 9 months of regulations made	The pensions software provider has been implementing required programming on a phased basis  The majority of software updates are complete, with a timeline in place for any outstanding programming	<b>Substantially Achieved</b>
	1.5.6 To implement benefit changes and record amendments arising from McCloud/cost cap legislation	To complete necessary changes in line with legislative timescales	Approximately 45k records are potentially eligible for the McCloud Remedy  35,399 records have been checked and have had any provisional or final underpin calculated where applicable	<b>On Target</b>
	1.5.7 To process any adjustments to benefits or transfer payments as a result of GMP equalisation	To process any adjustments by agreed date	No amendments required in 2024/25	<b>On Target</b>
1.6 To ensure that systems and procedures comply with relevant legislation	1.6.1 To respond to Data Protection and Freedom of Information requests	Within 1 month (GDPR) or 20 days (FOI) of request	25 FOIs and 13 SARs were received in the 2024/25 year  All were responded to within the compliant timescales	<b>Achieved</b>
	1.6.2 To implement the Retention and Disposal Schedule	To complete full implementation for electronic records by March 2026	Not due in the current reporting period	<b>On Target</b>
1.7 To maintain accurate and complete member data	1.7.1 To undertake annual data matching and address tracing exercise	Reduce missing addresses by 10% relative to March 2024	Address tracing exercise for active and pensioner members completed  Missing addresses increased by 25% relative to March 2024	<b>Not Achieved</b>
	1.7.2 To monitor and improve data quality and ensure common data quality meets TPR standards	Data scores calculated in line with TPR guidance and action taken in line with data improvement plan	Data scores remain high despite marginal deterioration from prior year:  Common 99.5% v 99.9%  Scheme specific 98.5% v 99.3%	<b>Substantially Achieved</b>

## 2. To deliver an effective investment strategy in line with the actuarial profile of the fund.

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
2.1 To value the scheme assets and liabilities and set contribution rates accordingly	2.1.1 Undertake Actuarial valuation every 3 years	Publish valuation by 31 March 2026	Data in respect of 2022/23 and 2023/24 sent to Actuary in October 2024  Demographic Assumptions and the valuation timetable is agreed	<b>On Target</b>
	2.1.2 To provide necessary information to GAD for cyclical cost cap valuations	Information provided by due date	Cost Cap Valuation data for the period from 2020 to 2024 sent to GAD in December 2024, ahead of the requested date	<b>Achieved</b>
	2.1.3 To ensure employer contribution rates for 2024/25 implemented and deficit recovery contribution streams collected	Collect minimum contributions due under current Rates and Adjustment certificate	All contributions and deficit recovery streams collected as set out in the Rates and Adjustment Certificate issued 31 March 2023	<b>Achieved</b>
2.2 To invest scheme funds in accordance with the Statement of Investment Principles and the Statement of Responsible Investment	2.2.1 To achieve investment performance in line with targets	NILGOSC fund target	3 and 5 year returns to 31 March 2025 were behind the fund target of CPI + 3.0% by -5.86% and -1.00% respectively	<b>Not Achieved</b>
	2.2.2 To monitor and regulate investment management	That no manager breaches investment guidelines and any issues identified by the scorecard are promptly addressed	One active breach of the UK Securitisation Regulations was notified during the year  No other breaches recorded  Underperformance is addressed through the scorecard process	<b>Caution</b>
	2.2.3 To maximise income from scheme assets	Amount of income earned	Class actions income: £6,011 Stock Lending income: £684,997	<b>Achieved</b>
2.3 To deliver investment performance within appropriate risk return parameters	2.3.1 To undertake the triennial investment strategy review	To complete the strategy review by December 2024	Review commenced during 2024 but subsequently paused pending appointment of a new investment advisor  Review will recommence in 2025/26 once new advisor is in place	<b>Not Achieved</b>
	2.3.2 To monitor quarterly funding updates on an ongoing and low risk basis	Quarterly funding updates provided by Actuary	The funding level at 31 March 2025 is 119% on an ongoing basis, and 110% on a low risk basis	<b>Achieved</b>
2.4 To review investment performance regularly	2.4.1 To undertake a balanced scorecard review of investment managers on a quarterly basis	Quarterly scorecard report completed	Quarterly scorecard reports completed and noted at relevant Management Committee meetings	<b>Achieved</b>
	2.4.2 To provide a supplementary report to the Annual Report which includes benchmarking against LGPS peers	Annual report produced by 30 September 2024	Report presented to Committee in August 2024	<b>Achieved</b>

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
2.4 To review investment performance regularly	2.4.3 To monitor and report on investment costs using standard industry templates	Annual investment costs report by 31 December 2024	Investment management costs monitored on an on-going basis. Annual cost analysis exercise completed and results presented to Management Committee in November 2024	<b>Achieved</b>
2.5 To ensure effective stewardship in line with responsible investment policy	2.5.1 To implement the Statement of Responsible Investment	Vote in as many company meetings as possible, recoup earnings through class actions and to engage with companies to improve ESG performance	From 1 April to 31 March 2025: <ul style="list-style-type: none"> <li>• Votes were cast at 227 meetings for 203 companies</li> <li>• 27 engagement letters were issued to European companies</li> <li>• £6,011 recovered through class actions</li> </ul>	<b>Achieved</b>
	2.5.2 To produce an annual stewardship report	Report produced by 31 May 2024	Stewardship Report for year to 30 June 2023 was submitted to the FRC by 31 May 2024	<b>Achieved</b>
2.6 To manage the investment risks posed by climate change	2.6.1 To implement the Climate Risk Statement	Inclusion of climate risk in the consideration of investment opportunities	No specific new opportunities pursued during 2024/25 however climate risk an inherent part of investment monitoring and reporting throughout the year	<b>Achieved</b>
	2.6.2 To undertake a carbon intensity analysis of portfolio	Analysis completed by 31 December 2024	TCFD-aligned carbon intensity analysis was undertaken by Global Custodian for the year ended 31 March 2024 and report published October 2024	<b>Achieved</b>
	2.6.3 To undertake portfolio scenario analysis	Analysis completed by 31 December 2024	High-level portfolio scenario analysis undertaken by Global Custodian for the year ended 31 March 2024 and TCFD report published October 2024	<b>Achieved</b>
	2.6.4 To produce an annual Climate-related Disclosures report	Report produced by 31 December 2024	TCFD-aligned climate related disclosures report to 31 March 2024 published on NILGOSC website in October 2024	<b>Achieved</b>
2.7 To understand and adopt good practice in Public Sector fund management	2.7.1 Review Statement of Investment Principles and Funding Strategy Statement	Revise FSS and revise SIP when necessary	Committee approved SIP in September 2024 and draft FSS in March 2025	<b>Achieved</b>
	2.7.2 To monitor and manage employer covenants in line with Funding Strategy Statement	Full covenant assessment completed by 31 March 2025	A full covenant assessment exercise was undertaken and concluded in February 2025	<b>Achieved</b>

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
2.8 To work collaboratively on investment matters when suitable opportunities arise	2.8.1 To explore the benefits of scale investing and share knowledge and expertise on opportunities in alternative private markets	Collaboration with like-minded investors where mutually beneficial	Attended collaborative partner AGM in May 2024 and continued to explore opportunities as they arose throughout the year	<b>Achieved</b>
	2.8.2 To collaborate with like-minded investors on environmental, social and governance matters to support common goals	To join collaborative initiatives and share knowledge and expertise where appropriate	Key initiatives include: <ul style="list-style-type: none"> <li>• Co-signatory to CDP's 2024 Non-disclosure Campaign</li> <li>• Signatory to Asset Owner letter to the FCA highlighting concerns about proposed changes to the UK listings rules</li> <li>• Endorsed the PRI's "Spring" nature initiative</li> <li>• Signatory to 2024 Global Investor Statement to Governments on the Climate Crisis</li> <li>• Supported the Asset Owner Statement on Climate Stewardship</li> </ul>	<b>Achieved</b>

### 3. To promote the scheme and inform members and employers of their pension options.

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
3.1 To actively encourage retention in, and new membership of, the Scheme	3.1.1 To monitor the level of members opting-out of the scheme, understand the reasons and market the Scheme to non-members	Maintain active membership levels within 10% of March 2023 levels	The number of active members at 31 March 2025 was 86,137, an increase of 6.7% on the March 2023 figure	<b>Achieved</b>
3.2 To provide general scheme information to scheme employers, their employees, members, Trade Unions and pensioners through active engagement	3.2.1 Publish comprehensive scheme literature and guidance	Within 3 months of Scheme changes	Scheme literature and website updated within timescales	<b>Achieved</b>
	3.2.2 Provide employee and employer seminars	Employee and employer satisfaction rating as measured through annual satisfaction survey	22 seminars/events held in year with 1,137 attendees <ul style="list-style-type: none"> <li>• 9 employer events</li> <li>• 13 member events</li> </ul> 96.9% of employers rated seminars as 'Good' or 'Excellent' and 100% of members who left feedback rated remote seminars as 'Excellent'	<b>Achieved</b>
	3.2.3 To lay the annual report in the NI Assembly	In accordance with date agreed with Department	2023/24 Annual Report and Accounts certified with an unqualified opinion and laid before the NI Assembly 12 September 2024, as agreed with DfC	<b>Achieved</b>
	3.2.4 To implement the Communications workplan	Actions completed in line with target dates	Workplan for 2024/25 substantially complete with updates to two booklets and the creation of an online form/video carried over into the 2025/26 workplan	<b>Substantially Achieved</b>
	3.3 To provide members and employers with specific details of regulation changes and relevant tax legislation changes	3.3.1 Communication of any relevant regulation and tax changes	Within 3 months of regulations or changes being made	The website and Scheme literature were updated for changes to the lifetime allowance and the annual member newsletters issued in April and May 2024 advised of the changes  Employers were advised of the changes in Circular 06/2024 issued in April 2024 Staff training took place during the year
	3.3.2 To advise all new members of the benefits of the pension scheme	Issue information to new scheme members and membership certificates within 20 working days of notification by employer	18,737 new members processed within 20 days of receipt of information from employer 100% within target	<b>Achieved</b>

### 4. To influence and inform the debate on the future of the Local Government Pension Scheme.

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
4.1 To influence changes to the LGPS and actively contribute to relevant consultations	4.1.1 To ensure that employers are aware of potential scheme changes	All employers and recognised Trade Unions informed of key potential scheme changes	Circulars issued to advise of the LGPS (Amendment) Regulations 2024 and DfC's consultation on McCloud statutory guidance  All Scheme booklets and guides have been updated to highlight upcoming changes to Normal Minimum Pension Age	<b>Achieved</b>
	4.1.2 To respond to relevant Government consultation exercises	By consultation reply date	Responded to call for evidence for the extension of the automatic enrolment bill, and the consultation on bringing death grants within scope of the inheritance tax regime	<b>Achieved</b>
	4.1.3 To respond to parent Department consultation exercises	By consultation reply date	Responded to consultations on McCloud amendment regulations and McCloud statutory guidance	<b>Achieved</b>
	4.1.4 To contribute to consultee groups eg PLSA, LGPC etc	To have representation on all groups	Representation continued on relevant industry groups.	<b>Achieved</b>
4.2 To engage with, and inform, interested parties and relevant decision makers	4.2.1 To identify interested parties and decision makers for relevant issues and ensure they are adequately briefed on the consequences for NILGOSC	Evidence of engagement	Met with Councillors Review Group	<b>Achieved</b>
4.3 To improve the Scheme Regulations for the benefit of employers and members	4.3.1 Identify potential changes to the existing regulations or draft regulations and lobby the Department to make the changes	Formal notification of amendments to the Department	Advised DfC on Scheme guidance and LGPS regulations regarding Committee composition	<b>Achieved</b>

5. To undertake business in an efficient, effective and accountable manner as required of a public body.

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
5.1 To enhance corporate governance arrangements appropriate for a public body	5.1.1 Respond to External Auditor letters	Within 10 working days	Responses to all external audit requests prior to or during external audit provided well within the 10 working day target	<b>Achieved</b>
	5.1.2 Review of NILGOSC Internal Controls	Annually by 31 March	Governance statement for 2023/24 approved and published in Annual Report	<b>Achieved</b>
	5.1.3 Participate in data matching exercises as appropriate	Identify invalid payments and recoup losses	NILGOSC participates in the biennial NFI exercise, the most recent took place in 2024/25, with matches released in January 2025  Seven overpayments totalling £19.8k were identified and repayment sought  A further £21.4k remains outstanding from previous exercise and recovery efforts continue	<b>On Target</b>
	5.1.4 To test Business Continuity procedures and ensure effective	Annual test of Business Continuity Plan	Annual test successfully completed in March 2025	<b>Achieved</b>
	5.1.5 Maintain a Risk Register and take actions to mitigate identified risks	The Risk Register is compiled, reviewed quarterly and action identified is completed	The annual review of the Corporate Risk Register took place on 30 April 2024  The Risk Register 2024/25 was approved by the ARAC and Management Committee on 21 May 2024 and 10 June 2024 respectively  Quarterly reviews of the risk register took place throughout the year	<b>Achieved</b>
	5.1.6 To undertake a triennial review of the Organisation's Strategic Objectives	Review undertaken by 31 December 2024	Review completed by 31 December 2024	<b>Achieved</b>
	5.1.7 To undertake the retendering of goods and services	Tenders completed in line with procurement schedule	All procurement activity adhered to prevailing Procurement Policy Notes (PPNs) and DoF/DfC direction  Delays to exercises above £30k, managed by CPD, resulted in two contracts expiring before new contracts could be put in place	<b>Substantially Achieved</b>
	5.1.8 To utilise relevant procurement frameworks to minimise costs and increase efficiency	Frameworks utilised where they match requirements and meet business needs	NILGOSC continues to use suitable public sector procurement frameworks to ensure cost and operational efficiency	<b>Achieved</b>

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
5.1 To enhance corporate governance arrangements appropriate for a public body	5.1.9 To ensure that all Committee members undertake appropriate training in line with good practice, guidance and legislation	Each member has undertaken 40 hours of training/development per annum	Committee members completed a cumulative total of 572 hours training however one member did not meet their individual target	<b>Caution</b>
	5.1.10 To provide tailored induction training and support for new Committee members	Induction completed within 2 months of appointment to Committee and relevant sub-committees	There were 3 appointments during the year, with relevant induction training delivered within the required timeframe  One member awaits On Board training as they were unable to attend planned session due to illness	<b>Behind Target</b>
	5.1.11 To undertake annual Cyber Essentials Plus assessment	Cyber Essentials Plus certification obtained	Cyber Essentials Plus certification was successfully renewed in March 2025 and is valid until 24 March 2026	<b>Achieved</b>
5.2 To maximise efficiency through the use of technology	5.2.1 To implement automated receipt and straight through processing of data from employers	Revised Phase 5 by March 2025 and revised Phase 6 complete by Sept 2026	78% (133 out of 170) employers are submitting data straight through to NILGOSC's pension software  32 employers in Phase 5 missed the submission deadline and have been moved into Phase 6 with a revised deadline of March 2026  The Education Authority has been moved to Phase 7 with a deadline of March 2027	<b>Not Achievable</b>
	5.2.2 To promote the take-up for online member portal across scheme membership	To maintain a combined 50% registration level for active and deferred members by 31 March 2025	At 31 March registration levels were: Active – 56.7% Deferred – 54.5% Combined – 55.6%  The transition to the new member portal, Engage, was successfully implemented on 27 February 2025 and within the first month 7,878 members had migrated their account to the new portal	<b>Achieved</b>
	5.2.3 To adopt a cloud first strategy as legacy resources reach end of life	Strategy implemented by 2025/26	NILGOSC continues to implement cloud based solutions as legacy applications reach end of life per strategy  During the year NILGOSC upgraded on-premise infrastructure to facilitate a flexible hybrid cloud model, with Infrastructure as a Service and Disaster Recovery as a Service models	<b>On Target</b>

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
5.2 To maximise efficiency through the use of technology	5.2.4 To encourage non-registered deferred members to register for Member Self Service through a reconnection programme	To write to non-registered deferred members by 31 March 2025	A reconnection letter was sent to deferred members who were not registered for <i>My NILGOSC Pension Online</i> in March 2025	<b>Achieved</b>
	5.2.5 To implement TME (now Engage) as the new online member portal	Portal operational by 31 March 2025	The Engage Portal was successfully implemented on 27 February 2025	<b>Achieved</b>
	5.2.6 To facilitate the exchange of data with the pension dashboard	To connect to the dashboard by 30 September 2025	Legislative requirement is to be connected by 31 October 2026 and earlier if required in guidance DWP guidance indicates an onboarding window by 31 October 2025  ISP service has been tested and accepted and final configuration will begin in late August 2025, with data being provided to the dashboard before 31 October 2025  Data reconciliation with AVC providers is ongoing	<b>On Target</b>
	5.2.7 To identify, source and implement a new recruitment system	System implemented by June 2024	This activity was delayed due to continued high levels of recruitment activity during the year  Procurement stage ongoing	<b>Not Achieved</b>
	5.2.8 To identify, source and implement a board portal	Portal operational by 31 March 2025	Various systems were trialled during the year with further demos due in April 2025	<b>Not Achieved</b>
	5.3 To manage change in an effective and timely manner	5.3.1 To issue an internal newsletter to improve and promote staff communication	Newsletter issued quarterly	Templeton Times issued in each quarter
5.3.2 To establish project groups to manage projects in a timely and effective manner		Projects managed in accordance with industry standard methodology and in line with project timetable	The Projects & Premises Officer is Agile and PRINCE2 trained  Projects are supported, managed and tailored depending on complexity and nature, using these methodologies	<b>Achieved</b>
5.4 To ensure NILGOSC attracts and retains well trained personnel	5.4.1 To ensure all staff complete training plans and undertake appropriate training	That all staff complete plans and that training is received	Staff have completed a total of 1,503 hours of training in the 12 months to 31 March 2025	<b>Achieved</b>
	5.4.2 To utilise e-learning packages for mandatory corporate training, where appropriate	All staff have successfully completed e-learning modules issued	All staff have completed mandatory eLearning modules on Diversity & Inclusion, Data Protection, and Anti-Fraud Awareness with a 100% completion rate	<b>Achieved</b>

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
5.4 To ensure NILGOSC attracts and retains well trained personnel	5.4.3 To undertake a review of the staff structure and capacity	Review completed by 31 March 2026	Not due in current reporting period	<b>On Target</b>
	5.4.4 To monitor staff retention and address any issues identified	Staff turnover level maintained below 20%	Rolling turnover for the year to 31 March 2025 is 21.1%	<b>Moderately Behind Target</b>
	5.4.5 To undertake a biennial staff satisfaction survey and address any issues identified	Staff survey completed by 31 March 2025	Survey issued in February 2025 and results collated and shared with the Senior Management Team in March 2025	<b>Achieved</b>
	5.4.6 To launch the new wellbeing programme for 2024/25	Wellbeing programme delivered during the year ended 31 March 2025	The wellbeing programme was formally launched in April 2024 and 109.5 wellbeing days were utilised by staff during the year 10 wellbeing initiatives were coordinated by NILGOSC, covering physical, psychological, and social wellbeing	<b>Achieved</b>
	5.4.7 To undertake a job evaluation exercise	Exercise concluded by 31 March 2025	Following a lengthy period of dispute with the Trade Union, a procedure was finally agreed in December 2024  The procurement of a provider requires the involvement of CPD and progress to date has been protracted	<b>Not Achieved</b>
5.5 To ensure that the office environment meets the growing needs of stakeholders and staff	5.5.1 To maintain and improve office facilities to meet the ongoing needs of stakeholders and staff	Full office refurbishment completed by 31 March 2026	The office refurbishment project remains a live project:  Phase 1 (windows and rear bathrooms) complete  Phase 2 (front bathrooms and heating) underway at 31 March 2025  Heating work delayed due to contractor contract issue with CPD  Phase 3 (refurb of car park, ground & first floor) to be implemented by 31 March 2026	<b>On Target</b>
5.6 To ensure an effective and cohesive Committee	5.6.1 To provide Committee members with networking opportunities at internal and external conferences	Committee cohesion as evidenced by the annual Effectiveness Self-Assessment results	Members provided with multiple opportunities for networking at external conferences 2023/24 survey indicated a cohesive committee	<b>Achieved</b>
	5.6.2 To undertake an external Board effectiveness review	Review completed by 31 March 2025	Delayed due to vacancy in Governance team and prioritisation of resources  Procurement process has commenced	<b>Not Achieved</b>

## 6. To promote equality of opportunity, good relations and to fulfil Section 75 obligations.

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2025	Status
6.1 To assess the likely impact of policies on the promotion of equality of opportunity and good relations	6.1.1 Use the tools of screening and EQIA to determine the likely impact of any new policy	Screening and/or EQIA completed during the policy development or review process	3 policies screened during the year	<b>Achieved</b>
6.2 To ensure NILGOSC personnel policies promote equality of opportunity	6.2.1 To prepare s55 Report for Equality Commission	Report prepared by April 2026	Not due in the current reporting period	<b>On Target</b>
	6.2.2 To record annual recruitment monitoring information	Report submitted by 1 May each year	The annual monitoring report was prepared and submitted to ECNI in April 2024	<b>Achieved</b>
6.3 To ensure that NILGOSC meets or exceeds best practice as set out by the Equality Commission	6.3.1 To implement the Equality Scheme Action Plan	Actions completed in line with plan	Progress reviewed biannually and actions being progressed	<b>On Target</b>
	6.3.2 To submit s75 Annual Progress Report to include publication of EQIA monitoring information	Submission to Equality Commission by 31 August 2024	Annual Progress Report was submitted on 23 August 2024	<b>Achieved</b>
	6.3.3 To publicise Equality Scheme in routine publications	Equality Scheme publicised in Annual Report, Members' News, Deferred Members' News and Pensioners' News	Equality Scheme publicised in newsletters for all member cohorts and included in Annual Report	<b>Achieved</b>

Status Key	
<b>Achieved</b>	Target Met
<b>On Target</b>	Substantially Achieved (>90%) or Progress in line with Plan
<b>Caution</b>	Moderately Behind Target (between 75% and 90%)
<b>Behind Target/ Not Achievable</b>	Significantly Behind Target (<75%) or Not Achieved

## INVESTMENT OF THE FUND

### Background

The LGPS (NI) Regulations require NILGOSC to maintain a Fund to provide for the payment of current and prospective benefits to members of the Scheme. In order to ensure that this objective is achieved, NILGOSC must determine a suitable investment strategy, which provides a sound return on investments within an acceptable level of risk.

All income received by NILGOSC, including employees' and employers' contributions, rents, interest and dividends are paid into the Fund. Expenditure, such as monthly pensions, retirement allowances, death grants, refunds and the administration costs of NILGOSC are met from the Fund.

The assets and liabilities of the Fund are valued every three years by the Scheme Actuary. Following each valuation, the Actuary certifies the employers' contribution rates to maintain the viability of the Fund. A statement by the Scheme Actuary for the year ended 31 March 2025 is included on pages 136 to 137.

### Fund Management

NILGOSC retains overall responsibility for the Fund, with the power to appoint one or more asset managers to manage and invest fund monies on its behalf. In appointing managers, NILGOSC retains statutory responsibility for the management of the Fund and that responsibility cannot be delegated.

NILGOSC has a statutory duty to:

- Take account of the amount to be managed by each manager and be satisfied, having taken advice, that it is not excessive
- Have regard to the suitability of investments
- Monitor the performance of the managers, and from time to time review their appointment
- Take proper advice, obtained at regular intervals

NILGOSC maintains overall control of the Fund by:

- Agreeing the overall investment objectives with the asset managers taking into account actuarial expectations and investment powers
- Setting targets for asset allocation
- Monitoring investment performance
- Monitoring investment transactions

NILGOSC has compiled a Statement of Investment Principles (SIP) as required by the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000. Copies of the SIP are available on the NILGOSC website at [www.nilgosc.org.uk](http://www.nilgosc.org.uk).

### Investment Aims and Objectives

NILGOSC aims to invest the assets of the Scheme prudently to ensure that the benefits promised to members are provided, and to provide reasonable stability in contribution rates for the employers. To meet this aim, NILGOSC's overall investment objective is to exceed price inflation and general salary growth over long-term periods.

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services. The annual percentage change in CPI is used as a measure of inflation and to index (i.e. adjust for the effect of inflation) the real value of wages, salaries and pensions to show changes in real values. NILGOSC's actuarial valuation as at 31 March 2022 assumes a prudent investment return of 4.2% for the main group of employers, which is equivalent to CPI+2.3%. NILGOSC's overall investment target is to exceed CPI by 3.0% per annum, to be measured over three and five year periods. The target was set on 1 January 2022, following the 2021 investment strategy review.

### Investment Strategy

NILGOSC sets its long-term investment strategy by taking into account the nature and timing of the Fund's liabilities identified through the triennial actuarial valuation and its investment aims and objectives. In setting the Fund's investment strategy, NILGOSC first considers the lowest risk strategy that it could adopt in relation to the Scheme's liabilities. The investment strategy is designed to achieve a higher return than the lowest risk strategy while maintaining a prudent approach to meeting the Scheme's liabilities.

These considerations drive decisions over asset allocation. NILGOSC formally reviews the Fund's strategic asset allocation every three years, and in determining its asset allocation, NILGOSC considers:

- A full range of asset classes
- The risks and rewards of a range of alternative asset allocation strategies
- The suitability of each asset class
- The need for appropriate diversification

The Fund's investments are diversified across various asset classes, in order to increase the overall expected return while reducing the overall level of expected risk. A mixture of passive and active mandates is also used to capture the return required to meet the Fund's objectives.

The last formal strategic review occurred in September 2021. The review was informed by the funding position, alongside advice from the Investment Advisor and Scheme Actuary on future capital market and demographic expectations. The focus of the 2021 review was to pause, take stock and review the existing strategy, to determine if it continued to be appropriate for the Fund. The review concluded that the strategy adopted in 2017 remained appropriate and that further action was required to bring the Fund in line with the agreed asset allocations.

As part of the 2021 review, NILGOSC, along with its Investment Advisor established that due to changes in the outlook for various asset classes, the existing target of CPI+3.5% was no longer achievable over the long-term whilst maintaining the same level of risk. To reflect the more muted outlook for investment returns going forward, the overall investment objective was lowered from CPI+3.5% to CPI+3.0%, effective from 1 January 2022.

The 2021 review maintained the same allocations to equity, property, fixed income and infrastructure, and concluded that reducing equity holdings to the strategic allocation of 34% of the Fund, whilst simultaneously increasing the Fund's exposure to real assets should remain a key focus. The 2021 review also addressed further integrating environmental, social and governance (ESG) views into the strategy, as well as taking steps to mitigate climate risk in the Fund.

Implementation of the 2021 investment strategy was undertaken in three phases commencing in March 2022 and concluding in March 2024. Whilst no strategic changes were implemented during the 2024/25 year, the extensive work performed during 2022/23 to build up the infrastructure and Global Property allocations continued to come to fruition. Global Property increased slightly over the year to 2.5% of the total fund and will continue to move towards the 6% target allocation as Partners Group draws down the £285m commitment over a 3-4 year period since inception in December 2023. NILGOSC's Infrastructure investment continued to grow over the period in absolute terms,

with the newer funds drawing down committed capital. However, with the more mature infrastructure funds returning capital and the overall Fund growing, the infrastructure allocation remained broadly flat over the period.

The next triennial review of NILGOSC's Investment strategy commenced in May 2024, but was paused in August 2024 following a decision to terminate the Investment Advisory Services contract with Aon Investments Ltd. The Committee simultaneously decided to pause the strategy review until a new Investment Advisor was appointed, as input from the Investment Advisor is a critical element of the review. Aon remained in place as NILGOSC's Investment Advisor until 31 March 2025, and Isio Group Limited (Isio) was appointed as NILGOSC's new Investment Advisor effective from 1 April 2025, following a competitive procurement process. The Investment Strategy Review will recommence during 2025/26, with the required advice being taken from Isio.

The following table shows the strategic target asset allocation as set during the 2021 Strategy Review, compared to the current weighting as at 31 March 2025. It also sets out the approximate assumptions made about the real return for each asset class as at 31 March 2025.

Asset Class	Target Weighting %	Current Weighting % <sup>1</sup>	Real Return % p.a. <sup>2</sup>
Global Equity	31.5	38.6	5.0
Emerging Market Equity	2.5	1.9	5.5
UK Traditional Property	4.0	3.7	2.4
Private Rental Sector	1.5	1.0	3.0
Index-Linked Leases	3.5	2.7	2.5
Global Property	6.0	2.5	2.4
Infrastructure <sup>3</sup>	7.5	6.0	4.9
Index-Linked Gilts	14.5	9.3	-
Absolute Return Bonds	14.5	13.1	1.5
Multi Asset Credit	14.5	13.4	3.3
Temporary allocation to cash	-	7.8	-

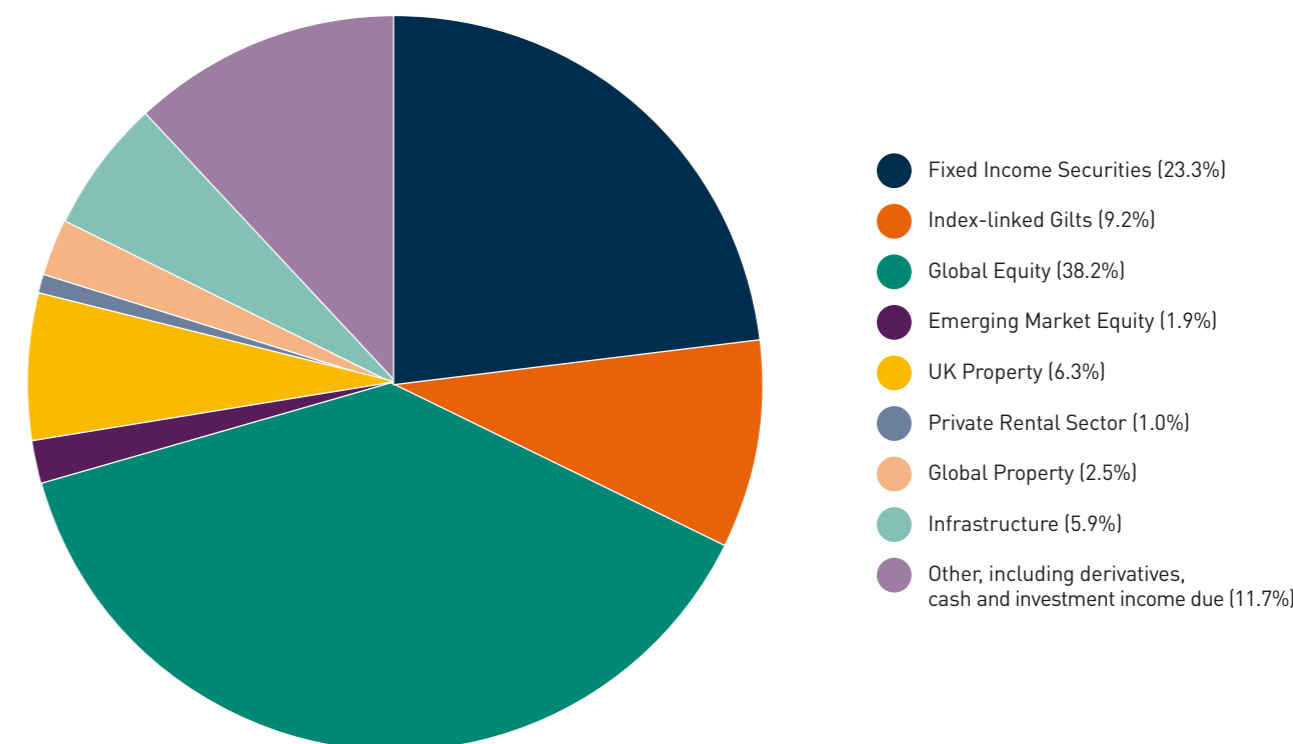
<sup>1</sup> The calculation of target weighting excludes investment cash held for trading purposes. The calculation of current weighting includes the temporary strategic allocation to cash (7.8%).

<sup>2</sup> Return expressed relative to the yield on fixed interest gilts (the annual yield at the 10-year tenor on the Bank of England spot curve). This yield was 4.77% as of 31 March 2025.

<sup>3</sup> NILGOSC has committed £828m to a number of Infrastructure investment funds. As at 31 March 2025, NILGOSC had funded £632m, approximately 76.3% of this commitment. The funds are denominated in Euros, US Dollars and Sterling. The amounts quoted are the base currency converted at the year-end exchange rate.

The actual asset allocation as at 31 March 2025 is illustrated in the following pie chart. The calculations include investment cash held for trading purposes and the temporary cash allocation held in the LGIM Sterling Liquidity Fund, which is categorised as 'other'.

Fund Asset Allocation at 31 March 2025





NILGOSC monitors the suitability of its investment strategy, taking into account the funding position and Funding Strategy Statement (FSS), a copy of which can be downloaded from the NILGOSC website at [www.nilgosc.org.uk](http://www.nilgosc.org.uk). NILGOSC prudently seeks to secure the solvency of the Fund, where solvency is defined as being achieved when the value of the Fund's assets is greater or equal to the value of the Fund's liabilities, measured using appropriate actuarial assumptions.

A funding level of 100% has been targeted over a period of 20 years. NILGOSC believes that the Fund's investment strategy, in conjunction with the certified levels of future contributions to the Fund, is consistent with the requirement to maintain Fund solvency at 100%, within acceptable levels of risk and contribution rate volatility. The funding level will be monitored, on an approximate basis, at regular intervals between each triennial valuation and the investment strategy will be reviewed as necessary.

### Investment Managers and Primary Funds

For the asset classes in which NILGOSC wishes to invest, a range of managers have been appointed to manage particular types of assets depending on their areas of expertise. In the case of alternative assets such as infrastructure and residential property, commitments to invest have been made in respect of a number of funds, known as primary funds, each with its own specialist manager. In addition to the primary funds, NILGOSC collaborates with other LGPS's, led by Lothian Pension Fund (Lothian), to access infrastructure opportunities directly. These co-investment and single asset investment vehicles are designed to help supplement a low-risk, diversified infrastructure portfolio in line with the Fund's target allocation.

The following table sets out the mandates and primary fund investments in place as at 31 March 2025, detailing the type and percentage of the Fund invested with each at this date, including cash held for trading purposes. In the case of the primary funds, the percentage shown in the table reflects the value of NILGOSC's asset investment (excluding derivatives, investment cash and cash equivalents) at 31 March 2025 and not the total commitment made to the fund. This information can be found in the footnote to the following table.

Asset Class	Asset Manager	% of Total Fund
<b>Mandates:</b>		
Global Unconstrained Equities	Baillie Gifford	5.76%
	Unigestion	5.97%
	Harris Associates	5.26%
Passive Funds - LCT Global Equities	Legal & General Investment Management	21.58%
Passive Funds - EM Equities	Legal & General Investment Management	1.89%
Passive Funds - Index Linked Gilts	Legal & General Investment Management	7.82%
Passive Funds - Sterling Liquidity fund	Legal & General Investment Management	7.71%
Absolute Return Bonds (ARB)	Royal London Asset Management	7.69%
	T. Rowe Price	6.79%
Multi Asset Credit (MAC)	BlueBay	7.20%
	PIMCO	6.34%
UK Traditional Property	LaSalle Investment Management	3.40%
Index Linked Property	LaSalle Investment Management	3.01%
Global Property	CBRE Investment Management <sup>1</sup>	2.25%
	Partners Group <sup>2</sup>	0.27%
<b>Primary Funds:</b>		
UK Residential Property	M&G UK Residential Property Fund <sup>3</sup>	1.01%
Infrastructure	Antin Infrastructure Fund II <sup>4</sup>	0.00%
	Antin Infrastructure Fund III <sup>5</sup>	0.59%
	Antin Infrastructure Fund IV <sup>6</sup>	0.55%
	Antin Infrastructure Fund V <sup>7</sup>	0.18%
	Antin Mid Cap I <sup>8</sup>	0.20%
	Copenhagen Infrastructure IV <sup>9</sup>	0.21%
	DIF Infrastructure Fund V <sup>10</sup>	0.45%
	DIF Infrastructure Fund VII <sup>11</sup>	0.36%
	iCON Infrastructure Fund VI <sup>12</sup>	0.43%
	IFM Global Infrastructure Fund <sup>13</sup>	1.07%
	KKR Global Infrastructure Investors Fund II <sup>14</sup>	0.14%
	KKR Global Infrastructure Investors Fund III <sup>15</sup>	0.31%
<b>Asset Class</b>	<b>Asset Manager</b>	<b>% of Total Fund</b>
<b>Infrastructure Co-Investments<sup>16</sup></b>		1.39%
<b>Smaller NI Investments and Cash</b>		0.17%

SOURCE: The Northern Trust Company

<sup>1</sup> Total commitment £250m

<sup>2</sup> Total commitment £285m

<sup>3</sup> Total commitment £100m

<sup>4</sup> Total commitment €42m (£35.0m converted at 31 March 2025 exchange rate)

<sup>5</sup> Total commitment €75m (£62.8m converted at 31 March 2025 exchange rate)

<sup>6</sup> Total commitment €75m (£62.8m converted at 31 March 2025 exchange rate)

<sup>7</sup> Total commitment €75m (£62.8m converted at 31 March 2025 exchange rate)

<sup>8</sup> Total commitment €45m (£37.7m converted at 31 March 2025 exchange rate)

<sup>9</sup> Total commitment €50m (£41.8m converted at 31 March 2025 exchange rate)

<sup>10</sup> Total commitment €50m (£41.8m converted at 31 March 2025 exchange rate)

<sup>11</sup> Total commitment €100m (£83.7m converted at 31 March 2025 exchange rate)

<sup>12</sup> Total commitment \$100m (£77.5m converted at 31 March 2025 exchange rate)

<sup>13</sup> Total commitment £100m

<sup>14</sup> Total commitment \$60m (£46.5m converted at 31 March 2025 exchange rate)

<sup>15</sup> Total commitment \$50m (£38.7m converted at 31 March 2025 exchange rate)

<sup>16</sup> Total commitment £44m, €46.8m and \$69.8m (£137.2m converted at 31 March 2025 exchange rate)

For those mandates where a specialist asset manager has been appointed, a performance target has been compiled by NILGOSC using indices applicable to the asset type and geographic market. The standard targets and benchmark indices for each asset class held by the fund as at 31 March 2025 are shown in the following table:

Asset Class	Target/Benchmark Indices (Outperformance shown per annum)
<b>Equities</b>	MSCI All Countries World Index + 3% MSCI All Countries World Index + 2% FTSE All World Index + 3% Solactive L&G Low Carbon Transition Developed Markets Index Solactive L&G Low Carbon Transition Developed Markets Index - GBP Hedged FTSE Emerging Index
<b>Cash</b>	Sterling Overnight Index Average (SONIA)
<b>Bonds</b>	
Index Linked Gilts	FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index
Absolute Return Bonds	Sterling Overnight Index Average (SONIA) + 2.5% 3 month Sterling Overnight Index Average (SONIA) + 3%
Multi Asset Credit	ICE BofA SONIA 1-Month Constant Maturity Index + 5 % To outperform the below composite benchmark by 1.25%: 33% JP Morgan EMBI Global (GBP hedged); 33% Bloomberg Barclays Global Aggregate Credit Index ex Emerging Markets (GBP hedged); and 33% BofA Merrill Lynch BB/B Rated Developed Markets High Yield Constrained Index (GBP hedged)
<b>Property</b>	
Index Linked Property	Retail Price Index (RPI) + 2%
Traditional Property	MSCI Quarterly Universe Index + 0.5%
Global Property	Absolute Return of 5-7% Net Return of 7-11%
Private Rented Sector	6% Absolute Return
<b>Infrastructure</b>	
Infrastructure	CPI + 3.0%

No explicit performance target has been set for the investments in infrastructure funds, however, for performance reporting purposes these are measured against the Fund's overall investment objective, which is CPI+3.0%.

NILGOSC monitors its asset managers through reports produced by the investment team, the Investment Advisor and the performance measurement provider, who is NILGOSC's appointed global custodian, The Northern Trust Company (Northern Trust).

Specifically, reports showing the financial performance of each asset manager and performance at the overall Fund level are provided by Northern Trust, both monthly and quarterly. Each manager is remunerated on a fee basis, dependent on the market value of the mandate. These structures have been established in order to align the interests of the managers with those of the Fund.

All of NILGOSC's managers work to long-term investment horizons, generally a five to ten year market cycle, and accordingly, NILGOSC is not unduly concerned with short term volatility in investment returns.

A robust quarterly investment monitoring process is in place, which aims to look beyond returns to uncover the underlying cause of any underperformance. Therefore, in addition to monitoring financial returns, NILGOSC reviews a number of key qualitative factors such as investment style and team, business strength, ESG practices, risk management, and the managers' level of assets under management. NILGOSC also takes advice from its Investment Advisor and thereby retains conviction in the underlying investment process adopted by its external managers to deliver the target level of return over longer term time horizons.

### Market Report

The 12-month period to 31 March 2025 was characterised by significant market fluctuations, driven by central bank actions, geopolitical developments and inflationary concerns. Despite material volatility, developed equities delivered positive performance, with regional disparities influenced by political and economic factors. Fixed income markets benefitted from rate cuts early in the year but faced headwinds later as inflation concerns persisted. Gilt yields saw notable volatility, reflecting shifts in monetary and fiscal policy, as well as external influences like US Treasury movements. These dynamics underscored the challenges of navigating markets during a period of heightened uncertainty.

The People's Bank of China (PBoC) was the first major central bank to begin the rate cutting cycle in 2024, reducing rates by 10bps in February. The European Central Bank (ECB), Bank of England (BoE) and US Federal Reserve (Fed) later followed suit. The ECB cut interest rates by 100bps over the year. The Bank of England cut interest rates three times, 25bps each time, taking the base rate to 4.5% at year-end. The Fed were the last to implement rate cuts, with a 50bps cut in September 2024, followed by a further 50bps cut over November and December.

The dollar strengthened at the start of the year to 31 March 2025 amid expectations that other major central banks would cut interest rates ahead of them, coupled with the receipt of strong US economic data from Q4 2023. Despite fluctuations throughout the year, the dollar ended Q4 2024 ahead of the euro, sterling and yen. This was again driven by a stronger economic outlook for the US and revised interest rate cut expectations. Sterling suffered throughout the year as the economy remained in a technical recession at the start of the year and inflation remained elevated.

### Summary of Market events over 12 months to 31 March 2025

Q2  
2024

At the start of the 12-month period the UK had officially entered a technical recession, driven by high inflation, rising interest rates and weak consumer spending.

The conflict between Russia and Ukraine intensified over Q2 2024, as heavy fighting and international sanctions continued. There were attempts at peace talks later in the year, but no resolution was reached. As a result, global goods and energy markets remained volatile.

Q3  
2024

The UK's general election took place in July 2024, which saw Labour elected as the new party for the UK government, ending the 14-year rule of the Conservative party.

Q4  
2024

The US Presidential Election took place in Q4 2024, which saw Donald Trump appointed for his second term as US President. This outcome had significant global influence, impacting relations with China, the Russia-Ukraine conflict and climate change. At COP29 in Q4 2024, focused on accelerating the transition to renewable energy, world leaders reached an agreement to commit significant funding to help developing nations adapt to climate change.

Q1  
2025

Trade tensions across the globe escalated as President Trump introduced high import tariffs on all goods, including a baseline tariff of 10% for all countries and higher reciprocal tariffs on a number of major economies including China, the EU and Japan. China retaliated with high export tariffs. Following quarter end in April, President Trump announced a 90-day pause on reciprocal tariffs for all countries except China, with trade wars expected to be a key market theme throughout the remainder of 2025.

## Equities

Equity markets experienced considerable volatility over the 12-month period, shaped by evolving global economic and political developments, but delivered positive returns over the period. Global markets rallied over the second and third quarters of 2024 as central banks began the rate-cutting cycle, easing recessionary fears and supporting risk-on sentiment. However, weaker-than-expected US employment data and an unexpected interest rate rise in Japan led to heightened volatility in late July and early August. Markets recovered in September 2024, following central bank interventions and the announcement of Chinese stimulus measures. While Trump's presidential election victory in November 2024 initially bolstered global equity markets, as his business-friendly policies increased optimism around higher growth, tax cuts, and deregulation in the US, trade tension and tariff threats proposed by Trump subsequently drove significant headwinds for US equities over Q1 2025. The emergence of the Chinese AI firm DeepSeek, which posed a competitive threat to US technology firms, also weighed heavily on the region overall. Conversely, UK and European equities performed well over the latter period of Q1 2025, as investors rotated into financials, defence, and energy sectors and away from the US given the uncertainty surrounding trade tariffs.

US equities delivered strong performance over 2024, driven by easing inflation data and the long-awaited interest rate cuts. In particular, the region benefitted from the strong positive returns of Nvidia which accounted for 30% of total gains recorded by the S&P 500 as at 30 June 2024, alongside a concentrated set of technology stocks. Despite sustained positive performance throughout the year, US equities experienced a sell off towards the end of December as uncertainties surrounding President Trump's proposed policies began to grow and a further reduction towards the end of March 2025 as investor sentiment reflected imposed US tariffs.

European equities were positive over the year but underperformed the wider globe due to relative economic weakness and the backdrop of political uncertainty in France and Germany, which both held parliamentary elections in 2024.

With UK equities having suffered at the beginning of 2024 due to the UK entering a technical recession in December 2023, there was a rebound in performance over Q2 2024 driven primarily by improving inflation data and GDP growth and the region delivered positive returns on an absolute basis over the 12-month period.

There was a slight reversal over Q4, due to the wider equity market sell off in December and a weaker economic outlook for the region, with the BoE deciding to hold interest rates constant at their meeting in December and UK inflation rising over November.

Japanese equities delivered negative returns on an absolute basis over the year period, significantly underperforming other regions over Q3 following an unanticipated interest rate rise by The Bank of Japan (BoJ) in July. Performance recovered slightly over Q4 as the BoJ kept rates constant amid a recovery in annual inflation data for November.

Within emerging market equities, Taiwan emerged as the strongest performer for the year, benefitting from the increased demand in semi-conductors within AI. Emerging market equities suffered significantly over Q4 as a result of the US election, given the aggressive trade policies proposed by President Trump, but posted overall positive returns on an absolute basis over the year. Returns since NILGOSC's investment in November 2024 were however negative.

The Fund's passive investment in the LGIM Low Carbon Transition Fund (LGIM LCT) delivered positive returns over the year in line with the wider market benchmark, driven primarily by its concentrated allocation to a select number of Technology stocks. Growth-focused mandates outperformed value-oriented strategies over the 12-month period, as the sustained equity market expansion during the first three quarters of the period created more favourable conditions for growth strategies.

## UK Fixed Income

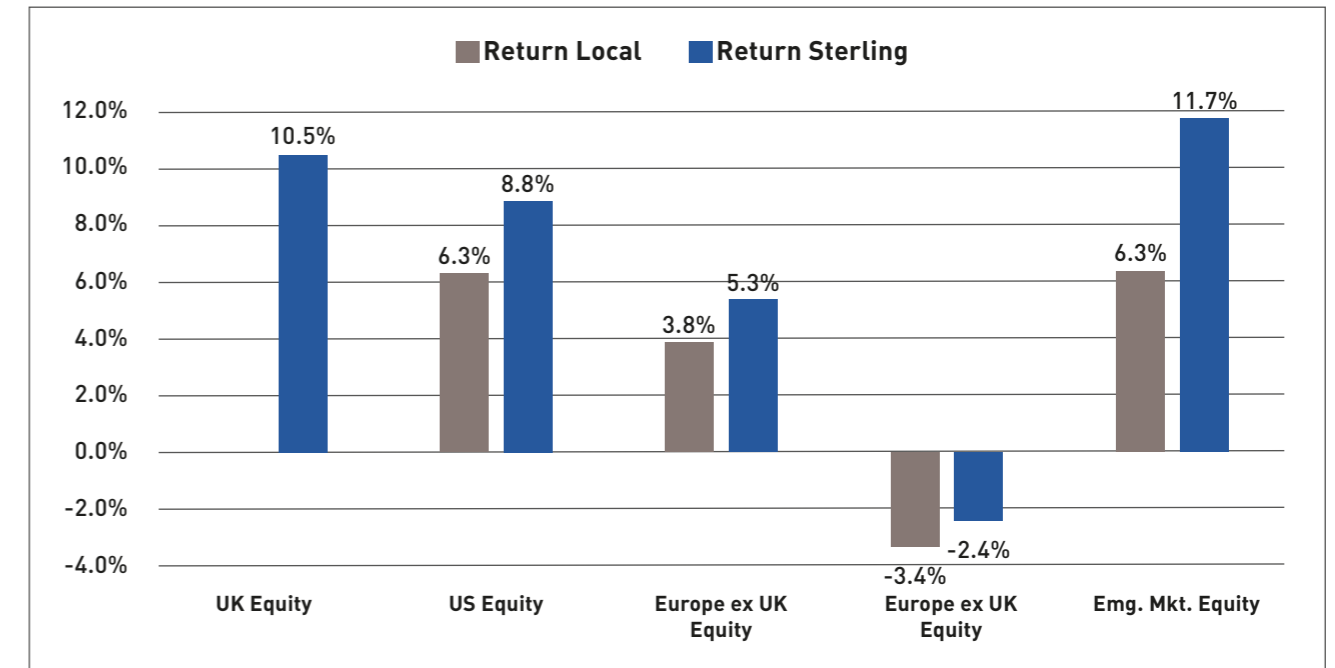
Fixed income markets experienced varied performance across the credit spectrum over the year, driven by ongoing uncertainty surrounding central bank rhetoric, inflationary pressures, and economic expectations.

Overall, UK fixed and inflation-linked government bonds fell in value over the year. UK gilt yields fluctuated significantly over the 12-month period, driven by central bank policy changes, fiscal developments, and external geopolitical factors. Gilt yields rose initially at the beginning of the period as the Bank of England opted to keep the base rate constant at 5.25%. Gilt yields subsequently began to fall as the BoE cut interest rates to 5% in August 2024 and amid increased investor optimism for the UK economy following the appointment of the new Labour government. A sharp rise in yields then followed the October 2024 Budget, which projected higher borrowing and further raised inflationary concerns. This rise continued as investors priced in fewer rate cuts for 2025.

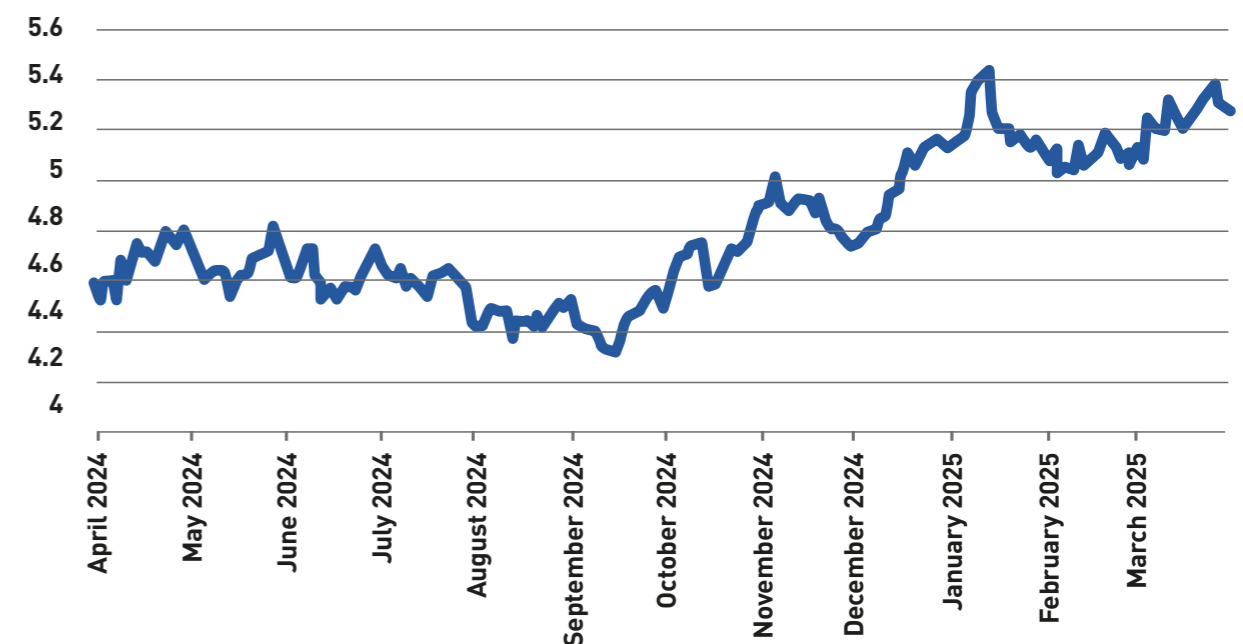
Gilt yields continued to rise over Q1 2025, largely in tandem with US Treasury yields, which spiked in response to Trump's economic policies. However, the yield rise moderated later in the quarter, with the Bank of England cutting rates by 0.25% to 4.5% in February, before holding them steady in March.

UK credit performed positively over the period despite rising underlying yields, as credit spreads tightened against the backdrop of easing inflation and monetary policy. High Yield Credit outperformed Investment Grade given its lower sensitivity to changes in yields.

Equity Market Returns

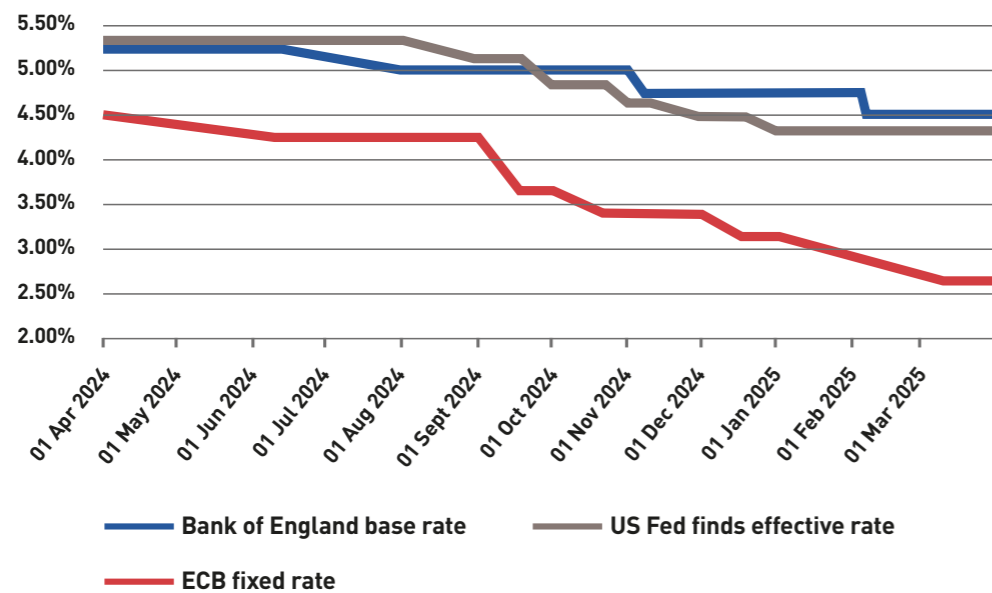


UK Gilt Yields



### Global Fixed Income

Global fixed income markets were highly reactive to changing interest rate expectations across the globe. As the rate-cutting cycle began in Q3 2024, this created a risk-on sentiment which drove the tightening of credit spreads. Against this backdrop, investment-grade credit outperformed high-yield credit, due to greater sensitivity to falling yields. However, by Q4 2024, fixed income markets struggled as inflationary concerns reduced the number and extent of expected interest rate cuts forecasted for 2025. As a result, High Yield credit outperformed, benefiting from tighter



credit spreads and lower sensitivity to yields. As central banks began the rate cutting cycle over Q3 2024, investment grade credit performed well as spreads tightened further. Moving into 2025, there were marginal positive returns for corporate fixed income markets, though bonds with greater interest rate sensitivity underperformed as investors again began to price in fewer interest rate cuts through the year. Central bank rhetoric played a key role in market sentiment, with indications of slower rate cuts in 2025 weighing on valuations but supporting higher-quality credit market.

### Property

The UK property market faced persistent challenges over the year to 31 March 2025, particularly within commercial real estate, driven primarily by higher borrowing costs. The UK real estate market showed signs of stabilisation over Q2 and Q3 2024, as the pace of capital value declines began to slow. This trend continued throughout the remainder of the year as political and economic certainty improved. By Q4 2024, the UK real estate market had stabilised; capital value declines had moderated, competition within the market strengthened and income returns across sectors remaining robust. Total returns over the 12-month period across residential, industrial and hospitality were all positive.

Whereas, the office space sector continues to struggle, primarily driven by a reduced demand for office space not in "prime" locations.

Global property markets reflected varying regional and economic conditions and sector-specific trends. Some regions benefited from post-pandemic recovery momentum and strong demand for industrial and logistics assets, others faced headwinds from rising interest rates, inflationary pressures, and shifts in office space demand due to hybrid working models. Retail properties continued to face challenges, particularly in markets where consumer spending remained subdued, while residential property markets demonstrated resilience in regions with strong population growth and housing shortages.

### Infrastructure

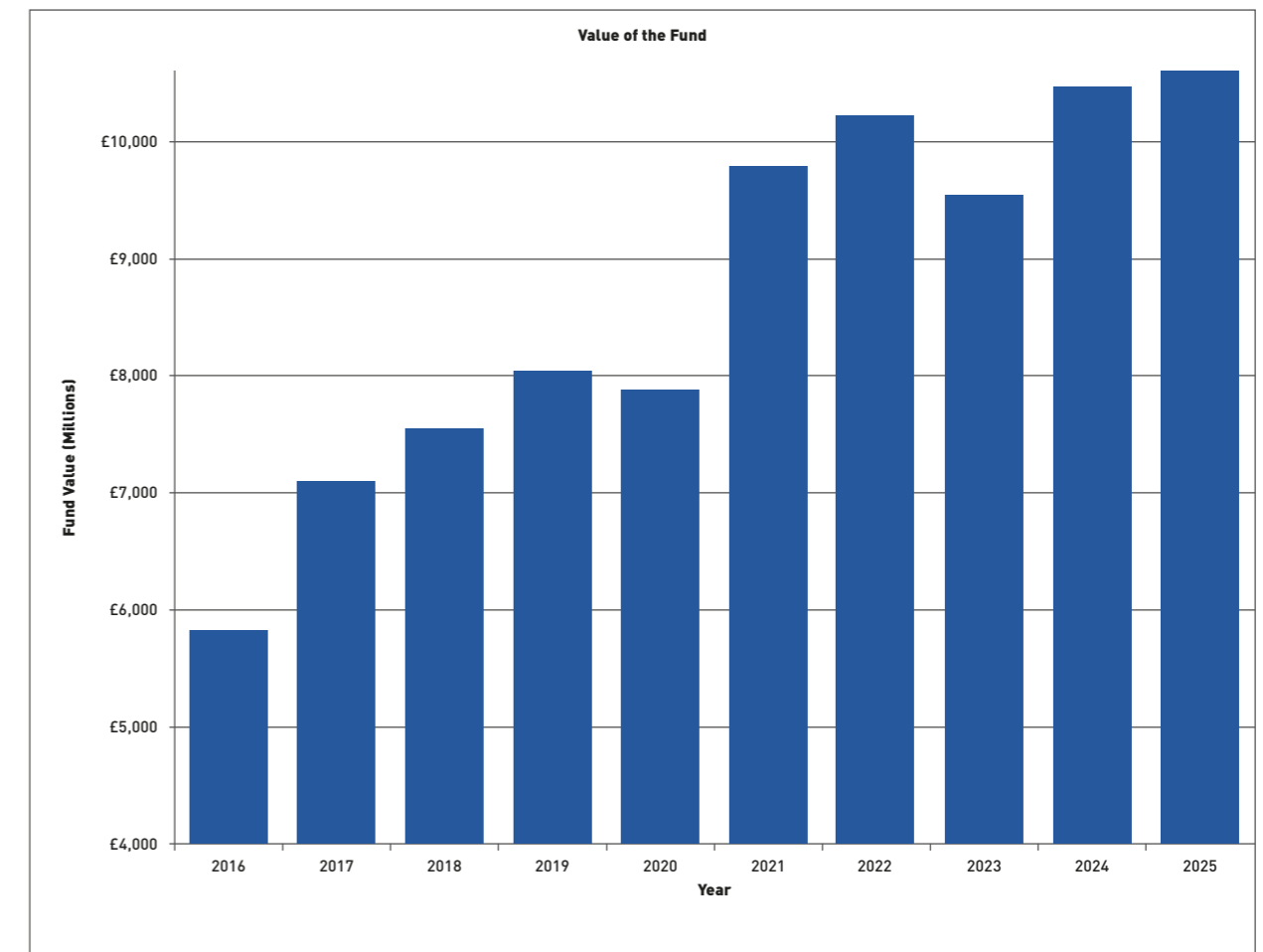
The outlook for the infrastructure market at the start of the period highlighted cautious optimism as moderating inflation and stabilising interest rates eased pressure on valuations. Resilient transport volumes, steady regulated earnings, and growing demand for power-intensive AI applications bolstered returns over the 12-month period.

This materialised over Q3 2024, as infrastructure benefitted from falling inflation and the beginning of the rate cutting cycle. Interest rate cuts particularly benefitted long-dated infrastructure assets, and allowed for a rebound in listed rate-sensitive sectors such as utilities. Transport and utilities later benefitted from increased government spending, particularly under Labour's economic policies, which highlighted energy and public infrastructure improvements. In the private sector, investment into transport, broadband, and clean energy remained strong, though increased borrowing costs weighed on valuations.

### Fund Value

The value of the Fund at 31 March 2025 has increased in absolute terms by £489m to £10.952bn (2024/25 £10.463bn).

Market values can fluctuate widely over short periods of time, reflecting short-term changes in investment conditions. In contrast, the triennial valuation of the fund is concerned with the long-term and uses actuarial assumptions. The Actuary's report is shown on pages 136 to 137.



## NILGOSC Investment Performance 2024/25

Over the year to 31 March 2025, the Fund's overall return on the total assets was 4.67% (gross of asset manager fees). NILGOSC's overall investment objective is to exceed the Consumer Price Index (CPI) by 3.0% per annum, to be measured over three and five-year periods. As NILGOSC's objective is to achieve the maximum return on Fund investments over the longer term, having due regard to the liabilities of the Fund and an acceptable level of investment risk, it is important that undue attention is not given to the returns for a single year in isolation.

The Fund underperformed its target by -5.9% on a three-year basis and by -1.0% on a five-year basis for the period ended 31 March 2025. The comparable statistics for the three and five-year periods to 31 March 2025 on an annualised basis are set out in the table below:

	Three Years % p.a.	Five Years % p.a.
Return of Fund	2.38	6.86
CPI + 3.0%	8.24	7.86

CPI has been chosen as an overall benchmark as it offers an absolute measure which reflects the relative value of money in the real world, which is essential when the goal is ultimately to pay inflation-linked pensions into the future. It is however less meaningful over shorter periods, particularly when inflation moves significantly from historic averages and central bank target ranges, as seen in recent times. It is not possible to invest directly in inflation and therefore asset returns will always be more volatile relative to a CPI benchmark, particularly during times of high inflation, and will result in significant over or underperformance over shorter, volatile periods of time.

The performance of the individual managers is monitored against the corresponding benchmarks and performance target where applicable. These targets are set to allow NILGOSC to meet its overall investment objective, taking into account expected returns and market cycles. In the case of real assets such as the Fund's infrastructure investments, the returns are measured against the overall fund target of CPI+3.0% for consolidated reporting purposes.

NILGOSC monitored its investment managers and mandates on a quarterly basis throughout the year, with a focus on both quantitative and qualitative factors. Given that the focus remains on a five year plus investment horizon for most investments, it is important

that undue concern is not placed on short term returns and volatility. Instead, a key part of the ongoing monitoring process focuses on consistency with the mandate's core investment philosophy, the retention of suitably skilled personnel, risk management and business strength, as these factors are considered to be the key drivers of future performance. A diversified collection of managers and strategies have been selected as a result of their overall fit with NILGOSC's investment objective and will perform differently in certain market cycles.

During the year ended 31 March 2025, the value of the Fund increased in absolute terms to £10.952bn, an increase of £489m. Performance across NILGOSC's investment mandates was mixed, as strategies responded differently to the volatile market conditions over the year.

Overall, it was a disappointing year for NILGOSC's active equity managers, with two of the three existing mandates failing to meet their target. The Baillie Gifford Long Term Global Growth (LTGG) portfolio ended the year up 6.2% in absolute terms but despite improved absolute returns over the period, the strategy was -2.0% behind target. 2024/25 marks the fourth difficult year for the LTGG strategy, after having boasted a run of eight consecutive years as NILGOSC's best performing global equity manager. The backdrop of rapid change, elevated inflation and geopolitical uncertainty over the last four years has led to market volatility resulting in underperformance, which is to be expected with any concentrated, high-conviction strategy with a growth tilt. Despite recent challenges, the portfolio remains 1.7% ahead of target since inception, and the manager remains positive about the long-term prospects of the portfolio.

Harris Associates was appointed in February 2024 to manage a £525m global equity portfolio with a value focus, meaning that three and five-year performance is not yet available. Whilst it delivered positive absolute returns of 3.7% over the year, it was a difficult year for the mandate and it underperformed the benchmark by 1.0% and underperformed its target by 3.0%. This was primarily due to the level of volatility seen across equity markets post the U.S election, with uncertainty around tariffs and other policy changes impacting demand. As Harris's strategy is long term and its performance target covers the 5 year period, NILGOSC is not unduly concerned with short term volatility in investment returns and a more meaningful performance assessment will be conducted over a longer period of time.



In contrast, the Unigestion low volatility equity mandate outperformed its target by 1.2% and delivered positive absolute returns of 8.8% during 2024/25. Unigestion was appointed in September 2016 and the mandate initially struggled due to continued unfavourable market conditions for this type of strategy, but this turned around during 2024/25. This mandate was selected as part of the overall NILGOSC investment strategy because of its defensive nature. It is expected to struggle in strongly rising or thematic markets, instead seeking to offer downside protection in falling markets by investing in more defensive, less volatile stocks, and should come into its own in more volatile market conditions. Over 2024/25, the mandate demonstrated that it could deliver its objective of downside protection in such environments.

William Blair was appointed in April 2021 to manage a £235m segregated emerging markets equities portfolio. The period since appointment was a difficult period for emerging market equities and the portfolio underperformed the target over 2023/24 and the over the first half of 2024/25. In August 2024 a decision was taken to terminate the mandate following significant

changes to the Portfolio Management team. The mandate was terminated in October 2024 and funds invested in passive Emerging market equities with NILGOSC's existing passive manager, LGIM, as an interim measure until a suitable replacement active manager can be appointed.

The UK property market had another difficult year, however the core property portfolio, managed by LaSalle, outperformed the market. It delivered a positive absolute return of 8.7% over the year, and outperformed its target for the year by 1.9%. This outperformance was driven by a number of significant asset management decisions over the year, as well as the portfolio's strategic over and underweight positions. The index-linked portfolio, also managed by LaSalle, returned 4.2% on an absolute return basis, underperforming its RPI-linked target over the year by -1.0%. This recent underperformance has been driven by a period of exceptionally high inflation and a market correction as interest rates have increased. Since the portfolio's inception in 2012, it has delivered a return of 4.3%, which is ahead of the wider UK real estate market (MSCI UK Quarterly Property Index), but behind target, due to the significant impact of the past three years.



CBRE Investment Management (CBRE) was appointed as a global property manager in February 2020 and was tasked with building a diversified global property portfolio funded with an initial investment of £250m.

As at 31 March 2025, the mandate is fully committed, approximately 95% drawn down and invested in 22 holdings across multiple geographies and sectors. Global property markets experienced mixed trends over the year, with CBRE delivering a negative return for the year of -3.54%, which is -8.54% behind target, and the portfolio remains behind target since inception. Whilst returns to date are disappointing, undue focus shouldn't be placed on short-term performance. The portfolio has performed ahead of the market since inception and the manager expects that the since inception return will align with the mandate's performance objective in the upcoming quarters, as it expects further stabilisations in capital markets and valuations for its preferred sectors and markets. A second global property manager, Partners Group was appointed in December 2023 to manage a global property portfolio of £285m, which will be drawn down and invested as suitable opportunities arise over a two to three year period since inception. Drawdowns commenced during 2024/25, with approximately £19.6m drawn down at 31 March 2025, and invested into various opportunities across the US, Europe, South Korea, Singapore, and Canada.

The mandate has performed well to date and greater insights will be gained into performance as capital continues to be deployed over the next 24 months.

NILGOSC's £100m commitment to the M&G UK Residential Property Fund was made in September 2016 and was fully drawn down during 2018/19. During 2024/25 the fund delivered a positive absolute return of 2.24% but fell short of delivering its target of a 6% absolute return. Capital returns were positive, driven by continued strong rental growth allied to flat yields and income returns are now closer to target, with the prospect of improving further. However, a loan impairment and increased costs weighed on performance. The manager believes that with a continually improving market outlook and the prospect of rental growth persisting across a high quality, scaled portfolio, the M&G fund is well positioned to deliver further, sustained improved performance in 2025.

NILGOSC's passive manager, Legal & General Investment Management (LGIM) has a mandate covering global equities, emerging market equities, fixed income and cash, and has an objective to track the appropriate market index for each fund within stated tolerances. NILGOSC's global passive equity holdings with LGIM are invested in the LGIM Low Carbon Transition Fund (LGIM LCT), split between the hedged and unhedged versions of the funds.

The funds track the 'Solactive L&G Low Carbon Transition Developed Market' index, the strategy of which is to reduce exposure to carbon emissions over time. The LGIM portfolio also includes index-linked gilts holdings in line with the target allocation for the asset class, as well as holdings in the Sterling Liquidity fund and a short term investment in the Emerging Market Equity fund. LGIM continued to perform broadly in line with the various indices throughout the year, reporting an overall absolute return of 2.18%. Although global equities were positive, with the LCT portfolios returning 6.5%, this was offset by returns on over 5-year index linked gilts of -10.45%, as continued market concern about inflation drove yields higher over the period, although there was variation during the year.

The Multi-Asset Credit (MAC) and Absolute Return Bonds (ARB) managers were appointed in March 2019. The year to 31 March 2025 saw significant volatility but proved a strong environment for such strategies and each of the Fund's mandates delivered returns in the region of 6-8%. Despite this, only one of the four managers, PIMCO, met its target, primarily due to the others having a cash plus target. The MAC managers both delivered positive returns for the period. PIMCO delivered positive absolute returns of 7.6%, outperforming the market by 1.4%, and outperforming its target by 0.2%. BlueBay delivered a positive absolute return of 8.1%, which was 3.0% ahead of the market, but 2.0% behind target. RLAM delivered positive absolute performance returns of 6.4% over the year but was 1.2% behind target. T. Rowe Price had positive absolute returns of 7.2% which was ahead of its benchmark, but slightly behind target by 0.6%.

During 2024/25, NILGOSC continued to implement its plan to reduce its allocation to equities and increase its investment in a range of infrastructure funds. Further capital was drawn in respect of existing infrastructure fund commitments as shown in the table on page 60.

Antin Infrastructure Partner's flagship funds to which NILGOSC has made commitments (Antin II, Antin III, Antin IV and Antin V) focus on building diversified portfolios of brownfield infrastructure assets in sectors with strong inflation-linked cashflows such as energy and environment, transportation, social and telecommunications. The target geography for assets is primarily Western Europe. During the period, Antin II completed its final exit marking the successful completion of the fund, and achieving above-target returns. Antin III is currently divesting; and Antin IV is fully invested. Antin V, to which NILGOSC committed €75m in September 2022, and Antin Mid Cap, to which NILGOSC committed €45m in April 2021, are in their investment periods. The Antin Mid Cap I fund invests in the same sectors as the flagship funds, but with deal sizes limited

to between €50-300m. During 2024/25, the CI IV fund, managed by Copenhagen Infrastructure Partners also continued drawing down. The strategy focuses on developing and building renewable energy generation assets in Europe, North America and Asia Pacific. Over the period, CVC completed its acquisition of DIF. NILGOSC is invested in two CVC DIF-managed funds, which both focus on regulated assets, renewable energy and social infrastructure, predominantly in Europe and North America. CVC DIF V has commenced exit mode, while CVC DIF VII, to which NILGOSC committed €100m in July 2022 is continuing to make investments. Similarly, iCON Infrastructure Fund VI, to which NILGOSC committed \$100m in May 2022 continued to make investments over the period. It is a closed-ended fund with a focus on diversified brownfield infrastructure assets primarily in Europe and North America.

NILGOSC's £100m commitment to established open-ended fund, IFM Global Infrastructure Fund, was drawn in full in December 2022. The strategy focuses on core, brownfield infrastructure across sectors such as roads, rail, airports, energy, telecommunications and renewables. The KKR II and KKR III funds also focus on brownfield assets in sectors such as energy, environment and telecommunications, primarily across Europe and North America but with some exposure to South America and Asia, providing NILGOSC with geographic diversification. KKR II is in advanced exit mode, whilst KKR III, which commenced drawing down capital in late 2018, is fully invested.

As part of its strategic theme of collaboration, NILGOSC has committed to a number of co-investments in attractive infrastructure opportunities alongside other likeminded investors, allowing such investors and their stakeholders to gain from benefits of scale and improved commercial terms. NILGOSC often coinvests alongside Lothian Pension Fund (Lothian) and its partners. In the year to 31 March 2025, NILGOSC did not commit to any new opportunities, and ended the year with: seven co-investment infrastructure projects with Lothian, totalling a commitment of £67.5m; £54.3m committed to five infrastructure co-investment opportunities directly with Antin; and £15.5m invested in a renewables co-investment managed by CVC DIF Capital Partners. It is intended that the co-investment strategy sits alongside the core primary infrastructure funds to help NILGOSC build a diversified portfolio of assets in line with its strategic allocation to the asset class.

Details of NILGOSC's equity holdings and other major holdings are made available annually through the Publication Scheme, which can be accessed at [www.nilgosc.org.uk](http://www.nilgosc.org.uk).

Infrastructure Fund Name	Committed Fund Currency	% Drawn down at 31 March 2025
<b>Primary Funds</b>		
Antin Infrastructure Fund II	€41,760,000	100%
Antin Infrastructure Fund III	€75,000,000	87%
Antin Infrastructure Fund IV	€75,000,000	83%
Antin Infrastructure Fund V	€75,000,000	35%
Antin Infrastructure Mid Cap Fund I	€45,000,000	51%
Copenhagen Infrastructure Fund IV	€50,000,000	65%
CVC DIF Infrastructure Fund V	€50,000,000	88%
CVC DIF Infrastructure Fund VII	€100,000,000	45%
iCON Infrastructure Fund VI	\$100,000,000	59%
IFM Global Infrastructure Fund	£100,000,000	100%
KKR Global Infrastructure Investors Fund II	\$60,000,000	96%
KKR Global Infrastructure Investors Fund III	\$50,000,000	87%
<b>Co-investments</b>		
Antin III Carnot Co-Invest LP	€20,780,000	89%
Antin III Flight Co-Invest LP	\$20,612,831	100%
Antin IV Gator Co-Invest LP	\$9,200,000	100%
Antin IV Gauss Co-Invest LP	€8,000,000	98%
Antin IV Whistler Co-Invest LP	€8,000,000	88%
Antin IV Co Investments – remaining commitment	€483,059	0%
Coral Projects Investment LP	£7,895,932	100%
Equitix MA 10 LP	£7,608,750	100%
GIP Aquarius Fund GP	\$20,000,000	100%
KKR Byzantium Co-Invest II LP	€9,500,000	100%
Resonance British Wind Energy Income LP	€9,000,000	98%
Waterloo Place (1) LP	£10,500,000	100%
Waterloo Place (2) LP	£9,012,884	100%
DIF V Titanium	\$20,000,000	41%

## Responsible Investment

NILGOSC believes that environmental, social and governance (ESG) issues can affect the financial performance of investments and considers there to be a risk of underperformance relative to expectations, as a result of ESG issues not being reflected in asset prices and/or not considered in investment decision making. Accordingly, NILGOSC believes that these factors should be taken into account when managing the Fund's assets, subject to the overriding fiduciary duty to maximise the financial return on investments.

NILGOSC's approach to how such issues are incorporated into its investment practices is set out in its Statement of Responsible Investment, a copy of which is available on the NILGOSC website at [www.nilgosc.org.uk](http://www.nilgosc.org.uk).

NILGOSC does not make any investments solely for ESG reasons. Instead, it has instructed its active investment managers, across all asset classes, to take account of ESG considerations provided the primary financial obligation is not compromised. NILGOSC also encourages its infrastructure and property managers to adopt sustainable asset management practices with respect to their holdings. When appointing a new manager, NILGOSC assesses their ability to include ESG issues within the investment decision making process. Any manager not able to demonstrate such a capability is excluded from the next stage of the selection process. After appointment, NILGOSC monitors managers' action in the area, and works with the managers and others in the investment sector to seek sufficient data to aid effective decision-making.

NILGOSC believes that the best contribution it can make in the arena of responsible investment is through the targeted execution of voting rights, engagement with companies on ESG issues, and the promotion of ESG within the investment management industry.

### Stewardship

Stewardship, as defined by the 2020 UK Stewardship Code, is "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society<sup>1</sup>."

In the UK, the UK Corporate Governance Code identifies the principles that underlie an effective board; while the UK Stewardship Code sets out the principles of effective stewardship by investors, both of which are the responsibility of the Financial Reporting Council (FRC). As well as voting, activities can include monitoring and engaging with companies on matters

such as strategy, performance, risk, capital structure, and corporate governance, including culture and remuneration.

NILGOSC supports the principles set out in the Stewardship Code and seeks to promote these principles both directly and indirectly through the mandates given to its investment managers. NILGOSC has been a supporter of and signatory to each iteration of the UK Stewardship Code since 2010.

The 2020 UK Stewardship Code (the 'Code') focuses on the activities and outcomes of stewardship. To become a signatory, organisations are required to produce an annual Stewardship Report explaining how they have applied the Code in the previous 12 months. The FRC assesses each submission, and if it meets the FRC's reporting expectations, the applicant will be listed as a signatory. Once listed, organisations must continue to report annually in order to remain signatories. NILGOSC prepared its fourth annual Stewardship Report (covering the 12 month-period ending 30 June 2024) and submitted it to the FRC in May 2025.

### Voting

NILGOSC invests in a range of different companies. The shares that NILGOSC owns entitle it to vote at shareholder meetings. NILGOSC believes that, as a responsible investor, it has a legitimate interest in the management of the companies in which it invests and supports the use of voting as a means of expressing concern over ESG issues. By exercising its right to vote at company meetings, NILGOSC seeks to improve corporate behaviour and protect shareholder value, by maintaining effective shareholder oversight of directors and company policies, which is the process on which the current system of corporate governance depends.

NILGOSC expects the companies in which it invests to comply with best practice and wishes to actively encourage improvements in global standards of corporate governance. NILGOSC's Voting Policy is reviewed annually and represents its view on what it believes are important elements of good corporate governance and the principles which will be used to determine voting decisions on specific issues. It provides a basis for communicating with investee companies, and for holding directors accountable for the stewardship of the companies they manage.

NILGOSC uses the services of a specialist corporate governance partner, Minerva Analytics Ltd (Minerva), to coordinate its corporate governance and voting activities.

<sup>1</sup> <https://www.frc.org.uk/investors/uk-stewardship-code>

NILGOSC avails of Minerva’s research service to provide detailed information and financial analysis for each of its actively managed equity holdings, to help it make informed voting decisions in line with NILGOSC’s Voting Policy. NILGOSC exercises its voting rights at all company meetings within its actively managed equity portfolios, where possible, and will vote against management if the proposed resolutions are in conflict with NILGOSC’s Voting Policy or where significant ESG failings are identified. In line with the UK Corporate Governance Code, NILGOSC will consider explanations put forward by companies in relation to non-compliance and will also seek the advice of its investment managers, where appropriate, before exercising its vote.

A summary of the Fund’s global voting record of actively managed equities for the year ended 31 March 2025 is shown in the following table:

	Europe	North America	Rest of World
<b>Annual General Meetings</b>	30	97	67
<b>Other Meetings</b>	5	7	21
<b>Resolutions</b>	607	1,445	950
<b>Votes For Management</b>	406	715	579
<b>Votes Against Management</b>	201	727	371

An annual summary of NILGOSC’s voting activity is publicly available on the NILGOSC website, as well as detailed monthly disclosures of votes cast, released on a quarterly basis.

For passively managed equities, votes are cast by NILGOSC’s passive investment manager according to its own voting policies. The manager reports to NILGOSC on its voting activities on a quarterly basis.

Notably, for meetings of companies which are held in both the passively managed funds and in NILGOSC’s actively managed equity portfolios, NILGOSC may now avail of the opportunity to use ‘pass-through voting’. When a meeting occurs for such a company, NILGOSC will: exercise its voting rights in the actively managed equity portfolio as normal; and can also direct how a proportional share of the votes for the passively managed holding are placed, through an arrangement with its passive investment manager. Doing so should increase alignment of voting decisions across NILGOSC’s equity holdings. ‘Pass-through voting’ commenced for such overlapping holdings in January

2025, and by year end NILGOSC had expressed its voting preferences for 13 meetings as part of this arrangement.

### Engagement

NILGOSC acknowledges that good ESG practices can favourably impact both financial performance and society in general. Accordingly, NILGOSC believes that engagement is a key part of any responsible investment strategy.

All active managers are instructed to engage on NILGOSC’s behalf, with those companies where ESG policies fall short of acceptable standards and where this is likely to have a detrimental effect on the long-term value of the company. NILGOSC monitors the action taken in this area by its managers, by reviewing the engagement reports provided on a quarterly basis. These reports should detail company engagements undertaken, the issues engaged on and any outcomes.

NILGOSC also engages directly with some of the companies in which it invests. For companies listed in Europe, where NILGOSC intends to vote against management at a company’s Annual General Meeting, a letter is issued to the company to advise of the voting decisions and to provide a rationale. It is hoped that by providing this explanation, the flow of information between companies and their shareholders can be improved. In 2024/25, NILGOSC issued engagement letters to 27 European companies, where votes were cast against management recommendations.

NILGOSC is aware that it is just a small voice, and one way to amplify that voice is to collaborate with other like-minded investors and groups. NILGOSC considers that collaborative engagement can be an effective way to bring about change, both at a policy level and in respect of individual investments and will seek to work collectively with others in order to maximise its influence. Therefore, where appropriate, NILGOSC participates in collaborative initiatives which seek to improve company behaviour, policies or systemic conditions.

Demonstrating its commitment to responsible investment practices, NILGOSC has been a signatory to the United Nations-supported Principles for Responsible Investment (PRI) since 2007. The global benchmark can be applied across all asset classes and provides a forum for NILGOSC to collaborate with other like-minded investors on engagement initiatives. NILGOSC reports on its implementation of the PRI’s Principles via annual reporting using the PRI reporting framework, which is designed to assess an organisation’s overarching approach to responsible



investment, the integration of responsible investment in manager selection, appointment and monitoring, and engagement across asset classes.

Reporting in 2024 was optional for investor signatories (like NILGOSC) who had reported in 2023 and met the minimum requirements. NILGOSC’s commitment to transparency meant that the decision was made to voluntarily report.

In November 2024, NILGOSC received its assessment report for the year ended 31 March 2024, demonstrating positive results for the year. The assessment is made up of numerous modules and sub-categories, each of which are awarded scores based on a scale of 1-5 stars; with 1 star being the lowest score and 5 stars being the highest. NILGOSC continued to perform above the median of signatory scores in the majority of the areas assessed: receiving a 5-star rating for the ‘Policy Governance and Strategy’ module and 4-stars for the ‘Confidence Building Measures’ module. For the six sub-categories assessed as part of the ‘Manager Selection, Appointment, and Monitoring’ module, NILGOSC received five 4-star ratings and one 3-star rating in the ‘Infrastructure’ sub-category (which was the only area assessed which performed below the median). Detail behind the scoring and assessment methodology can be found on the PRI’s website. NILGOSC’s public transparency report is available to download on the PRI’s database and NILGOSC’s full assessment report is available to review on the NILGOSC website.

During the year to 31 March 2025, NILGOSC was a member of the Asset Owner Council (AOC), which is a collective group of asset owners working together to promote responsible investment and high standards of stewardship. The AOC was formed in early 2024, following the merger of the UK Pension Scheme RI Roundtable and the Occupational Pensions Stewardship Council (OPSC), both of which NILGOSC was a member of.

In February 2024, NILGOSC co-signed a statement on Corporate Governance issued by the International Corporate Governance Network (ICGN) to UK authorities and relevant stakeholders, making the case for the UK maintaining robust investor protection and high corporate governance standards and opposing recent proposals for reforms which signatories consider detrimental. Further to that statement, in June 2024, NILGOSC and six other UK pension funds wrote to the chair of the Financial Conduct Authority (FCA) ahead of an FCA Board meeting to decide whether to approve proposed changes to the UK listings rules. The letter was intended to remind the FCA of the strength of investor sentiment and again highlight concerns over weakening corporate governance standards.

### Climate Risk

As a global investor, NILGOSC recognises climate risk is a key investment risk, and as a long-term investor, NILGOSC recognises that a changing climate presents significant long-term risks to the value and security of pension scheme investments and capital markets more broadly.



As well as risks, the changing climate can also present opportunities for pension fund investors. Investment practices should therefore seek to protect assets from climate risks such as weather events and regulatory change, while simultaneously seizing the new opportunities that a low-carbon economy presents.

NILGOSC believes that climate change presents a material financial risk to the Fund and therefore takes climate risk considerations into account as part of its investment strategy. NILGOSC considers that this approach is consistent with its fiduciary duty to act in the best long-term interests of its members and to deliver the long-term returns necessary to ensure an affordable and sustainable pension fund. NILGOSC developed a Climate Risk Statement to sit alongside the Statement of Responsible Investment, which acknowledges the importance of climate risk as an investment issue and sets out the steps which will be taken to address it.

More than half of the Fund's assets are actively managed, and NILGOSC only appoints active investment managers who can take climate change risk into account when making investment decisions. However, a significant portion of NILGOSC's assets are held passively. Passively managed funds are designed to follow an index, and no active decision-making is undertaken, meaning ESG issues including climate risk, cannot be specifically taken into account. A decision can be made, however, in the selection of which index to track. Therefore, as a means of mitigating climate risk, most of NILGOSC's passive equities are held in a fund which tracks a climate-tilted, carbon transition index and seeks to replicate its performance. The strategy behind the 'Solactive L&G

Low Carbon Transition Developed Market' index, which the LGIM-managed fund tracks, is to self-decarbonise by reducing exposure to carbon emissions over time. The index has an overall objective, which is to meet the stricter of: a 'carbon emission intensity reduction objective' of at least 70% (except for the UK region, where the reduction is set to 60%) compared to the base regional index; or a 'decarbonisation objective' of at least 7% year-on-year.

The Taskforce on Climate-related Financial Disclosures (TCFD) was established in 2015 to develop a reporting framework based on a set of consistent disclosure recommendations, as a means for supporters to provide transparency about their exposure to climate-related risks. In 2017, the TCFD released its climate-related financial disclosure recommendations and, since then, the recommendations have become the foundation for many national and international climate-related disclosure requirements. As a result of the TCFD's success, it was announced in October 2023 that the taskforce had fulfilled its remit and was disbanded. The International Financial Reporting Standards (IFRS) Foundation have taken over the role of monitoring the progress of companies' climate-related disclosures.

NILGOSC considers the disclosure of climate risks and opportunities to be essential if shareholders are to determine whether the companies in which they invest are adequately addressing the changing climate. NILGOSC became an official TCFD supporter in June 2020, and continues to support the recommendations.

Full implementation of the TCFD reporting framework can take many years, with learnings along the way which help reporting bodies adapt and optimise disclosures.

NILGOSC published its fourth report (for the year ended 31 March 2024) in October 2024 and it builds upon the context and disclosures provided in prior years, helping NILGOSC prepare ahead of forthcoming regulation. Disclosures are organised around the TCFD's four thematic areas, representing the core elements of how organisations operate: governance; strategy; risk management; and metrics and targets.

NILGOSC considers it to be in the long-term interests of its members to promote climate risk mitigation and adaptation in the implementation of its investment strategy. By working together with like-minded investors, NILGOSC seeks to create an investment environment which contributes to a low carbon economy. NILGOSC is a member of the Institutional Investors Group on Climate Change (IIGCC), which is the leading European-focused investor membership organisation for collaboration on climate change. IIGCC represents over 400 members with more than €65tn in assets. NILGOSC is also a supporter signatory to the Climate Action 100+ initiative, which launched in 2017, initially as a five-year investor-led initiative to encourage the world's largest corporate greenhouse gas emitters to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change risks. Phase 2 of Climate Action 100+ commenced in 2023 and will run through to 2030. Alongside more than 600 global investors, NILGOSC continues to support the initiative. Building on the demonstrable success of phase 1, the initiative's current phase shifts focus from corporate climate-related disclosure to the implementation of corporate climate transition plans.

Over the year, NILGOSC took part in a number of other climate risk mitigation activities, including:

- Signatory to the CDP's (formerly the Carbon Disclosure Project) 2024 Climate Change, Forests and Water programmes and renewing its commitment by signing up to their 2025 programmes. NILGOSC supports the CDP's work to improve the management of environmental risk by encouraging listed companies to measure and disclose environmental information, which it does by issuing annual questionnaires on behalf of its investor signatories, requesting standardised climate change, water and forest information.

- Signatory to the CDP's 2024 Non-Disclosure campaign. In the 2024 campaign, NILGOSC was one of 275 financial institutions with over \$21 trillion USD in assets, engaging with 1,998 of the world's highest-impact companies to demand that they disclose environmental data (on climate, forests and/or water security) via CDP questionnaires. NILGOSC was a co-signer on the campaign which meant demonstrating its support by undersigning all company-specific engagement letters sent by the lead signatories to the targeted companies.
- Co-signed and supported the launch of the Asset Owner Statement on Climate Stewardship, developed by a coalition of asset owners (totalling over \$1.5 trillion USD in AUM) led by the People's Pension, Brunel Pension Partnership and Scottish Widows. The statement was drafted in response to complaints from asset managers of inconsistent demands from asset owners. It sets out key and consistent climate stewardship expectations, intended to: promote constructive dialogue; generate greater alignment between asset owners and managers; and ultimately raise the bar on climate stewardship across the investment sector.
- Signatory to the 2024 Global Investor Statement to Governments on the Climate Crisis, calling on global governments and policy-makers to urgently raise their climate ambition in line with the goal of limiting global temperature rise to 1.5°C.
- Endorser of the UN PRI Spring initiative, launched in June 2024, with the objective of investors contributing to the goal of halting and reversing biodiversity loss by 2030.

NILGOSC believes that transparency is important, making policies, statements and reports available on its website for all stakeholders or interested parties to review. NILGOSC's Statement of Responsible Investment, Climate Risk Statement and Voting Policy are available in the "Being a Responsible Investor" section of the NILGOSC website at [www.nilgosc.org.uk](http://www.nilgosc.org.uk), along with further detail on voting activity, annual reporting on Stewardship and Climate Risk, and a list of recent collaborative engagements and initiatives that NILGOSC has been involved in.

## LONG TERM EXPENDITURE TRENDS

The tables below illustrate key trends for the last five years.

### Key Financial Information

	2024/25	2023/24	2022/23	2021/22	2020/21
	£'000	£'000	£'000	£'000	£'000
<b>Income</b>					
Contributions received and transfers in	430,769	380,902	348,495	310,277	295,731
Investment income	225,763	192,666	153,311	132,066	131,877
<b>Benefits paid</b>					
Retirement pensions	(289,439)	(262,919)	(232,220)	(217,129)	(209,197)
Lump sum retirement benefits	(86,336)	(77,926)	(61,374)	(53,644)	(45,127)
Death benefits and leavers	(19,883)	(15,525)	(15,963)	(12,910)	(11,253)
<b>Other expenditure</b>					
Administration expenses	(6,495)	(5,987)	(6,247)	(5,527)	(5,061)
Investment management expenses	(35,068)	(28,805)	(26,846)	(25,720)	(25,473)
<b>Net Assets</b>					
Net Assets	10,951,973	10,463,029	9,529,901	10,231,058	9,795,486
Change in market value of investments	269,701	750,723	(866,920)	304,493	1,788,901

### Membership Statistics

	2024/25	2023/24	2022/23	2021/22	2020/21
Active members	86,137	84,090	80,703	73,960	70,881
Deferred members	42,607	39,689	36,911	34,222	31,698
Current pensioners of whom:	48,171	45,711	43,315	41,557	39,913
Retired Employees	41,625	39,433	37,162	35,553	33,980
Widows/widowers/dependants	6,546	6,278	6,153	6,004	5,933
Total	176,915	169,490	160,929	149,739	142,492

The membership movement reflects the recruitment and retention strategies of Scheme employers and the status of individuals as they move through the lifecycle of pension scheme membership. The material increase in 'active' and 'deferred' membership in 2022/23 is the result of a payroll consolidation exercise conducted during 2022/23 by one large employer, rather than a significant increase in recruitment more broadly across Scheme employers.

The pattern in contributions income reflects movements in contribution rates and adjustments, active membership and annual pay settlements. Common contribution rates are set following an actuarial valuation exercise for most Scheme employers. The 2019 actuarial valuation determined the Fund to be in a surplus position so deficit payments ceased from April 2021 and a common contribution rate of 19.5% was introduced for most employers from

2021-2023. This rate was reduced to 19% from April 2023. The material increase in contribution receipts from 2022/23 reflects higher than typical pay awards in 2022-2025 across the broader Scheme employer base.

Investment income is a feature of the individual investment strategies, which at present include a mix of growth and income styles and can vary considerably year on year. The uplift in investment income in 2022/23 reflects the full year impact of fixed interest income and distributions from a global property fund (categorised as a Pooled investment vehicle). The significant uplift in 2023/24 is consistent with the asset performance and strong dividend returns. The higher inflationary trading environment provided opportunities for interest income growth in both UK and overseas markets. The opportunity offered by global market volatility has continued to deliver strong fixed income returns in 2024/25 and this investment income has been boosted by the full year impact of the investment in a new global equities fund in March 2024 with annual dividend income increasing by 60%, despite the early termination of an underperforming emerging equities fund in the last quarter of 2024.

Retirement pension payments continue to grow in line with the increase in the number of pensioners and also the annual pensions increase applicable in April each year.

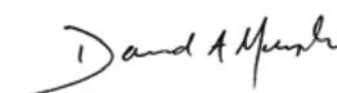
While the movements are consistent with broad historical patterns of retirement activity, the overall value of lump sum retirement benefits is dependent on the salary and service history of those individual members retiring in the period, and will fluctuate accordingly.

Death benefits and payments to leavers cash outflows are not expected to conform to a predictable pattern as the annual figures reflect the number of member deaths, the number of leavers requesting refunds and the value of death benefits and refunds payable.

Administration expenses remained reasonably consistent over the three years from 2019/20 to 2021/22 after material non-cash actuarial adjustments for IAS 19 current service pension. The adjusted figures for administration expenditure for the past decade can be seen on the Cost per Member table on page 30.

The annual increase in administration expenditure from 2022/23, is consistent with pay settlements from 2022/23 that were higher than those in the preceding periods along with inflationary pressures on supplies and services, particularly energy, coupled with more regular levels of activity, post pandemic. There was a budgeted increase in professional fees linked to actuarial, legal and audit fees and a material increase in non-cash related amortisation for the commencement of a licence fee renewal for the pension administration platform from January 2023. The main driver of increases in administration expenditure in 2024/25 is both an in-year pay settlement and approval of a backdated pay increment from 1 April 2022.

Investment management fees are directly linked to the asset values and performance in the period. The increase in investment management expenditure in 2022/23 reflects the full year impact of the new global property fund and additional infrastructure mandates which are more expensive asset classes to manage. The uplift in 2023/24 and 2024/25 is consistent with the overall fund returns and slightly higher fees being charged on the new global equities mandate from March 2024, which should be measured against the material increase in income earned.



**David Murphy**  
Chief Executive and Secretary

26 August 2025

# Accountability Report

## CORPORATE GOVERNANCE REPORT



### INTRODUCTION

The Corporate Governance Report explains the composition and organisation of NILGOSC’s governance structures and how they support the achievement of the entity’s objectives. The report begins with a Chief Executive’s Report which sets out the composition of the Management Committee and a Statement of Accounting Officer’s Responsibilities in respect of the preparation of the financial statements. It concludes with the Governance Statement which sets out how the Accounting Officer’s duties in relation to internal control and the safeguarding of public funds and departmental assets have been carried out through the financial year and includes an assessment of the corporate governance and risk management systems in place within NILGOSC.

### CHIEF EXECUTIVE’S REPORT

#### Chief Executive and Secretary

Mr David Murphy, the Chief Executive and Secretary, is responsible for the administration of the Scheme and reports to the Committee 9 times per year.

The Permanent Secretary for the Department for Communities has designated the Chief Executive and Secretary as the Accounting Officer for NILGOSC. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Accounting Officer Memorandum, issued by the Department for Communities. The Accounting Officer is also responsible for safeguarding the assets of NILGOSC and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

#### Committee Members

The Management Committee (which is similar to a board of directors or trustees) consists of a chairperson, five members nominated by employers’ organisations, five members nominated by employees’ organisations and two independent members. In addition, the Department has appointed an observer who may attend the meetings of the Management Committee and Audit and Risk Assurance Committee.

The Committee members are appointed by the Minister for Communities for a four-year term and may be reappointed for a second four year term at the Minister’s discretion. The Minister for Communities made a number of reappointments during the year. Paul Francey, Antoinette McMillen, Michael Rafferty and John (JJ) Tohill were reappointed for a second term from 1 April 2024 until 31 March 2028.

Kenneth Clayton, Alan Law, Shane McCurdy and Peter Moore were reappointed for a second term from 1 October 2024 until 30 September 2028. Joan McCaffrey’s second term of office was extended by six months to 30 September 2024 to cover the period until a new independent member was appointed. Heather McKinstry was also reappointed for a second term, in advance of the expiry of her initial term on 30 April 2025.

The following table shows the composition and term of office of Committee members during 2024/25.

	Term of Office	
<b>Mark McBride (Chair)</b>	First	1 October 2024 - 30 September 2028
<b>Joan McCaffrey</b>	Second	1 March 2016 – 30 September 2024
<b>Paul Francey</b>	Second	1 April 2024 – 31 March 2028
<b>Antoinette McMillen</b>	Second	1 April 2024 – 31 March 2028
<b>John (JJ) Tohill</b>	Second	1 April 2024 – 31 March 2028
<b>Michael Rafferty</b>	Second	1 April 2024 – 31 March 2028
<b>Alan Law</b>	Second	1 October 2024 -30 September 2028
<b>Kenneth Clayton</b>	Second	1 October 2024 -30 September 2028
<b>Peter Moore</b>	Second	1 October 2024 -30 September 2028
<b>Shane McCurdy</b>	Second	1 October 2024 -30 September 2028
<b>Derek McCallan</b>	First	1 May 2021- 30 April 2025
<b>Heather McKinstry</b>	First	1 May 2021- 30 April 2025
<b>Dooley Harte</b>	First	1 October 2024 - 30 September 2028
<b>Cathy Matthews</b>	First	1 October 2024 - 30 September 2028

The biographies of the Committee members who served throughout the year are set out below.

## Chair (appointed 1 Oct 2024)



### Mr Mark McBride

Mr McBride is a former Head of Finance and Performance at Belfast City Council. He is a Council Member of the Chartered Institute of Public Finance and Accountancy (CIPFA), Chair of the CIPFA Student and Members Board, and Chair of the Association of Accounting Technicians (AAT) Pension Scheme.

## Interim Chair

(appointed 29 January 2024 to 30 Sep 2024)



### Mr Derek McCallan

Derek McCallan is a local government specialist, facilitating training on governance, enterprise, and corporate planning. He is a board member of the Northern Mutual Bank campaign which aims to provide full banking services for the most vulnerable in Northern Ireland. As past CEO of NI's Local Government Association (NILGA), he advised and supported its all-Party & Council leaders and Executive, delivering policy, investment, and devolution priorities. He worked in Scotland and England at senior level for sustainable energy businesses and central government and has had board and employee roles in local charitable bodies including Colin Glen Trust & Co-operation Ireland.

## Committee Members

### Employee Representatives



### Mr Kenneth Clayton

Mr Clayton, now retired, was Trade Union coordinator at Belfast City Council. As a Union Branch Chair (Unite), he has experience on committees such as the Local Government Joint Reform Group and the Union's Local Authority Pensions Committee. He holds no other public appointments and has had no recent political activity.



### Mr Paul Francey

Mr Francey has worked within public transport and has been a Trade Union activist for the past fifteen years. He has been a workplace organiser for the GMB Trade Union for the past seven years and has held the position of the Railway Branch Secretary for the past twelve years. Mr Francey has previous experience of sitting on Trade Union bodies for the GMB within the public transport sector and sits on the Local Government Pensions Advisory Board.



### Mr Alan Law

Mr Law is a Trade Union official with NIPSA and is the Chair of the Trustees of NIPSA's Defined Benefit Pension. This involves extensive experience in the administration of pension schemes, evaluating risk and taking decisions in respect of actuarial reports and investment monitoring. He is the lead negotiator for NIPSA in respect of members employed by a number of NI Executive Departments and Arms Length Bodies. Mr Law is a Department of Education representative on the board of governors of two schools, an integrated primary school and a voluntary grammar school.



### Ms Antoinette McMillen

Mrs Antoinette McMillen is a Deputy General Secretary of a public sector Trade Union through which she deals with Administration and Governance issues. Antoinette has worked across the public and private sectors developing communication strategies and building relationships with a broad range of people and organisations. As a Trade Union Official she has a high level of experience in decision making, policy development, strategy development and tackling complex issues. She has led teams through difficult campaigns and a range of complex issues and reviews including the Review of Public Administration. She has been an Employee Organisation Representative Member on NILGOSC from 1 April 2020 to 31 March 2025.



### Ms Heather McKinstry

Ms Heather McKinstry is a member of Unison's Regional Committee NI. She is also a member of the Local Government Service Group and Unison's Women's Committee. She works as the Trade Union Side Officer for the Education Authority, NI co-ordinating work for the four main Unions Officials. She holds no other public appointments and has had no political activity in the last five years.

### Employer Representatives



### Mr Michael Rafferty

Mr Rafferty is a chartered accountant and is currently the Group Director of Finance & Resources for Choice Housing Group. He brings experience relating to financial management and risk management in complex organisational and regulatory environments. Mr Rafferty has extensive experience of corporate finance and has been instrumental in raising over £500m of debt finance for delivery of social and affordable housing.



### Mr JJ Tohill

Mr Tohill is Strategic Director of Corporate Services and Finance and a member of Mid Ulster District Council's Senior Management Team with responsibility for the finance function and governance, and the design and implementation of effective controls. He has experience of using communication and influencing skills in a complex public sector reform environment involving challenging restructuring and cultural issues.



### Mr Shane McCurdy

Mr McCurdy was the Head of Corporate Services at the Controlled Schools' Support Council until his retirement on 31 March 2025. Previously he was the Chief Executive and former Chief Finance Officer for the North Eastern Education and Library Board and the Interim Head of Finance for the Education Authority. He holds no other public appointments and has had no political activity in the last 5 years.



### Mr Peter Moore

Mr Moore is an accountant for Translink and a member of various project boards. He presents at Translink's monthly executive meeting. He has built effective relationships within Translink and the Department for Infrastructure. He holds no other public appointments and has had no political activity in the last 5 years.



### Mr Derek McCallan

Mr Derek McCallan is a local government specialist, facilitating training on governance, enterprise, and corporate planning. He is a board member of the Northern Mutual Bank campaign which aims to provide full banking services for the most vulnerable in Northern Ireland. As past CEO of NI's Local Government Association (NILGA), he advised and supported its all-Party & Council leaders and Executive, delivering policy, investment, and devolution priorities. He worked in Scotland and England at senior level for sustainable energy businesses and central government and has had board and employee roles in local charitable bodies including Colin Glen Trust & Co-operation Ireland.

### Independent Members



### Ms Joan McCaffrey

Ms McCaffrey was previously the Director of Corporate Services and Governance at Fermanagh and Omagh District Council. She is a Fellow of the Chartered Institute of Management Accountants. She holds no other public appointments and has had no political activity in the last 5 years.



### Mrs Cathy Matthews

Mrs Cathy Matthews has a wide range of governance and public accountability experience at UK wide level, including as a member of a national governance body. As a Director at Belfast City Council, she had responsibility for engaging with political parties on matters within her remit to reach consensus on key decisions. She brings skills relating to transformation programmes, strategic thinking and stakeholder engagement to the Committee. Cathy holds no other public appointments and has had no political activity within the last 5 years.



### Mr Dooley Harte

Mr Dooley Harte is the Pension Official for the University & College Union with responsibility for the Universities Superannuation Scheme (USS). In this role he has responsibility for leading pension negotiations with USS and representatives for UK universities, dealing with a wide range of stakeholders. He is also a Trustee of the Board of Cancer Focus Northern Ireland where he engages in a range of governance, strategic direction and financial matters. Dooley holds no other public appointments and has had no political activity within the last 5 years.



## Declaration of Interests

In order to achieve the maximum degree of openness and impartiality, the Committee maintains a register of Committee Members' and Officers' Interests. The register is open for inspection at the Committee's offices and is available on NILGOSC's website at [www.nilgosc.org.uk](http://www.nilgosc.org.uk).

## Personal Data Related Incidents

NILGOSC records all personal data related incidents and makes an assessment against the Information Commissioner's Office (ICO) guidance to determine whether an incident is significant and/or serious enough to warrant reporting. Following the implementation of GDPR and the Data Protection Act in 2018, the ICO updated its guidance in relation to what should be considered when assessing a data breach. The assessment needs to consider the likelihood and severity of the risk to people's rights and freedoms.

In the year ended 31 March 2025 two data incidents were assessed and reportable in line with the guidance and eight minor incidents were assessed as non-reportable.

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997, as amended, the Department for Communities has directed the Northern Ireland Local Government Officers' Superannuation Committee to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Northern Ireland Local Government Officers'

Superannuation Committee and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the financial statements, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department for Communities, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the Annual Report and Accounts is fair, balanced and understandable and take personal responsibility for the financial statements and the judgements required for determining that it is fair, balanced and understandable.

The Department for Communities has appointed David Murphy as Accounting Officer of the Northern Ireland Local Government Officers' Superannuation Committee. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Northern Ireland Local Government Officers' Superannuation Committee's assets, are set out in Managing Public Money Northern Ireland (MPMNI) published by the Department of Finance.

## GOVERNANCE STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

#### 1. Introduction

As Accounting Officer for the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), I am responsible for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money NI (MPMNI).

This Governance Statement sets out how these duties have been carried out through the financial year ended 31 March 2025 and includes an assessment of the corporate governance and risk management systems in place within NILGOSC, that have ensured these responsibilities have been met.

This Governance Statement has been prepared in line with guidance issued by the Department of Finance (DAO (DFP) 10/12) DAO (DoF) 02/25) and contained within Annex 3.1 of MPMNI.

#### 2. The Governance Framework 2024/25

NILGOSC is a non-departmental public body (NDPB) sponsored by the Department for Communities ("the Department"). NILGOSC has worked with the Department during 2024/25 to ensure the specific requirements as a NDPB have been met.

NILGOSC is the corporate body responsible for the administration of the Local Government Pension Scheme in Northern Ireland (the Scheme) and its functions and responsibilities are laid down in the Local Government Pension Scheme Regulations (Northern Ireland) 2014. Since 1 April 2015, the Management Committee has been designated as the Pension Board for the Scheme in accordance with the Local Government Pension Scheme (Governance) (Amendment) Regulations (Northern Ireland) 2015 (the Governance Regulations). On 3 February 2025, the Minister for Communities confirmed this designation for a further period of five years until 31 March 2030.

A Management Statement (MS) is in place with the Department which sets out the broad framework within which NILGOSC will operate in administering the Scheme and in the exercise of its functions, duties and powers.

An associated Financial Memorandum (FM) is also in place with the Department, which sets out certain aspects of the financial framework within which NILGOSC is required to operate, in accordance with MPMNI. NILGOSC complied with the conditions and requirements in the Management Statement and the Financial Memorandum during the financial year ended 31 March 2025.

On 9 December 2019, the Department of Finance issued DAO (DoF) 05/19 'Partnership Agreement Template', which provides departments and ALBs with a new model 'relationship document' in which to set out the partnership arrangements between an ALB and the Department. The Partnership Agreement template supersedes the MS & FM templates. It was anticipated that tailored Partnership Agreements would be phased in from 1 April 2020 after guidance on Proportionate Autonomy was made available, but it was recognised that this process will take time to fully implement and that "not one size fits all". The Partnership Agreement between NILGOSC and the Department is still in development.

#### 2.1 The Management Committee

The Management Committee ("the Committee") is charged with performing the relevant functions assigned to it by the Regulations and ensuring compliance with the provisions set out in both the Management Statement and Financial Memorandum.

As the Pension Board, the Committee's role is to assist with:

- securing compliance with the Governance Regulations;
- securing compliance with any other legislation relating to the governance and administration of the Scheme and requirements imposed by The Pension Regulator (TPR) in relation to the Scheme; and
- the effective and efficient governance and administration of the Scheme.

The Committee is responsible for establishing the organisation's overall strategic direction, ensuring that it operates within the limits of its statutory authority and agreeing corporate targets. The work and responsibilities of the Committee are set out in the Management Committee Terms of Reference and the Delegations of Authority.



Standing items considered by the Committee include:

- Management Accounts and summary of investments
- Annual Report and Budget
- Fund Manager performance reports
- Corporate performance reports
- Departmental Assurance Statements
- Reviews of the risk management framework
- New and revised policies
- Secretary's report on operational matters and project updates
- Conflicts of Interest

A sub-committee structure supports the Committee, comprising the Audit and Risk Assurance Committee (ARAC), the Staffing Committee and the Internal Dispute Resolution Committee (IDRC). The IDRC has delegated powers to reach a decision on behalf of the Committee. The Committee also has the possibility to establish an ad-hoc Staff Appeals Committee to hear grievance and disciplinary appeals. This sub-committee also has the ability to reach a decision on behalf of the Committee. Following each sub-committee meeting, the relevant Chairperson provides a verbal report to the Committee.

The Committee consists of a Chairperson, five members who are representative of employers' organisations, five members who are representative of employees' organisations and two independent members. The Committee members are appointed by the Minister via the public appointments process, for a standard four-year term. The Management Committee currently has a full complement of members.

Details on terms of membership are set out in the Chief Executive's Report on page 69. Conflicts of Interest are considered at each Management Committee meeting and a register of Committee members' interests is maintained and published on the NILGOSC website. Where Committee Members have declared interests this is managed through redaction of information in papers, and stepping out of meetings where appropriate.

The Committee normally meets on a monthly basis with the exception of April, July and October. The Department has appointed an observer who may also attend meetings of the Committee and the ARAC. Minutes of all Committee and sub-committee meetings are recorded. When approved, copies of the Committee meeting minutes are published on the NILGOSC website at <https://nilgosc.org.uk/about-us/who-we-are/organisational-structure/pension-board/board-meetings/>.

The Management Committee formally met nine times during 2024/25. The Audit & Risk Assurance Committee met four times, the Staffing Committee and the IDRC met two times during the year. A schedule of membership and attendance for the year is shown in the following table:

	Management Committee		Audit & Risk Assurance Committee		Staffing Committee		Internal Dispute Resolution Committee	
	Called	Present	Called	Present	Called	Present	Called	Present
<b>Mark McBride *</b>	5	5	-	-	-	-	-	-
<b>Joan McCaffrey **</b>	4	3	-	-	2	2	-	-
<b>Antoinette McMillen</b>	9	8	4	3	-	-	-	-
<b>Paul Francey</b>	9	7	-	-	3	0	-	-
<b>JJ Tohill</b>	9	7	4	3	-	-	-	-
<b>Michael Rafferty</b>	9	9	4	4	-	-	-	-
<b>Shane McCurdy</b>	9	9	4	4	3	3	-	-
<b>Peter Moore</b>	9	9	-	-	-	-	2	2
<b>Kenneth Clayton</b>	9	9	-	-	3	1	2	2
<b>Alan Law</b>	9	8	4	3	-	-	1	1
<b>Heather McKinstry</b>	9	8	-	-	-	-	2	1
<b>Dooley Harte *</b>	5	4	-	-	-	-	1	0
<b>Cathy Matthews *</b>	5	5	-	-	1	1	-	-
<b>Derek McCallan</b>	9	9	-	-	-	-	2	2
<b>Average % Attendance</b>		<b>91%</b>		<b>85%</b>		<b>67%</b>		<b>75%</b>

\* Mark McBride was appointed as Chair on 1 October 2024, with Cathy Matthews and Dooley Harte appointed as Committee Members also on the 1 October 2024.

\*\* Joan McCaffrey's extended term ended on 30 September 2024.

All new Committee members receive induction training and are provided with a Committee Member Handbook, which contains key documents, policies and guidance relevant to NILGOSC and the role of a Committee Member. The Committee Member Handbook can also be accessed on NILGOSC's website. A *Committee Member Knowledge Framework* is in place that sets out the skills and knowledge a Committee Member should possess or acquire to be an effective Committee Member. Committee members are also required to complete The Pension Regulator's *Public Service Toolkit*.

All Committee members must attend On-Board training and are encouraged to meet an annual target of 40 hours continual professional development. Relevant training opportunities are highlighted to Committee members and Committee training is organised to meet training needs identified through the training needs self-assessment. Training records are maintained and updated on a quarterly basis.

## 2.2 The Audit and Risk Assurance Committee (ARAC)

The ARAC provides a forum for the scrutiny of NILGOSC's corporate governance, risk and internal control systems and promotes a climate of robust financial discipline and control. It has formally agreed *Terms of Reference*, which are reviewed every three years. The ARAC comprises nominated Committee members, at least one of whom is required to have recent, relevant financial expertise. Meetings are held on at least a quarterly basis and are attended by Internal and External Audit, as well as a Departmental representative.

The ARAC has access to all internal audit reports, risk registers and management reports and considers all external financial and governance reporting.

Standing agenda items for consideration by the ARAC include:

- Quarterly review of the risk register and system of internal control
- Fraud and Raised Concerns reports
- Internal audit reports and annual opinion
- Progress against internal audit recommendations
- New or revised governance policies
- Departmental Assurance Statements
- Department of Finance (DoF) and Departmental guidance (e.g. DAOs)

The ARAC reports on the discharge of its duties to the Committee on an annual basis. It also considers and provides an opinion on the Governance Statement and recommends the Annual Report and Accounts to the Committee for approval. A dedicated knowledge hub was established for ARAC members in 2024/25 providing access to key regulatory and best practice guidance in the areas of audit, accounting and risk management.

### 2.3 Risk Management and Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievements of the Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. A robust system of internal control has been in place in NILGOSC for the year ended 31 March 2025 up to the date of approval of the Annual Report and Accounts, which accords with Department of Finance guidance. A full description of NILGOSC's risk management process and the assessment of risks during 2024/25 is provided in section 6 of this Statement. Alongside this 2024/25 saw NILGOSC prepare an assurance map, which set out the key risks, services and processes, and charts assurance ratings across the three lines of defence, using evidence to provide an overall assurance rating. This will now be an annual exercise aligned to the annual risk review process.

### 2.4 Corporate and Business Planning

Like most organisations, NILGOSC has established a strategic planning process which allows it to identify and achieve its long-term strategic objectives. A key part of this process is the triennial strategic review, during which the organisation's vision, mission, values and strategic aims are subjected to a thorough review and stakeholder consultation to ensure that they remain relevant and reflective of the current operating environment. In the intervening period between strategic reviews, NILGOSC reviews and updates its operational business plans annually to help plan resources and measure performance.

NILGOSC commenced its last strategic review in May 2024, to review NILGOSC's Vision, Mission, Values, Strategic Aims and Objectives. NILGOSC has seven overarching strategic themes, which form the framework for strategic planning and decision making: engagement; innovation and operational excellence; collaboration; governance; people; financial sustainability; and stewardship. These seven themes form the framework for strategic planning and decision making within NILGOSC. The next strategic review is scheduled for May 2027.

The Corporate Plan sets out NILGOSC's objectives over a three-year period together with the appropriate targets and key performance measures. The Senior Management Team (SMT) reviews performance against objectives and key performance measures on a quarterly basis and this is reported to the Committee and sponsor Department bi-annually. Performance against the Corporate Plan is also reported in the Annual Report at the end of each financial year. The Corporate Plan is reviewed and revised annually and published on the NILGOSC website.

### 3. Compliance with the 'Corporate Governance in Central Government Departments: Code of Practice NI 2025'

On 26 February 2025, DoF issued the updated 'Corporate Governance in Central Government Departments: Code of Practice NI 2025' with DAO (DFP) 02/25. The Code is written for central departments and, as such, is not entirely relevant to NILGOSC as a NDPB. However, all NDPBs are encouraged to consider and adopt the practice set out in the Code wherever it is relevant and practical and suits their business needs. I have considered the principles within the updated Code and confirm that these have been applied in so far as is relevant or applicable to NILGOSC.

NILGOSC's Conflicts of Interest Policy which aligns to the Department of Finance issued DAO (DoF) 07/21 'Guidance on Conflicts of Interest', was last reviewed and updated in November 2023. Conflicts of Interest are also included in the Code of Conduct for Committee Members. The Staff Code of Conduct is also aligned with the Conflicts of Interest Policy. Any identified conflicts of interest and potential conflicts of interest are managed in accordance with the strategies outlined in the Conflicts of Interest Policy. There were several potential conflicts identified by the Committee during 2024/25 which were managed in line with the Conflicts of Interest Policy.

### 4. Compliance with the Pension Regulator's (TPR) General Code of Practice 2024

Since 2015, TPR has been responsible for the regulation of Public Service Pension Schemes. The Pension Regulator's new General Code of Practice (the Code) was laid before Parliament on 10 January 2024 and came into effect in Great Britain on 27 March 2024. The Code was brought effect in Northern Ireland by way of an Appointed Day Order, The Pensions (2005 order) (Code of Practice) (General) (Appointed Day, Amendment and Revocations) Order (Northern Ireland) 2024, with the effective date of 5 July 2024. The General Code brought together ten existing codes of practice, including Code of Practice 14 (Governance and Administration of Public Service Pension Schemes), into a single modular code which applies to all UK pension schemes. Due to its wide-ranging coverage, not all areas of the Code apply to public service pension schemes; some are just good practice and others do not apply at all. There are also modules that partially apply and/or are good practice.

NILGOSC aims to comply to the highest standards of governance and administration and aims to comply with the aspects of the Code, where appropriate. NILGOSC undertook a comprehensive assessment of compliance against the new Code and produced an action plan to address areas where further action was required to evidence full compliance. This is due to be complete by 30 June 2025.

NILGOSC submits an annual Scheme return, which provides updated Scheme information to TPR.

One of the requirements of the Code is the reporting breaches of the law to TPR. NILGOSC assesses any potential breaches in line with its Breach Reporting Procedure. There were no materially significant breaches in 2024/25.

### 5. Departmental Approvals

In line with the DoF Pay Remit approval process, NILGOSC received approval for the National Joint Council pay settlement for 2024/25 on 21 November 2024.

The Department provided approval for the contractual element of the 2025/26 pay remit on 25 March 2025. The National Joint Council pay settlement for 2025/26 remains outstanding at the time of writing.

Additionally, a bid for a 2022/23 staff pay point increment, approved by the NILGOSC Committee in December 2022, was adjudicated non-repercussive by the Department of Finance permitting approval to be granted by the Department for Communities on 5 November 2024. The intention of this pay point increment, outside of the national pay settlement, was to align NILGOSC's salaries with the wider local government sector.

NILGOSC received approval from the Department of Finance on 19 May 2025 for the write off of bad debts. These write offs are detailed in the Assembly Accountability Report on page 92.

Under its delegations of authority NILGOSC sought and received approval from its sponsor department, DfC, on 19 May 2025 for the write off of two pensioner overpayments in excess of £500 (£2,159) as a result of a death, both of which were deemed irrecoverable.

In line with the Management Statement the Department approved NILGOSC's Aims and Objectives for 2024/25.

### 6. Risk Assessment

NILGOSC's Risk Management Policy sets out the organisation's risk control framework and appetite to risk. NILGOSC has an open/cautious appetite to risk taking, with the exception of compliance risks, where its appetite is risk averse. However, this does not prevent NILGOSC from identifying opportunities to improve and implement efficiencies. Risk appetite is incorporated into NILGOSC's risk management process and risk register.

The risk control framework provides a consistent basis to identify, monitor and report risks and to progress strategies to manage these risks during 2024/25. A dedicated risk owner is assigned at management level to each risk to provide clear lines of accountability across the organisation. Risk owners review the risks that have been assigned to them on a quarterly basis and submit a Statement of Assurance to the Governance Team to confirm that the existing controls are still effective and if the risk score needs to be re-assessed. The SMT considers these statements during its quarterly review of the risk register and makes changes to the risk scores, if necessary.



A report and any revisions to the risk register are considered by the ARAC prior to submission to the Management Committee for approval.

The outcome of the quarterly risk reviews is also used to inform completion of Departmental Assurance Statements. As required, NILGOSC completed and submitted its Assurance Statements for the 6 months ended 30 September 2024 and 31 March 2025.

In addition to quarterly reviews of the risk register, a comprehensive annual review of the risk register is undertaken at the beginning of the financial year to review the existing risks and also to identify any new or emerging risks. As a result of the 2024/25 annual risk review, two risks were removed from the risk register. There were no new risks added to the risk register throughout 2024/25. The ARAC reviewed the risk register 2024/25 at its meeting on 21 May 2024, which was subsequently approved by the Management Committee on 10 June 2024.

The annual review for 2025/26 was carried out on 29 April 2025. The review included consideration of challenges facing NILGOSC in 2025/26, including Artificial Intelligence Systems, the Pensions Dashboard, and ongoing recruitment and retention impacts on service delivery. All existing risks were reviewed and controls and risk scores amended as appropriate.

The 2025/26 risk register contains 53 risks in total, 11 of which have been categorised as strategic and two of which have a “red” risk status.

In 2025/26, NILGOSC will continue to have challenges to manage with the administrative burden of the McCloud judgment and related litigation, with work in this area increasing.

These challenges and any new or emerging risks will be reviewed on an ongoing basis through the risk management process set out above, and appropriate plans will be put in place to effectively manage any risks within the existing risk and internal control framework.

### 6.1 Business Continuity

NILGOSC has a Business Continuity Plan (BCP) and disaster recovery arrangements in place, which it formally tests on an annual basis. NILGOSC has made several enhancements to its IT infrastructure in the last number of years to improve disaster recovery. The 2024/25 annual business continuity test assessed the accessibility of encrypted USBs by the Senior Team as part of the staff testing for 2024/25. Two scenarios were also selected from the IT 5-Year BCP Scenario Plan; Scenario 1 tested the ability of staff to connect to the disaster recovery network from remote location. The objective of Scenario 2 tested the retention periods and archive backups and to test object level restores and overwrites. The outcome of the tests were successful.

In December 2020, NILGOSC signed up to a project with the National Cyber Security Centre for Northern Ireland, to attain the Cyber Essentials Plus certification. This is a government backed scheme that provides assurance that an organisations’ IT infrastructure is set up and configured appropriately to guard against the most common cyber threats. Certification involves a detailed self-assessment followed by independent verification testing and must be undertaken each year to remain certified. NILGOSC successfully completed the re-certification process in March 2025 and was reaccredited for the fifth consecutive year with Cyber Essentials Standard on 4 March 2025 and Cyber Essentials Plus on 24 March 2025. Training on Cyber Security and Cyber Awareness was delivered to the Committee in October 2024. Business Continuity Training was delivered to all staff in March 2025, and GDPR training was also delivered in March 2025 to all staff which included training on cyber security.

NILGOSC also appoints an external expert to undertake independent penetration tests of its systems on an annual basis. This is to test the robustness of the IT infrastructure in place, including the firewall, to protect NILGOSC’s systems from external attack. No significant issues were identified as a result of the tests undertaken in March 2025 and reaffirmed that the security posture in NILGOSC is mature and effective.

### 6.2 Fraud and Raising Concerns

NILGOSC participates in the biennial National Fraud Initiative (NFI) biennial data matching exercises for the purposes of assisting in the prevention and detection of fraud. NILGOSC took part in the NFI 2024/25 data matching exercise. Matches were received in December 2024 and investigated. One case of suspected fraud was identified through the exercise but following investigation this was closed and no longer considered fraud.

All cases of suspected or actual fraud are investigated in line with NILGOSC’s Anti-Fraud Policy and all cases of malpractice, unlawful conduct or wrongdoing are investigated and reported to the PSNI and the Department. During 2024/25, a suspected case of fraud was reported which was subsequently reclassified as non-fraudulent.

There were no issues raised through NILGOSC’s Raising Concerns Policy during 2024/25.

### 6.3 Information risks

NILGOSC takes information security seriously and operates a strong control environment for the handling of personal data to ensure compliance with relevant data protection legislation. A robust Information Security Policy, technical safeguards and procedures are in place to protect the security of information. NILGOSC has a secure email software platform in place to ensure that personal information held by external parties is sent securely and penetration testing is carried out to ensure the security of internal and external connections to NILGOSC systems. NILGOSC continues to ensure robust information security measures are in place to protect data, including the renewal of Cyber Essentials Plus certification for a fifth year.

Data protection and information security is a key part of induction training for all new staff, which is signed off on completion. Refresher training is also provided on a regular basis via an e-learning module. In line with the requirements for a public body, NILGOSC also has a nominated Data Protection Officer.

A number of minor personal data incidents or potential breaches were identified in 2024/25. None of these breaches constituted a significant breach of sensitive data, in accordance with the Information Commissioner’s Office guidance. An update in relation to personal data related incidents in 2024/25 is provided in the Accountability Report on page 72.

## 7. Review of Effectiveness of the Governance Framework

As Accounting Officer, I review the effectiveness of the governance framework, including risk management and the system of internal control on at least an annual basis. The review of effectiveness is informed by the work of the senior managers within NILGOSC who have responsibility for the development and maintenance of the control environment, the regular reviews by the Committee of financial and investment performance, the Committee’s review of its effectiveness and the information it receives, the Internal Auditor’s Annual Statement of Assurance and the opinion provided by the External Auditor. Assurance reports on internal controls from the auditors of fund managers and the Global Custodian are also considered as part of this review.

### 7.1 Highlights of Committee and ARAC Meetings

The standing agenda items for Management Committee meetings have been set out in section 2.1 above. In addition to these, other important areas considered/approved by the Committee during 2024/25 are set out below:

- Redundancy Policy
- Staffing Committee Terms of Reference
- Discretionary Policy for Former Scheme Employers
- Management Committee Terms of Reference
- Delegations of Authority
- Standing Orders
- Annual Equality Statement
- Risk Management Policy & Risk Evaluation Guidance
- Fraud & Corruption Response Plan
- Strategic Review 2024
- Information Security Policy
- Statement of Investment Principles
- Appointment of Investment Advisor
- Climate Related Disclosure Report
- DfC Strategic Review of NILGOSC
- The Pension Regulator General Code Compliance
- Annual Budget 2025/26
- Funding Strategy Statement
- Stewardship Code Report

The standing agenda items considered by the ARAC have particular importance in ensuring that the risk management and internal control systems in NILGOSC are sound and operating effectively. The highlights and key issues considered by the ARAC during 2024/25 are set out in its Annual Report, which is provided on pages 140 to 142 of this report.

The ARAC undertakes an annual review of its effectiveness. The review undertaken for 2024/25 demonstrated that, overall, the ARAC had been effective in ensuring that NILGOSC has functioned according to good governance and accounting and auditing standards and has adopted appropriate risk management arrangements during the period under review.

## 7.2 Committee Performance

NILGOSC has a Committee Effectiveness Framework, which aims to identify areas of Committee performance that are strongest and those that need improvement and to identify priority areas for the Committee to focus on improving effectiveness. A key feature of the Framework is a self-assessment questionnaire, which is completed online anonymously and focuses on the following eight key sections:

- Committee Composition and Function
- Committee Meetings and Support
- Strategic Planning and Performance Measurement
- Financial Management
- Risk, Audit and Governance
- Pension Administration
- Investment of the Fund
- Communication and Engagement with Key Stakeholders

The outcome of the evaluation for 2024/25 demonstrated that, overall, the Committee is set up and operates effectively in the key areas set out above and that effective processes are in place to ensure robust monitoring of NILGOSC and its performance.

## 7.3 Provision of Information and Data to the Committee

The Committee is provided with detailed papers for every meeting, which include all relevant background information, facts and figures necessary to fully inform Committee members on each agenda item. Some examples of the types of information provided to the Committee on a routine basis include:

- Management Accounts
- Investment performance figures and analysis
- Fund Manager briefing reports
- Quarterly investment reports from the Investment Consultant
- Corporate Plan progress reports and statistics
- Quarterly risk review reports
- Scheme and Regulatory updates

Each report has an executive summary that summarises the key issues and meeting papers are issued one week in advance of each meeting.

The Committee reviews its information requirements on a regular basis. Since 2013, the Committee has had electronic access to its meeting papers and has confirmed its satisfaction with this approach. A Committee Handbook section is also included on the website to provide a single point of access for Committee members to key Scheme documents and policies, as well as other forms and guidance.

## 7.4 Internal Audit

NILGOSC outsources its internal audit function to Sumer NI to provide assurance on the effectiveness of the governance, risk management and control environment in the organisation. Sumer NI works to an agreed audit plan, carried out in accordance with the Public Sector Internal Audit Standards. The work of Internal Audit concentrates on areas of key activities determined by analysis of the areas of greatest risk. Findings from work carried out during the year are presented to the ARAC and copies of all final reports are sent to Secretary as Accounting Officer. In addition, Internal Audit provides an annual written statement to the ARAC, setting out a formal opinion on the adequacy and effectiveness of NILGOSC's risk management, control, and governance processes.



In their Annual Assurance Statement, the Internal Auditors stated that, during the twelve month period ended 31 March 2025, NILGOSC's systems in relation to risk management, control and governance were adequate and operated effectively, thereby providing satisfactory assurance in relation to the achievement of NILGOSC's objectives. A list of the audit reviews and outcomes that informed this assurance rating is set out in the Annual Report of the Audit & Risk Assurance Committee, which is provided separately in this document on page 141. Internal Audit did not consider there to be any significant control issues relevant to the preparation of the Governance Statement for the year ended 31 March 2025.

NILGOSC reviews the effectiveness of the internal audit service provided by Sumer NI through pre-agreed key performance indicators (KPIs). Progress against these KPIs is formally reviewed by management on an annual basis and reported to the ARAC, which was satisfied with Sumer NI's performance in 2024/25.

## 7.5 External Audit

As a non-departmental public body, NILGOSC is required by statute to use the NIAO for the provision of its external audit service. The Local Government Auditor issued an unqualified audit opinion for the year ended 31 March 2024.

The audit opinion for the year ended 31 March 2025 is included on pages 94 to 97.

## 8. Significant Governance Issues

No significant governance or internal control issues were identified from the review of the effectiveness of the system of risk, governance and internal control for the year ended 31 March 2025 that requires reporting in this Statement.

## 9. Assurance Summary

NILGOSC aims to adhere to the highest standards of governance when conducting its business, to ensure that the organisation and the Pension Scheme are run effectively and efficiently and that decisions are taken in the best interests of its stakeholders.

The review of the effectiveness of the systems and processes that comprise the governance framework for 2024/25 demonstrate that key systems are operating soundly and that there are no significant weaknesses or areas for undue concern. Whilst I have noted in this Statement that there are future challenges, actions have also been identified to remedy those risks, therefore they are not considered to pose a significant risk to the achievement of NILGOSC's strategic objectives.

**David Murphy**  
Chief Executive and Secretary

26 August 2025

# Accountability Report

## REMUNERATION AND STAFF REPORT

### INTRODUCTION

The Remuneration and Staff Report sets out NILGOSC's remuneration policy, reports on how it has been implemented and sets out the amounts awarded to the senior officers and members of the Management Committee. In addition, details are provided on remuneration and staff that are key to NILGOSC's accountability as a non-departmental public body.

### REMUNERATION REPORT

#### Remuneration Policy

The remuneration of all NILGOSC employees, including its chief officers, is determined by the Committee which has adopted the pay scales of the National Joint Council (NJC) for Local Government Services.

The NJC for Local Government Services represents local authorities and their employees across the UK. The principal role of the Council is to reach agreement on a national scheme of pay and conditions for local application. The Council consists of 70 members, 12 employer representatives and 58 employee representatives.

In 1997 the NJC for Local Government Services agreed a national framework to suit local service requirements. This framework is known as The Single Status Agreement and salary scales and conditions of service agreements are as published in the Green Book.

#### Service Contracts

All appointments are made on merit, on the basis of fair and open competition.

The officers covered by this report hold appointments which are open ended. The conditions of service including notice periods are those laid down by the NJC for Local Government Services and various local agreements.

For further information on the NJC for Local Government Services and the Green Book please contact NILGOSC at [info@nilgosc.org.uk](mailto:info@nilgosc.org.uk).

### Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of senior officers and members of the Management Committee.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). Inflation is included in the real increase in pension benefits accrued during 2024/25. The CPI increase for September 2023 was 6.7%. The in-service revaluation rate for CARE was also 6.7%.

The figures in the following table are based on 2024/25 guidance from the Department of Finance with the exception of the 'McCloud Remedy'. From 2024/25 the figures in the following table include the 'McCloud Remedy' adjustment in the calculations for any eligible members.

### Senior Management Remuneration and Pension Entitlements (audited)

Officers & Post	2024/25				2023/24			
	Salary £'000	Benefits in Kind £'000	Pension Benefits to nearest £1,000	Total £'000	Salary £'000	Benefits in Kind £'000	Pension Benefits to nearest £1,000	Total £'000
David Murphy Chief Executive and Secretary	105 - 110	-	59	160 - 165	100 - 105	-	26	125 - 130
Nicola Todd Deputy Secretary	100 - 105	-	68	165 - 170	85 - 90	-	28	115 - 120
Zena Kee Head of Pensions Policy	65 - 70	-	46	110 - 115	60 - 65	-	19	80 - 85
Jenna Fisher Head of Pensions Service	65 - 70	-	46	110 - 115	55-60	-	23	80 - 85
Louise Hickland Head of Investment Services	60 - 65	-	30	90 - 95	30 - 35 (full year equivalent 50 - 55)	-	25	55 - 60
Denise McElrea Head of Governance & HR	65 - 70	-	47	110 - 115	60 - 65	-	16	75 - 80
Maria Bowers Head of Finance	65 - 70	-	30	95 - 100	60 - 65	-	23	80 - 85
Ryan McClenaghan Head of IT	65 - 70	-	27	90 - 95	55 - 60	-	21	75 - 80
<b>Highest Paid Employee</b>								
<b>Total Remuneration £</b>	£105,000 - £110,000				£100,000 - £105,000			
<b>% Increase</b>	2.50%				3.88%			
<b>Range of Staff</b>								
<b>Total Remuneration £</b>	£25,500 - £110,000				£23,500 - £105,000			
<b>Average % Increase</b>	10.33%				7.33%			

The Chair is the only Committee member in receipt of an emolument, which is a non-pensionable salary. The current Chair was appointed 1 October 2024 with a Committee member acting in the Interim Chair capacity from 1 June 2024 to 30 September 2024.

Chair	2024/25		2023/24	
	Salary	Benefits in Kind	Salary	Benefits in Kind
	£	£	£	£
Mark McBride	7,809	-	-	-
Derek McCallan	5,079	-	-	-

### Salary

Salary includes gross salary, overtime, recruitment and retention allowances, private office allowances and any other allowance that is subject to UK taxation. If bonuses were payable, these are reported separately from the salary amount.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

### Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid employee in NILGOSC in the financial year 2024/25 was £105,001-£110,000 (2023/24 £100,001-£105,000). The relationship between the mid-point and upper and lower quartile of this band and the remuneration of the organisation's workforce is disclosed below.

2024/25	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile
Total remuneration (£)	29,093	33,366	39,763
Pay Ratio	3.70:1	3.22:1	2.79:1

2023/24	25 <sup>th</sup> Percentile	Median	75 <sup>th</sup> Percentile
Total remuneration (£)	26,873	30,296	36,773
Pay Ratio	3.81:1	3.38:1	2.79:1

The ratios for 2024/25 as compared to 2023/24 indicate a reduction in the ratio across the three quartile bands which would be expected as the NJC pay award settlement for 2023/24 was a flat increase of £1,925 for staff pay below the 75<sup>th</sup> percentile and then 2.50% for those paid over £45k resulting in the highest percentage increases being enjoyed by those on the lowest quartile. In addition, a pay increment bid from 1 April 2022 was approved in November 2024 for all staff with the exception of the Secretary as noted in the variance in % salary increase between the Secretary and the rest of the NILGOSC staff.

## Management Committee Members' Attendance Allowance

The Committee members, with the exception of the Chairman, receive a meeting fee for attending Management Committee, Audit and Risk Committee and Staffing Committee meetings.

Details of meeting allowances claimed by Committee members, which may differ from meeting attendance reported in the Governance Statement, are captured in the following table:

Committee Members	2024/25	2023/24
	£	£
Joan McCaffrey *	500	4,000
Mark McBride **	-	3,000
Paul Francey	1,500	2,250
JJ Tohill	250	3,000
Michael Rafferty	3,250	3,250
Antoinette McMillen	2,250	2,750
Peter Moore	2,000	3,250
Shane McCurdy	3,000	2,750
Alan Law	3,000	2,000
Kenneth Clayton	2,750	3,250
Derek McCallan ***	2,000	5,500
Heather McKinstry	2,250	2,500
Dooley Harte ****	500	-
Cathy Matthews ****	1,000	-

\* Joan McCaffrey's extended term ended on 30 September 2024

\*\* Prior to his appointment as Chair, Mark McBride held a Committee member position until January 2024

\*\*\* Derek McCallan was in receipt of an emolument for the months he held the position of Interim Chair

\*\*\*\* New members joined the Committee 1 October 2024

## Pension Benefits (audited)

Officers & post	Accrued Pension and Related Lump Sum at Age 65 as at 31/03/25 £,000	Real Increase in Pension and Related Lump Sum at Age 65 to nearest £,000	CETV at 31/03/2025 £,000	CETV at 31/03/2024 £,000	Real Increase in CETV £,000
David Murphy Chief Executive and Secretary	50 - 55 plus lump sum of 60 - 65	2.5 - 5 plus lump sum of 0 - 2.5	1,067	980	61
Nicola Todd Deputy Secretary	35 - 40 plus lump sum of 25 - 30	2.5 - 5 plus lump sum of 0 - 2.5	632	555	58
Zena Kee Head of Pensions Policy	25 - 30 plus lump sum of 20 - 25	2.5 - 5 plus lump sum of 0 - 2.5	519	462	43
Jenna Fisher Head of Pensions Service	20 - 25 plus lump sum of 15 - 20	2.5 - 5 plus lump sum of 0 - 2.5	346	298	39
Louise Hickland Head of Investment Services	10 - 15 plus lump sum of Nil	0 - 2.5 plus lump sum of Nil	131	107	17
Denise McElrea Head of Governance & HR	15 - 20 plus lump sum of 0 - 5	2.5 - 5 plus lump sum of 0 - 2.5	219	168	42
Maria Bowers Head of Finance	5 - 10 plus lump sum of Nil	0 - 2.5 plus lump sum of Nil	156	123	25
Ryan McClenaghan Head of IT	5 - 10 plus lump sum of Nil	0 - 2.5 plus lump sum of Nil	69	50	12

Pension benefits are provided through the NILGOSC Scheme. This is a statutory scheme that provides benefits on a 'career average revalued earnings' basis at normal retirement age. Benefits accrue at the rate of 1/49<sup>th</sup> of pensionable salary from 1 April 2015 and were built up at a rate of 1/80<sup>th</sup> of pensionable salary for each year of service up to 31 March 2009 and 1/60<sup>th</sup> for each year of service between 1 April 2009 and 31 March 2015. In addition a lump sum equivalent to 3/80<sup>ths</sup> of pensionable salary for each year of service up to 31 March 2009 is payable on retirement.

Employees currently pay contributions of between 5.5%-10.5% of pensionable earnings. Pensions increase annually in line with the Consumer Price Index. On death, pensions are payable to the surviving spouse, nominated co-habiting partner or civil partner. On death in service, the Scheme will pay a lump sum benefit of three times assumed pensionable pay and will also provide a service enhancement on computation of the spouse's pension.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the Scheme if they are at or over pension age. Pension age is age 65 or state pension age if higher.

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the Scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in his/her former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of his/her total membership of the pension scheme, and not just to his/her service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefit in another scheme or arrangement which the individual has transferred into the NILGOSC Scheme and for which NILGOSC has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefits accrued as a result of the member purchasing additional years of pension service in the Scheme at his/her own cost.

CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment and Revocation) Regulations 2015. They do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer. The real increase in CETV and pension benefits accrued can be negative, i.e. there can be a real decrease.

### McCloud Remedy

Accrued benefits in the preceding table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgement. Eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. This underpin entitlement, often referred to as the 'McCloud Remedy', applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of the Scheme between 1 April 2015 and 31 March 2022. The audited figures in the table on page 86 include the 'McCloud Remedy' in CETV estimates for any eligible members.

More information on the McCloud remedy can be found on the NILGOSC website:

<https://nilgosc.org.uk/employers/administering-the-scheme/mccloud-remedy/>

## STAFF REPORT

### Staff Numbers and Related Costs (audited)

#### Staff costs comprise:

			2024/25	2023/24
	Permanently employed staff	Others	Total	Total
	£'000	£'000	£'000	£'000
Wages and salaries	3,302	113	3,415	3,006
Social security costs	335	4	339	277
Other pension costs	583	7	590	564
<b>Total</b>	<b>4,220</b>	<b>124</b>	<b>4,344</b>	<b>3,847</b>

#### Average number of persons employed:

			2024/25	2023/24
	Permanently employed staff	Others	Total	Total
Directly employed	84	2	86	82
Other	-	1	1	-
<b>Total</b>	<b>84</b>	<b>3</b>	<b>87</b>	<b>82</b>

The figures recorded for the average number of persons employed uses the whole-time equivalent persons employed during the year.

The increase in the average number of whole-time equivalent persons employed during the year reflects some of the recruitment challenges in prior periods and the planned budgeted increase in staff in 2024/25 for new pre-approved roles.

NILGOSC provides pension arrangements for the benefit of its employees through the NILGOSC Scheme. The NILGOSC Scheme is known as the Local Government Pension Scheme (Northern Ireland) and is a funded defined benefit scheme. Benefits earned up to 31 March 2015 are linked to final salary. Benefits earned after 31 March 2015 are based on a Career

Average Revalued Earnings Scheme. The employer pension costs are deflated by the actuarial charge estimated for current service costs for 2024/25: -£68k (2023/24: £8k).

For 2024/25, employers' contributions were payable to the NILGOSC Scheme at 19.0% of pensionable pay. The Scheme's Actuary reviews employer contributions every three years following a full scheme valuation. The valuation as at 31 March 2022 set the contributions to be paid until 31 March 2026 at a rate of 19.0%.

The NILGOSC Scheme is a multi-employer scheme. Note 18 to the Financial Statements sets out the net benefit obligation attributable to NILGOSC specifically as a participating employer.



### Staff Composition

An analysis of the composition of staff members as at 31 March 2025 and 31 March 2024 on a whole-time equivalent basis is provided in the following table:

	31/3/25			31/3/24		
	Male	Female	Total	Male	Female	Total
Secretariat	1	1	2	1	1	2
Senior Managers	1	5	6	1	5	6
All Other Employees	30	51	81	30	48	78
<b>Total</b>	<b>32</b>	<b>57</b>	<b>89</b>	<b>32</b>	<b>54</b>	<b>86</b>

### Sickness Absence

The average number of days lost to sickness absence by all staff in 2024/25 was 12.5 days (2023/24: 6.0 days). The increase reflects a higher than average number of long-term absences in the first half of 2024/25.

### Staff Turnover

The staff turnover rate in NILGOSC during 2024/25 was 21.11% (2023/24: 25.43%).

This is the fourth year that staff turnover has remained above the target set out in the Corporate Plan which is to maintain staff turnover below 20%. The sustained high turnover is believed to be related to a disparity between NILGOSC pay grades and those of equivalent organisations, both private and public sector. Pay proposals were developed in 2022/23 to help address the disparity within local government. Departmental pay remit approval was not received until the second half of 2024/25 and therefore NILGOSC could only

implement these proposals in November 2024. NILGOSC also intends to undertake a formal job evaluation exercise in 2025/26 in an ongoing effort to address recruitment and retention challenges.

### Equality and Diversity

It is the policy of NILGOSC to ensure that equality of opportunity is provided to all employees and those seeking employment. A welcome statement is used on recruitment advertising to encourage recruitment from a diverse range of applicants and from groups under-represented in the workforce; and full and fair consideration is given to all applicants, including disabled applicants.

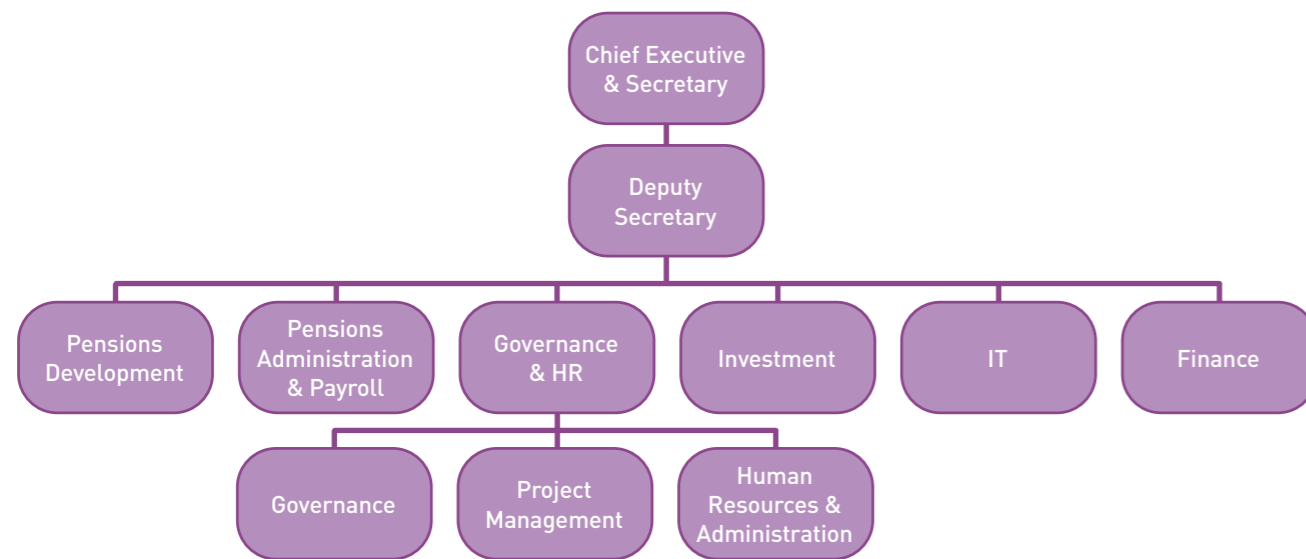
It is also NILGOSC's policy to make all reasonable adjustments to support the employment, training and development and retention of those with a disability. NILGOSC's commitment to the promotion of equality of opportunity and diversity within its workforce is reflected across all of its staff policies.

## Expenditure on consultancy

There was no expenditure on consultancy services during 2024/25 (2023/24: nil).

## Staff

Day-to-day administration of the Scheme is performed by the Secretariat, who report to the Committee on a monthly basis. Led by the Chief Executive and Secretary and Deputy Secretary, approximately 87 experienced staff are responsible for the administration of retirement benefits and the monitoring of investments and operate within the functions shown in the following chart. NILGOSC recognises that one of its greatest assets is its professional and experienced staff and is committed to developing every employee to their full potential.



## Staff Development and Wellbeing

Training and development of staff is a key priority for NILGOSC and in 2024/25 a budget of 2.5% of salary costs was allocated to this particular area. Significant emphasis is placed on training and developing staff through a structured training programme. A needs analysis is carried out every year as part of the appraisal process and an organisation wide training programme is prepared.

In addition to maximising the ability of staff to carry out their duties competently and efficiently, the NILGOSC training and development policy is designed to support individual opportunities for personal and career development.

Training and development expenditure in 2024/25 is aligned to budget and a number of specialised training programmes have been delivered with external group sessions offered on Bullying & Harassment, Time Management, Power BI, and Recruitment & Selection. Additionally, eLearning sessions were provided on Diversity and Inclusion, GDPR, Cyber Security and Business Continuity Planning.

Staff are actively encouraged and supported to attend conferences and webinars on key areas relevant to the work of NILGOSC that enhance individual growth and development.

2024/25 saw NILGOSC launch its Wellbeing Programme. The programme aims to provide staff with a working environment that promotes excellent employee health and wellbeing, and focuses on three pillars of physical, psychological and social health. NILGOSC provided staff with opportunities to attend wellbeing activities, webinars and sessions on personal resilience, yoga, mindfulness and stress awareness, health MOTs, and financial wellbeing. There was a focus on mental health awareness, including sessions specifically addressing men's mental health and webinars on topics such as "Getting a Good Night's Sleep" and "Good Mood Food." NILGOSC also has three dedicated Mental Health First Aiders on site.

## Employees' Involvement

Staff communication and involvement continues to be a key objective and NILGOSC communicates with its staff about its objectives, progress and activities through various channels – team meetings, briefings, circulars and the staff intranet. NILGOSC continued its quarterly staff newsletter throughout 2024/25 as an additional means of internal communication. Staff are encouraged to take part in project groups, where possible, to promote employee engagement and to develop knowledge and skills.

In addition, staff are involved in the preparation of the annual Corporate Plan. A Staff Forum has also been established to enhance communications and to act as a conduit for suggestions to senior management. All these initiatives give staff the opportunity to contribute constructively to the development and progress of NILGOSC in its aim to develop staff, improve systems and satisfy its stakeholders' needs.

# Accountability Report

## ASSEMBLY ACCOUNTABILITY REPORT

### INTRODUCTION

The Assembly Accountability Report provides details of losses and special payments, fees and charges and remote contingent liabilities.

### LOSSES AND SPECIAL PAYMENTS (audited)

#### Losses Statement

Losses incurred on the sale of investments are disclosed within "Change in Market Value" in Note 9 to the financial statements and "Gains/losses arising from changes in fair value of Investment Properties" in Note 10 to the financial statements.

Losses incurred during the year in respect of pension overpayments total £16,462 (2023/24: £18,388). Overpayment write-offs exceeding £500 per case require approval from the Department for Communities. Two cases exceeded the £500 threshold and write-off approval was sought and received from the Department for Communities on 19 May 2025.

Bad debts written off during the year total £95,363 (2023/24: £21,320). These losses relate to irrecoverable investment property rental debt on a small number of investment properties and one prior period tax reclaim which was rejected by the relevant tax authority.

Write-offs of losses and bad debts of this nature exceeding £5k per case require Department of Finance approval which was received on 20 May 2025.

#### Special Payments

There were no special payments during the year.

#### Charitable Donations

NILGOSC made no charitable donations during the year.

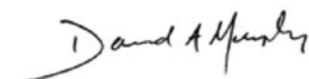
### FEES AND CHARGES (audited)

NILGOSC had no material fees and charges income during 2024/25 (2023/24: nil).

### REMOTE CONTINGENT LIABILITIES (audited)

In addition to contingent liabilities reported within the meaning of IAS 37 (see Note 22 to the Financial Statements) NILGOSC also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability.

NILGOSC has no remote contingent liabilities as at 31 March 2025 (2023/24: no remote contingent liabilities).



**David Murphy**  
Chief Executive and Secretary

26 August 2025



# Accountability Report

## THE CERTIFICATE AND REPORT OF THE LOCAL GOVERNMENT AUDITOR TO THE DEPARTMENT FOR COMMUNITIES

### NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

#### The Certificate and Report of the Local Government Auditor to the Department for Communities

##### Opinion on financial statements

I have audited the financial statements of the Northern Ireland Local Government Officers' Superannuation Committee ("NILGOSC" or "the Scheme") for the year ended 31 March 2025 under regulation 63 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014. The financial statements comprise the Fund Account, Net Assets Statement, Statement of Cash Flows and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Scheme's affairs as at 31 March 2025 and of the net increase in the scheme during the year and of the amount and disposition at that date of its assets and liabilities other than liabilities to pay benefits after the Scheme year end; and
- have been properly prepared in accordance with Regulation 63 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014 and Department for Communities (DfC) directions issued thereunder.

##### Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

##### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and

Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. My staff and I are independent of NILGOSC in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

##### Conclusions relating to going concern

In auditing the financial statements, I have concluded that NILGOSC's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for NILGOSC is adopted in consideration of the requirements set out in the Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Committee and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

##### Other Information

The other information comprises the information included in the Annual Report other than the financial statements, the parts of the Accountability Report described in that report as having been audited and my audit certificate and report. The Committee and the Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

##### Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Regulation 63 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014 and DfC directions made under thereunder; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

##### Statement about contributions payable

In my opinion the contributions payable to the Scheme during the year ended 31 March 2025 have in all material respects been paid in accordance with the rules of the Scheme and with the recommendations of the actuary.

##### Matters on which I report by exception

In light of the knowledge and understanding of the Scheme and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

### Responsibilities of the Committee and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Committee, and the Accounting Officer are responsible for

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Scheme will not continue to be provided in the future.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit on the financial statements in accordance with Regulation 63 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included regulation 63 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014 and Department for Communities (DfC) directions issued thereunder;
- making enquires of management and those charged with governance on the Scheme's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and management override of controls;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and

committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and

- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Report

I have no observations to make on these financial statements.



**Colette Kane**  
Local Government Auditor

Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

4<sup>th</sup> September 2025

# Financial Statements

## FUND ACCOUNT

Year ended 31 March 2025

	Note	2024/25 £'000	2023/24 £'000
<b>Contributions and benefits</b>			
Contributions receivable	4	418,958	369,568
Transfers in		11,811	11,334
		<b>430,769</b>	<b>380,902</b>
Benefits	5	(388,658)	(350,064)
Payments to and on account of leavers	6	(7,000)	(6,306)
Administration expenses	7	(6,495)	(5,987)
		<b>(402,153)</b>	<b>(362,357)</b>
		<b>28,616</b>	<b>18,545</b>
<b>Return on investments</b>			
Investment income	8	225,763	192,666
Change in market value of financial investments	9	267,532	781,604
Gains/(Losses) arising from changes in fair values of investment properties	10	2,169	(30,881)
Investment management expenses	11	(35,068)	(28,805)
		<b>460,396</b>	<b>914,584</b>
		<b>489,012</b>	<b>933,129</b>
Remeasurement losses on the retirement benefit obligation	18	(68)	(1)
		<b>(68)</b>	<b>(1)</b>
		<b>10,463,029</b>	<b>9,529,901</b>
		<b>10,951,973</b>	<b>10,463,029</b>

The notes on pages 102 to 135 form part of these financial statements.

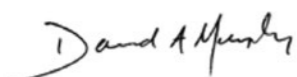
## NET ASSETS STATEMENT

As at 31 March 2025

	Note	2024/25 £'000	2023/24 £'000
<b>Non-current assets</b>			
Financial assets	9	10,220,562	9,836,594
Investment properties	10	691,180	591,995
Intangible assets	12	471	550
Property, plant and equipment	13	1,187	1,173
Revaluation reserve	14	-	-
<b>Total non-current assets</b>		<b>10,913,400</b>	<b>10,430,312</b>
<b>Current assets</b>			
Trade and other receivables	15	60,270	52,831
Cash and cash equivalents	16	14,181	10,819
<b>Total current assets</b>		<b>74,451</b>	<b>63,650</b>
<b>Total assets</b>		<b>10,987,851</b>	<b>10,493,962</b>
<b>Current liabilities</b>			
Trade and other payables	17	(35,878)	(30,933)
<b>Total current liabilities</b>		<b>(35,878)</b>	<b>(30,933)</b>
<b>Non-current assets plus net current assets</b>		<b>10,951,973</b>	<b>10,463,029</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	18	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total net assets of the Scheme</b>		<b>10,951,973</b>	<b>10,463,029</b>

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Committee. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in Note 20 and the Actuarial Statement on pages 136 to 137 and these financial statements should be read in conjunction with it.

The notes on pages 102 to 135 form part of these financial statements.



David Murphy  
Secretary

26 August 2025

## STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2025

	2024/25 £'000	2023/24 £'000
<b>Cash flows from operating activities</b>		
<b>Net increase/(decrease) in the Scheme during the year</b>	<b>489,012</b>	933,129
<b>Adjustments for non-cash transactions</b>		
Change in market value of investments and gains arising from changes in fair value of investment properties	(269,701)	(750,723)
Depreciation/amortisation	259	244
IAS 19 pension cost less contributions payable	(68)	(1)
Loss on revaluation of property, plant & equipment	4	52
<b>Adjustments for movements in working capital</b>		
Increase in trade and other receivables	(7,439)	(3,712)
Increase in trade and other payables	4,945	2,455
<b>Net cash inflow from operating activities</b>	<b>217,012</b>	181,444
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment and intangible assets	(198)	(160)
Purchase of investment properties	(101,563)	(40,432)
Purchase of investment assets	(10,058,173)	(21,555,161)
Proceeds of disposal of investment properties	4,547	36,961
Proceeds of disposal of investment assets	9,941,737	21,379,774
<b>Net cash outflow from investing activities</b>	<b>(213,650)</b>	(179,018)
<b>Net increase in cash and cash equivalents</b>	<b>3,362</b>	2,426
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,819</b>	8,393
<b>Cash and cash equivalents at the end of the year</b>	<b>14,181</b>	10,819

The notes on pages 102 to 135 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### For the Year Ended 31 March 2025

#### 1. Financial Statements Preparation

##### 1.1. Basis of accounting

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997, as amended, the Local Government Pension Scheme Regulations (Northern Ireland) 2014, as amended, guidance set out in the 2023/24 Government Financial Reporting Manual (FReM) issued by the Department of Finance, and the Accounts Direction issued by the Department for Communities.

The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Northern Ireland Local Government Officers' Superannuation Committee for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Northern Ireland Local Government Officers' Superannuation Committee are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

The financial statements are prepared on an accruals basis.

##### 1.2. Going concern

The Committee have no intentions to wind up the Scheme. The time period that the Committee have considered in evaluating the appropriateness of the going concern basis in preparing these financial statements is a period of twelve months from the date of approval of these financial statements.

It is expected that cash inflows from contributions and other receipts will be sufficient to cover scheme outlays for a period of at least 12 months from the date of signing the financial statements. In addition, as noted on page 100, the Scheme has significant investment assets which can be liquidated, if required. As such, it is considered appropriate to prepare the financial statements on a going concern basis.

##### 1.3. Functional and presentation currency

These financial statements are presented in sterling, which is the Fund's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### 2. Accounting policies

##### 2.1. Contributions

Normal contributions, both from members and employers, are accounted for on an accruals basis at the rate certified by the Scheme Actuary in the payroll period to which they relate.

Employers' deficit funding contributions are accounted for on the due date on which they are payable as certified by the Scheme Actuary.

Employers' augmentation contributions and pensions strain contributions are accounted for in accordance with the agreement under which they are being paid.

Employers' special contributions are accounted for in accordance with the agreement under which they are being paid, or in the absence of such an agreement, when received.

Employers' cessation contributions are accounted for in the period in which the liability arises and are reported net of any approved bad debt write-off.

##### 2.2. Additional Voluntary Contributions (AVCs)

NILGOSC provides an AVC Scheme for its contributors, the assets of which are invested separately from those of the fund. AVCs are not included in the financial statements in accordance with 5(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000 (SRNI 2000/178) but are disclosed as a note to the financial statements (see Note 9).

##### 2.3. Payments to members

Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Fund of his/her decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving. Pensions in payment are accounted for on an accruals basis. Benefits paid are reported gross of any tax settled by the Scheme on behalf of the member.

##### 2.4. Transfers to and from other schemes

Individual transfers in/out are accounted for on a receipts and payments basis.

Bulk transfers in/out are accounted for in accordance with the bulk transfer terms signed by the appointed actuaries.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis, and are reported within transfers in.

##### 2.5. Administration and other expenses

Administration and other expenses are accounted for on an accruals basis.

##### 2.6. Investment income

Income from equities is accounted for on the basis of the "ex-dividend" date with outstanding dividends (quoted "ex-dividend") at 31 March being included as income for the financial year. Income from equities is net of irrecoverable withholding tax.

Income from fixed income and index-linked securities, cash and short-term deposits is accounted for on an accruals basis.

Property related income consists primarily of rental income. Rental income from investment properties has been taken into account by reference to the periods to which the rents relate and is shown net of related expenses. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### 2.7. Investment management expenses

Investment management expenses are accounted for on an accruals basis.

External investment management and custodian fees are agreed in management or custody agreements governing the administration of the individual mandates.

Fees are generally based on the valuation of the underlying investments and, as such, will fluctuate as the valuations change.

Performance related fees were introduced for one investment manager in January 2021. There were no performance related fees due in 2024/25.

Investment costs that are deducted from the value of an investment are recognised as a cost in the Fund Account rather than as a reduction in the change in market value of investments.

##### 2.8. Investment transaction costs

Investment costs deducted at source are recognised within investment management expenses within the Fund Account.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are not treated as an expense. Such costs are accounted for as part of the acquisition costs or sale proceeds.

##### 2.9. Taxation

The Scheme is a Registered Public Service Scheme under Chapter 2 of Part 4 of the Finance Act 2004. It has received automatic registration by virtue of Part 1 of Schedule 36 of that Act.

##### 2.10. Valuation of financial assets

Investments are included in the Net Assets Statement on a fair value basis at the reporting date.

- a) Quoted investments are stated at bid value, excluding any accrued income, or if the bid value is unavailable, at the value of the most recent transaction.
- b) Fixed income securities and index linked securities are valued on a bid price basis excluding accrued interest. Accrued interest is included within investment income due.
- c) The valuation of unquoted private equity and private debt investments is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds that are available at the date the global custodian closes its books and records for the financial year in April, adjusted for transactions arising after the date of such reports. Fund Manager valuations are developed in accordance with generally accepted guidelines.
- d) The valuation of unquoted infrastructure investments is based on the latest fund manager valuations available at the date the global custodian closes its books and records for the financial year in April, adjusted for transactions arising after the date of such valuations. Fund Manager valuations are developed in accordance with generally accepted guidelines.
- e) Pooled investments are stated at the manager's unit value on a bid price basis if published, or, if single priced, at the closing single price.

## 2.10. Valuation of financial assets (continued)

f) Derivatives are stated at fair value.

- Exchange traded derivatives are stated at fair value determined using market quoted prices.
- Swaps are valued taking the current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.
- Over The Counter (OTC) derivatives are stated at fair value using pricing models and relevant market data as at the year-end date.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
- All gains and losses arising on derivative contracts are reported within 'Change in Market Value'. Receipts and payments arising from derivative instruments are reported as sale proceeds or purchase of investments.

## 2.11. Investment properties

Investment properties are valued annually by independent chartered surveyors (CBRE Limited), in accordance with the RICS Appraisal and Valuation Manual, who have recent experience of the types of properties held by the Scheme, taking account, amongst other things, of the current estimate of rental values and market yields.

The carrying amounts of these assets approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## 2.12. Intangible assets – software intangibles

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset.

## 2.13. Property, plant and equipment

Property is carried at fair value and is valued on the basis of open market value at the reporting date by the independent chartered surveyors Colliers in accordance with the RICS Appraisal and Valuation Manual.

Non-property assets are carried at cost less accumulated depreciation and impairment losses where applicable.

## 2.14. Depreciation of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated Useful Economic Life (UEL). Property assets have a UEL of 25 years, plant and equipment have a UEL of 5 years and computer equipment a UEL of 3 years.

## 2.15. Leases

IFRS 16 'Leases' standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, replacing IAS 17 and related IFRIC and SIC Interpretations. NILGOSC has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short term leases, on the basis of lease materiality. NILGOSC recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 2.16. Financial instruments

(i) Recognition and initial measurement

Financial assets and liabilities at Fair Value Through Profit/Loss (FVTPL) are initially recognised on the trade date, which is the date on which NILGOSC becomes a party to the contractual provision of the instrument. Other financial assets and liabilities are recognised on the date on which they are originated.

(ii) Classification

### Financial assets

On initial recognition financial assets are classified as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

All other financial assets of the Fund are measured at FVTPL.

In making an assessment of the objective of the business model under which a financial asset is held, all of the relevant information about how the Fund is managed is considered. This includes how performance is evaluated and reported, the risks that affect the performance of the business model and how those risks are managed, and the frequency, volume and timing of sales of financial assets in prior periods.

## 2.16. Financial instruments (continued)

It has been determined that the Fund operates two business models as follows:

- a) Held-to-collect business model: this includes cash and cash equivalents and trade and other receivables. These financial assets are held to collect contractual cash flows; and
- b) Other business model: this includes fixed income securities, equity instruments, derivatives and unlisted infrastructure/private equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

In assessing whether contractual cash flows are SPPI, the contractual terms of the instrument are considered, including assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

### Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. All other financial liabilities are measured at amortised cost. This includes trade and other payables.

(iii) Subsequent measurement

Subsequent measurement details are set out in the following table:

<b>Financial assets at fair value</b>	Subsequently measured at fair value, net gains and losses including any interest or dividend income and expense and foreign exchange gains and losses, are recognised in profit or loss. These instruments include: <i>Debt securities; equity investments; investments in infrastructure funds; investments in unlisted private equities; and derivative financial instruments</i>
<b>Financial assets at amortised cost</b>	Subsequently measured at amortised cost using the effective interest method less any impairment losses. These instruments include: <i>Cash and cash equivalents, trade and other receivables</i>
<b>Financial liabilities at amortised cost</b>	Subsequently measured at amortised cost using the effective interest method. These instruments include: <i>Trade and other payables</i>

(iv) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the pension fund has access at that date.

When available, the fair value of an instrument is measured using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Instruments quoted in an active market are measured at bid price.

If there is no quoted price in an active market, then valuation techniques are used that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

(v) Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

(vi) Impairment

Loss allowances for Expected Credit Losses (ECLs) are recognised on financial assets measured at amortised cost and are deducted from the gross carrying amount of the assets in the Net Assets Statement.

NILGOSC holds only trade and lease receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply the simplified approach for expected credit losses under IFRS 9 to all its trade and lease receivables.

Changes in credit risk are not tracked but instead a loss allowance based on lifetime ECLs at each reporting date is recognised.

Allowances for ECLs are based on historic experience of non-recovery of trade and other receivables.

(vii) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the rights to receive the contractual cash flows are transferred in a transaction in which substantially all of the risks and rewards of ownership of the financial

## 2.16. Financial instruments (continued)

asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in the Fund Account.

A financial liability is derecognised when the contractual obligations are discharged, cancelled or expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in the Fund Account.

## 2.17. Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Investments and monetary assets and liabilities held at the reporting date are translated at the exchange rate applicable at the reporting date.

## 2.18. Retirement benefit obligations

NILGOSC employees are members of the NILGOSC Scheme. The cost of providing benefits to those individuals is determined using the Projected Unit Credit method.

Formal actuarial valuations are carried out every three years and updates are carried out at the end of each reporting period. The difference between the fair value of the assets held and the liabilities are recognised in the Net Assets Statement as an asset or liability as appropriate. Changes in the retirement benefit obligation are charged immediately to the Fund Account.

The actuarial liability recognised in the net assets statement represents NILGOSC's share of the actuarial liability attributable to NILGOSC in its capacity as a participating employer to the overall scheme.

When the calculation results in a benefit to NILGOSC, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the Scheme or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

## 2.19. Actuarial present value of promised retirement benefits

The financial statements summarise the transactions of the Scheme and report on the net assets at the disposal of NILGOSC. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year.

The actuarial position of the Scheme, which does take account of such obligations is dealt with in Note 20 on page 134 and the Actuarial Statement on pages 136 to 137. The actuarial present value of promised retirement benefits, valued on a basis consistent with IAS 19, is disclosed in Note 20 of these financial statements.

## 2.20. Use of estimates and judgements

The use of estimates and assumptions is required in the preparation of the financial statements. Where estimates and assumptions are required, the techniques used are considered appropriate and are consistently applied. Actual results may however differ from those assumptions and estimates used.

Management has considered all information currently available and concluded that the valuations provided by third party experts as at 31 March 2025 are appropriate for financial statement purposes.

### *IFRS 9 Application Judgements*

The application of IFRS 9 Financial Instruments requires a degree of judgement and the use of estimates and assumptions in relation to the classification, measurement and impairment of financial assets and liabilities.

Judgement is applied in making an assessment of the objective of the business model in which financial assets are held along with the assessment of whether contractual cash flows are SPPI. Considerations are set out in Note 2.15.

### *Unquoted Private Equity and Infrastructure Investments*

Determining the fair value of unquoted private equity, private debt and infrastructure investments is subjective in nature. Fair value for these unquoted assets is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports.

Similarly, the valuation of unquoted infrastructure investments is based on the latest fund manager valuations, adjusted for transactions arising after the date of such valuations.

There is a risk that these investments may be under or overstated in the financial statements.

NILGOSC reviews the performance and independent audit opinion in respect of each infrastructure investment as part of its own periodic NAV assessment.

**This NAV assessment includes consideration of each underlying non-traded asset in each infrastructure**

## 2.20. Use of estimates and judgements (continued)

fund in terms of the valuation method, liquidity of same and any independent corroboration of NAV to comparable traded valuations or disposal receipts.

### *Fair Value of Investment Properties*

The fair value of investment properties is determined by independent valuation experts on the basis of open market value. The valuations are primarily derived from comparable market transactions on arms-length terms. Such valuations will be affected by uncertainties in the comparable information available, current and future market conditions and property specifics.

### *Investment Management Performance Fees*

Investment management performance fees are calculated based on observed performance to the year-end date. The actual performance fee will depend on the outturn for the performance year (which is not always coterminous with the Scheme year-end) and as such may differ from estimated amounts.

## 2.21. Application of new and revised International Financial Reporting Standards in future accounting periods

The International Accounting Standards Board has issued advice of pending new standards and amendments to existing standards applicable from the 2025/26 accounting period.

HM Treasury have reviewed to ensure that any relevant public sector adaptations or interpretations are adequately reflected in the financial reporting guidance.

IFRS 17 (Insurance Contracts) will replace IFRS 4 (Insurance Contracts) and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025. NILGOSC does not fall within scope of this new standard.

IFRS 18 (Presentation and Disclosure in Financial Statements) was issued in April 2024, replacing IAS 1 (Presentation of Financial Statements), and is effective for accounting periods beginning on or after 1 January 2027. IFRS 18 will be implemented, as interpreted and adapted for the public sector if required, from a future date (not before 2027-28) that will be determined by the UK Financial Reporting Advisory Board in conjunction with HM Treasury following analysis of this new standard.

Further proposed amendments to existing standards are not expected to have an impact on the preparation and presentation of the financial statements in future accounting periods.

## 3. Segmental information

NILGOSC has only one operating segment. NILGOSC monitors and controls its operation through review of income and expenditure information on a portfolio basis. NILGOSC looks at the Scheme in totality as it cannot be disaggregated into any separate segments. Please refer to the Fund Account on page 99 and the Net Assets Statement on page 100.

#### 4. Contributions Receivable

	2024/25 £'000	2023/24 £'000
<b>Employers</b>		
normal	312,135	275,249
deficit recovery	2,017	1,975
early retirement funding *	4,574	3,703
special contributions **	-	-
<b>Employees</b>		
normal	100,232	88,641
	<b>418,958</b>	<b>369,568</b>

\* Movement on early retirement funding is a product of the function of the service and final salary of the retiring member rather than changes in the number of early retirements.

\*\* Special contributions include payments made to the Fund by specific employing authorities in addition to the minimum % contribution certified by the Actuary and include strain on fund payments, deficit recovery on closure or staff transfers and cessation payments.

#### 5. Benefits

	2024/25 £'000	2023/24 £'000
Pensions *	289,439	262,919
Commutations and lump sum retirement benefits	86,336	77,926
Lump sum death benefits	12,883	9,219
	<b>388,658</b>	<b>350,064</b>

\* In addition, £4,051k of compensation pensions were paid on an agency basis and recharged to employing authorities (2023/24: £4,054k). These payments relate to compensation benefits which, under applicable regulations, cannot be paid from the Fund and for which NILGOSC acts as a paying agent only. Accordingly, these transactions have not been reflected in these financial statements.

#### 6. Payments to and on account of leavers

	2024/25 £'000	2023/24 £'000
Refund to members leaving service	2,386	1,532
Payment for members joining state scheme	(1)	-
Transfers to other schemes	4,615	4,774
	<b>7,000</b>	<b>6,306</b>

#### 7. Administration expenses

	2024/25 £'000	2023/24 £'000
Staff costs	4,344	3,847
Office overheads	1,023	1,018
Depreciation and amortisation (notes 12 & 13)	259	244
Communication	283	216
Other administration	221	210
Templeton House revaluation (note 14)	4	52
Actuarial fees	65	43
Internal audit fees	33	36
External audit fees	43	42
Legal and other professional fees	108	164
Medical fees	127	127
IAS19 net interest cost (note 18)	(15)	(12)
	<b>6,495</b>	<b>5,987</b>

## 8. Investment income

	2024/25 £'000	2023/24 £'000
Interest income from fixed income securities	117,567	108,798
Dividends from equities	30,843	19,092
Index linked securities	1,094	1,198
Derivatives *	5,830	(8,391)
Pooled investment vehicles	10,690	12,598
Infrastructure/private equity investment distributions	5,523	4,820
Net rents from properties	35,650	33,842
Interest on cash deposits	18,920	21,037
Stock lending income	685	511
Other income	6	10
	<b>226,808</b>	193,515
Irrecoverable withholding tax	<b>(1,045)</b>	(849)
Total Investment Income	<b>225,763</b>	192,666

\* Derivative instruments generate cash flows, either positive or negative, depending on the direction of the trade. Income from derivatives is the net cash flow position for the year.

### Stock lending income

The Fund's securities lending programme continued during the year ended 31 March 2025. The main features of the programme are:

- Lending maximum of 35% of total investment assets;
- Global Custodian acts as securities lending manager and collateral manager; and
- Collateral comprises mainly of UK and overseas equity and Government debt.

As at 31 March 2025, there were securities amounting to £281,156k on loan against collateral of £301,507k (2023/24: securities amounting to £160,233k were on loan against collateral of £169,956k).

## 9. Financial assets

### Movement in investments and derivatives

	Value at 01 04 2024	Purchases at cost	Sales proceeds	Change in market value	Value at 31 03 2025
	£' 000	£' 000	£' 000	£' 000	£' 000
Fixed income securities	2,179,856	7,613,237	(7,247,382)	(16,148)	2,529,563
Equities	1,913,239	796,062	(980,710)	94,903	1,823,494
Index-linked securities	192,630	626,441	(670,728)	3,774	152,117
Pooled investment vehicles	4,426,457	635,057	(482,819)	83,418	4,662,113
Derivative contracts	3,808	477,025	(496,900)	74,390	58,323
Infrastructure/Private Equity	616,784	64,483	(63,198)	24,309	642,378
	9,332,774	10,212,305	(9,941,737)	264,646	9,867,988
Other investment balances:					
Cash and Cash Equivalents	466,969	(154,275)*	-	2,886	315,580
Investment income due	36,851	143*	-	-	36,994
<b>Net financial assets</b>	<b>9,836,594</b>	<b>10,058,173</b>	<b>(9,941,737)</b>	<b>267,532</b>	<b>10,220,562</b>

\* Net movement (inclusive of cash deposits made in foreign currencies)

In the preceding table, the change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year, reinvested income arising on the Legal & General Pooled investments and exchange gains and losses on investments denominated in foreign currencies.

In addition to the Index-linked securities of £152m reported in the preceding table, the Fund has exposure to index-linked gilts of £854m as at 31 March 2025 (2023/24: £954m) through its passive investment in the LGIM Index-Linked Gilts Fund, which is included within Pooled investment vehicles. This is reflected within Index-linked Gilts in the asset allocation information within the Investment of the Fund section on pages 47.

As well as the transaction costs disclosed in Note 11, indirect costs are incurred through the bid-offer spread on fixed income securities, investments within pooled investment vehicles and also infrastructure investments. The amount of indirect costs is not shown separately and is included in the cost of purchases and sales proceeds.

Cash balances held by NILGOSC's custodian for the purposes of trading by the investment managers are classified as investment cash deposits within Financial Assets. The £2.9m change in market value in respect of cash deposits reflects foreign exchange gains/(losses) on foreign currency cash.

The William Blair Emerging Equities mandate was terminated in November 2024. All assets were sold and invested in the Legal & General Emerging Markets Fund (£210m). No reclassifications on transition are therefore reflected in the preceding table.

The cash deposits held at 31 March 2025 include £18.7m ringfenced as collateral owed to counterparties in relation to derivative contracts (31 March 2024: £51.0m due to NILGOSC).

## 9. Financial assets (continued)

### Financial assets and liabilities

	2024/25 £'000	2023/24 £'000
<b>Financial assets at fair value through profit or loss</b>		
Fixed income securities	2,529,563	2,179,856
Equities	1,823,495	1,913,239
Index linked securities	152,117	192,630
Pooled investment vehicles	4,662,113	4,426,457
Derivative contracts:		
Futures	2,503	1,687
Swap contracts	21,762	23,820
Options	6,910	6,024
Forward currency contracts	64,961	18,722
Private equity/infrastructure	642,378	616,784
Cash deposits	315,580	466,969
Investment income due	36,994	36,851
<b>Total financial assets</b>	<b>10,258,376</b>	<b>9,883,039</b>
<b>Financial liabilities at fair value through profit or loss</b>		
Derivative contracts:		
Futures	(847)	(3,759)
Swap contracts	(12,160)	(22,543)
Options	(6,107)	(3,549)
Forward currency contracts	(18,700)	(16,594)
<b>Total financial liabilities</b>	<b>(37,814)</b>	<b>(46,445)</b>
<b>Net financial assets</b>	<b>10,220,562</b>	<b>9,836,594</b>

## 9. Financial assets (continued)

### Analysis of financial assets

	2024/25 £'000	2023/24 £'000
<b>Fixed income securities</b>		
UK public sector	77,833	106,530
UK corporate	155,113	133,775
Overseas public sector	1,064,765	704,858
Overseas corporate	1,231,852	1,234,693
	<b>2,529,563</b>	<b>2,179,856</b>
<b>Equities</b>		
UK quoted	52,384	26,176
Overseas quoted	1,771,110	1,887,063
	<b>1,823,494</b>	<b>1,913,239</b>
<b>Index-linked securities</b>		
UK	15,555	44,628
Overseas	136,562	148,002
	<b>152,117</b>	<b>192,630</b>
<b>Pooled investment vehicles</b>		
Residential Property Fund	110,590	108,167
Global Property Fund	271,150	248,197
Unit trusts	4,277,551	4,061,661
Other	2,822	8,432
	<b>4,662,113</b>	<b>4,426,457</b>
<b>Derivative contracts</b>		
Futures	1,656	(2,072)
Swap contracts	9,602	1,277
Options	803	2,475
Forward foreign exchange contracts	46,262	2,128
	<b>58,323</b>	<b>3,808</b>
<b>Infrastructure/Private Equity</b>		
Global Infrastructure	642,378	616,784
	<b>642,378</b>	<b>616,784</b>

## 9. Financial assets (continued)

### Analysis of Derivatives

#### Objectives and policies for holding derivatives

Derivatives are held for hedging purposes to reduce risk in the Fund. In addition, derivatives may be used for speculative purposes to enhance returns.

The use of derivatives is managed in line with the investment management agreements in place between the Fund and the various investment managers.

None of the derivatives held during the year were designated as hedging instruments for hedge accounting purposes.

#### a) Futures

Futures are held to express a view on a particular market, within a particular market or within asset classes in a particular market and also to manage the overall duration exposure of the fund.

#### b) Swap Contracts

Interest rate swaps are held to gain interest rate exposure and to express a view on the market pricing of interest rate expectations of a market.

Credit default swaps are held to provide flexibility in adjusting the credit-risk sensitivity of portfolios and as a more efficient means of gaining credit exposure than physical nominal bonds.

Inflation swaps are held to express a view on the market pricing of inflation expectations of a market and/or to take advantage of pricing dislocations between the cash (bond) and derivative (swaps) markets in inflation space.

#### c) Options

Options are held to protect portfolios from expected market falls as well as for active management purposes using long and short positions.

#### d) Forward Currency Contracts

Investments denominated in overseas currencies may be hedged into sterling at various times. The purpose of this action is to reduce the Fund's exposure to foreign currencies and fluctuations in exchange rates depending on conditions and expectations in these markets.

#### e) Collateral

Derivative agreements are collateralised to reduce credit risk. Due to the nature of these agreements cash ringfenced as collateral can be due to NILGOSC or owed to counterparties. As at 31 March 2025, NILGOSC owed cash collateral totalling £18.7m to counterparties, which is included within investment total cash deposits amount (31 March 2024: cash collateral due of £51.0m).



## 9. Financial assets (continued)

The market value of derivative contracts is analysed below:

### (i) Futures

Type of contract	Exposure	2024/25			Exposure	2023/24		
		Market Value (Asset)	Market Value (Liability)	Market Value (Net)		Market Value (Asset)	Market Value (Liability)	Market Value (Net)
		31 March 2025	31 March 2025	31 March 2025	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(Expiration - Under one year)								
Overseas Equity Futures	(369)	9	-	9	(3,966)	-	(77)	(77)
UK Fixed Income Futures	(5,410)	24	(41)	(17)	3,098	27	(5)	22
Overseas Fixed Income Futures	(14,055)	2,470	(806)	1,664	304,934	1,355	(3,677)	(2,322)
Overseas Cash Futures	-	-	-	-	(200,679)	305	-	305
<b>Total</b>		<b>2,503</b>	<b>(847)</b>	<b>1,656</b>		<b>1,687</b>	<b>(3,759)</b>	<b>(2,072)</b>

### (ii) Swap contracts

Expiration	Notional Principal	2024/25			Notional Principal	2023/24		
		Market Value (Asset)	Market Value (Liability)	Market Value (Net)		Market Value (Asset)	Market Value (Liability)	Market Value (Net)
		31 March 2025	31 March 2025	31 March 2025	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Up to 1 year	135,047	1,178	(406)	772	60,813	404	(1,323)	(919)
1 to 5 years	1,184,537	15,266	(9,904)	5,362	350,989	14,191	(12,489)	1,702
5 to 10 years	134,462	3,179	(985)	2,194	251,151	4,416	(3,095)	1,321
10 to 15 years	10,762	-	(409)	(409)	10,516	209	-	209
15 to 20 years	19,500	-	(282)	(282)	-	-	-	-
Over 20 years	41,387	2,139	(174)	1,965	60,050	4,600	(5,636)	(1,036)
<b>Total</b>		<b>21,762</b>	<b>(12,160)</b>	<b>9,602</b>		<b>23,820</b>	<b>(22,543)</b>	<b>1,277</b>

Nature of Swap	Notional Principal	2024/25			Notional Principal	2023/24		
		Market Value (Asset)	Market Value (Liability)	Market Value (Net)		Market Value (Asset)	Market Value (Liability)	Market Value (Net)
		31 March 2025	31 March 2025	31 March 2025	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Interest rate swaps	1,443,994	6,195	(5,610)	585	601,766	9,136	(10,898)	(1,762)
Credit default swaps	(211,661)	13,792	(5,224)	8,568	(128,219)	13,668	(10,575)	3,093
Inflation swaps	274,525	1,501	(1,326)	175	225,077	637	(751)	(114)
Total return swaps	18,837	274	-	274	34,895	379	(319)	60
<b>Total</b>		<b>21,762</b>	<b>(12,160)</b>	<b>9,602</b>		<b>23,820</b>	<b>(22,543)</b>	<b>1,277</b>

### (iii) Options

Investment underlying option contract	Notional Principal	2024/25			Notional Principal	2023/24		
		Market Value (Asset)	Market Value (Liability)	Market Value (Net)		Market Value (Asset)	Market Value (Liability)	Market Value (Net)
		31 March 2025	31 March 2025	31 March 2025	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Overseas equity		2,239	(4,245)	(2,006)	4,606	(2,866)	1,740	
Overseas fixed interest		-	(20)	(20)	78	(668)	(590)	
Overseas cash		486	(480)	6	756	(15)	741	
Swaptions		4,185	(1,362)	2,823	584	-	584	
<b>Total</b>		<b>6,910</b>	<b>(6,107)</b>	<b>803</b>		<b>6,024</b>	<b>(3,549)</b>	<b>2,475</b>

Type of contract	2024/25			2023/24		
	Market Value (Asset)	Market Value (Liability)	Market Value (Net)	Market Value (Asset)	Market Value (Liability)	Market Value (Net)
	31 March 2025	31 March 2025	31 March 2025	31 March 2024	31 March 2024	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Call options	2,685	(1,371)	1,314	1,241	(15)	1,226
Put options	4,225	(4,736)	(511)	4,783	(3,534)	1,249
<b>Total</b>	<b>6,910</b>	<b>(6,107)</b>	<b>803</b>	<b>6,024</b>	<b>(3,549)</b>	<b>2,475</b>

## 9. Financial assets (continued)

### (iv) Open forward currency contracts at 31 March 2025

Number of contracts	Currency Bought	Local Value '000	Currency Sold	Local Value '000	Asset Value £'000	Liability Value £'000	Net Value £'000
32	EUR	203,932	GBP	(170,240)	644	(124)	<b>520</b>
1	EUR	23,287	JPY	(3,777,270)	-	(86)	<b>(86)</b>
2	EUR	2,101	OTHER	(246,998)	-	(5)	<b>(5)</b>
8	EUR	239,696	USD	(258,492)	460	(10)	<b>450</b>
45	GBP	418,022	EUR	(497,348)	1,370	(608)	<b>762</b>
4	GBP	55,102	JPY	(10,476,236)	637	(97)	<b>540</b>
25	GBP	89,466	OTHER	(51,750,261)	1,281	(9)	<b>1,272</b>
120	GBP	2,862,553	USD	(3,628,431)	55,565	(4,237)	<b>51,328</b>
2	JPY	7,554,540	EUR	(46,775)	103	-	<b>103</b>
4	JPY	7,654,691	GBP	(39,946)	97	(163)	<b>(66)</b>
14	JPY	5,325,671	USD	(35,649)	141	(102)	<b>39</b>
4	OTHER	246,998	EUR	(2,095)	9	-	<b>9</b>
25	OTHER	29,401,988	GBP	(34,786)	92	(756)	<b>(664)</b>
198	OTHER	226,923,504	USD	(180,508)	1,026	(718)	<b>308</b>
14	USD	491,760	EUR	(461,490)	166	(5,786)	<b>(5,620)</b>
65	USD	1,022,134	GBP	(792,524)	2,265	(2,892)	<b>(627)</b>
6	USD	22,329	JPY	(3,436,807)	-	(546)	<b>(546)</b>
231	USD	423,526	OTHER	(291,459,727)	1,105	(2,561)	<b>(1,456)</b>
<b>Total</b>					<b>64,961</b>	<b>(18,700)</b>	<b>46,261</b>

### Single Investments Exceeding 5% of the Net Assets of the Scheme

Details of any single investment exceeding 5% of the net assets of the Scheme are provided in the following table.

Security	Market Value 31 March 2025 £'000	% of Net Assets	Market Value 31 March 2024 £'000	% of Net Assets
Legal & General – Over 5y Index-Linked Gilts	854,047	7.80%	953,694	9.11%
Legal & General - Low Carbon Transition Developed Markets Equity Index Fund	1,226,101	11.20%	1,163,635	11.12%
Legal & General - Low Carbon Transition Developed Markets Equity Index Fund - GBP Hedged	1,130,725	10.32%	1,045,797	10.00%
Legal & General - Sterling Liquidity Fund	841,613	7.68%	859,091	8.21%

## 9. Financial assets (continued)

### Employer-Related Investments

The Scheme had no employer-related investments as at 31 March 2025 or 31 March 2024.

### AVC Investments

NILGOSC provides an Additional Voluntary Contribution (AVC) Scheme for its members with two AVC providers, Utmost Life and Pensions Limited (Utmost Life) and Prudential Assurance Company Limited (Prudential). The assets of the AVC Scheme are invested separately from the NILGOSC pension fund and therefore these amounts are not included in NILGOSC's net assets.

Members participating in this arrangement each receive an annual statement made up to 31 March confirming the amounts held in their account and the movements in the year.

The following table shows the movement in AVC investments during the year.

	2024/25			2023/24		
	Utmost Life £'000	Prudential £'000	Total £'000	Utmost Life £'000	Prudential £'000	Total £'000
<b>Value at start of year</b>	<b>149</b>	<b>32,682</b>	<b>32,831</b>	179	29,090	29,269
<b>Contributions invested</b>	<b>38</b>	<b>9,311</b>	<b>9,349</b>	-	7,027	7,027
<b>Sales of investments</b>	<b>(94)</b>	<b>(7,647)</b>	<b>(7,741)</b>	(41)	(6,035)	(6,076)
<b>Change in market value</b>	<b>8</b>	<b>1,755</b>	<b>1,763</b>	11	2,600	2,611
<b>Value at end of year</b>	<b>101</b>	<b>36,101</b>	<b>36,202</b>	149	32,682	32,831

## 10. Investment property

	2024/25 £'000	2023/24 £'000
<b>Fair Value</b>		
At start of year	591,995	619,405
Additions	101,563	40,432
Sales	(4,547)	(36,961)
Gains/(Losses) arising from changes in fair values	2,169	(30,881)
At end of year	<u>691,180</u>	<u>591,995</u>

The investment properties were valued as at 31 March 2025 by qualified professional valuers working for CBRE Limited, Chartered Surveyors, acting in the capacity of External Valuers. All such valuers are Chartered Surveyors, being members of the Royal Institute of Chartered Surveyors (RICS).

The properties are typically valued on the basis of Market Value which is an internationally recognised basis and is defined as 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion'.

All valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. The valuation is predominantly informed by prevailing market activity, where available, and referenced to key inputs such as rent rolls and applicable yield rates.

Management has considered all information currently available, and concluded that the valuations provided by third party experts as at 31 March 2025 are appropriate for financial statement purposes.

NILGOSC received net rental income of £35.7m (2023/24: £33.8m) in respect of these investment properties.

The investment properties are leased to tenants under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future minimum lease receipts (discounted to present value) under non-cancellable operating leases expiring:

	2024/25 £'000	2023/24 £'000
Not later than one year	37,987	34,050
Later than one year and not later than five years	120,979	106,692
Later than five years	176,741	142,912
	<u>335,707</u>	<u>283,654</u>

## 11. Investment management expenses

	2024/25 £'000	2023/24 £'000
Administration, management and custody	31,107	26,115
Performance measurement services	46	47
Other advisory fees	310	466
Transaction costs and trading expenses	3,605	2,177
	<u>35,068</u>	<u>28,805</u>

Investment management expenses mainly consist of fees paid to Fund Managers in respect of the management and investment of funds on NILGOSC's behalf. These fees vary from year to year as they are based on the market value of investments held.

Performance fees were introduced for one global equity mandate during 2021. There were no performance related fees due in 2024/25 (2023/24: nil).

In addition, fees paid in respect of investment advice, custody services and property valuations are included within investment management expenses.

Transaction costs and trading expenses include commissions, stamp duty and other trade related charges.

Any indirect costs incurred through the bid-offer spread on some pooled investment vehicles are reflected in the cost of purchases or sales proceeds (see Note 9 – Financial assets).

## 12. Intangible assets

	Computer software £'000
<b>Cost</b>	
At 1 April 2024	1,602
Additions	59
Disposals	(148)
<b>At 31 March 2025</b>	<b>1,513</b>
<b>Amortisation</b>	
At 1 April 2024	1,052
Charge for the year	138
Amortisation on disposals	(148)
<b>At 31 March 2025</b>	<b>1,042</b>
<b>Net book value</b>	
At 31 March 2024	550
<b>At 31 March 2025</b>	<b>471</b>
<b>Cost</b>	
At 1 April 2023	1,529
Additions	87
Disposals	(14)
<b>At 31 March 2024</b>	<b>1,602</b>
<b>Amortisation</b>	
At 1 April 2023	919
Charge for the year	147
Amortisation on disposals	(14)
<b>At 31 March 2024</b>	<b>1,052</b>
<b>Net book value</b>	
At 31 March 2023	610
<b>At 31 March 2024</b>	<b>550</b>

Computer software is amortised on a straight-line basis over a period of three years. All the intangible assets are owned by NILGOSC.

## 13. Property, plant and equipment

	Property £'000	Fixtures, Fittings & Equipment £'000	Total £'000
<b>Cost</b>			
At 1 April 2024	1,075	484	1,559
Revaluation	(25)	-	(25)
Additions	21	118	139
Disposals	(21)	(71)	(92)
<b>At 31 March 2025</b>	<b>1,050</b>	<b>531</b>	<b>1,581</b>
<b>Depreciation</b>			
At 1 April 2024	-	386	386
Charge for the year	42	79	121
Revaluation Adjustment	(42)	-	(42)
Depreciation on disposals	-	(71)	(71)
<b>At 31 March 2025</b>	<b>-</b>	<b>394</b>	<b>394</b>
<b>Net book value</b>			
At 31 March 2024	1,075	98	1,173
<b>At 31 March 2025</b>	<b>1,050</b>	<b>137</b>	<b>1,187</b>
<b>Cost</b>			
At 1 April 2023	1,175	498	1,673
Revaluation	(100)	-	(100)
Additions	2	71	73
Disposals	(2)	(85)	(87)
<b>At 31 March 2024</b>	<b>1,075</b>	<b>484</b>	<b>1,559</b>
<b>Depreciation</b>			
At 1 April 2023	-	417	417
Charge for the year	43	54	97
Revaluation Adjustment	(43)	-	(43)
Depreciation on disposals	-	(85)	(85)
<b>At 31 March 2024</b>	<b>-</b>	<b>386</b>	<b>386</b>
<b>Net book value</b>			
At 31 March 2023	1,175	81	1,256
<b>At 31 March 2024</b>	<b>1,075</b>	<b>98</b>	<b>1,173</b>

### 13. Property, plant and equipment (continued)

The property was valued as at 31 March 2025 by qualified professional valuers working for BNP Paribas Real Estate, Chartered Surveyors, acting in the capacity of External Valuers. All such valuers are Chartered Surveyors, being members of the Royal Institute of Chartered Surveyors (RICS). The property was valued on the basis of Market Value. The valuation was carried out in accordance with the RICS Appraisal and Valuation Standards. All the property, plant and equipment are owned by NILGOSC.

### 14. Revaluation Reserve

	2024/25 £'000	2023/24 £'000
At 1 April 2024	-	(7)
Revaluation during the year	-	5
Refurbishment disposal	-	2
At 31 March 2025	-	-

The cost and accumulated depreciation in respect of any refurbishment of Templeton House is adjusted through the revaluation reserve. After accounting for refurbishment costs in 2024/25 there is a loss arising from the revaluation of Templeton House as at 31 March 2025 which is included in Administration expenses (note 7).

### 15. Trade and other receivables

	2024/25 £'000	2023/24 £'000
Receivables and other current assets *	20,439	19,992
VAT and other receivables	-	1
Less: Provision for impairment of receivables	(602)	(702)
Receivables and other current assets-net	19,837	19,291
Pension contributions due **	31,342	27,237
Prepayments and accrued income	9,091	6,303
	<b>60,270</b>	52,831

\* Receivables and other current assets include rental debt.

\*\* All contributions due to the Scheme relate to the month of March 2025 and were paid in full to the Scheme within the timescale required by the Local Government Pension Scheme Regulations (Northern Ireland) 2014.

### 16. Cash and cash equivalents

Cash and cash equivalents includes short-term deposits with banks and other financial institutions, with an initial maturity of one month or less. The carrying amount of these assets approximates their fair value.

	2024/25 £'000	2023/24 £'000
At 1 April	10,819	8,393
Net change in cash balances	3,362	-
	<b>14,181</b>	8,393
The following balances at 31 March were held at:		
Commercial banks and cash in hand	14,181	10,819
	<b>14,181</b>	10,819

### 17. Trade and other payables

	2024/25 £'000	2023/24 £'000
Trade payables and other current liabilities	56	54
Unpaid benefits	13,148	11,908
Social security and other taxes	4,616	4,422
Accruals and deferred income	18,058	14,549
	<b>35,878</b>	30,933

### 18. Retirement benefit obligations

NILGOSC provides pension arrangements for the benefit of its employees through the NILGOSC Scheme. The NILGOSC Scheme is known as the Local Government Pension Scheme (Northern Ireland), LGPS (NI), and is a funded defined benefit scheme. Benefits earned up to 31 March 2015 are linked to final salary. Benefits earned after 31 March 2015 are based on a Career Average Revalued Earnings scheme.

The funded nature of the LGPS (NI) requires that the employer and its employees pay contributions into the pension scheme, calculated at a level intended to balance the pension liabilities with investment assets. Information on the framework for calculating contributions to be paid is set out in the Local Government Pension Scheme Regulations (Northern Ireland) 2014 (as amended) and the Fund's Funding Strategy Statement. The last actuarial valuation was at 31 March 2022 however the contributions to be paid until 31 March 2026 are those set out in the Fund's Rates and Adjustment Certificate within the report on the Actuarial Valuation as at 31 March 2022.

The Fund Administering Authority, Northern Ireland Local Government Officers' Superannuation Committee is responsible for the governance of the Pension Fund.

The NILGOSC Scheme is a multi-employer scheme. The assets allocated to the Employers in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities.

### 18. Retirement benefit obligations (continued)

The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole is shown in this note.

At 31 March 2025 NILGOSC, in its capacity as a participating employer, had 88 active members (2023/24: 89), 89 deferred members (2023/24: 78) and 36 pensioners (2023/24: 32) in the Scheme.

#### Net defined benefit liability

	2024/25 £'000	2023/24 £'000
Fair value of assets	19,533	18,287
Present value of funded defined benefit obligation	(14,029)	(16,288)
Effect of net asset ceiling	(5,504)	(1,999)
Net defined benefit liability	<u>-</u>	<u>-</u>

This surplus is restricted to nil based on the asset ceiling determination proscribed in IAS 19 employee benefit standard. In consideration of any benefit that can be recognised, the Scheme's actuary has calculated the economic benefit from a reduction in future contributions i.e. the difference between the future value of expected current service costs less the future value of employer contributions that are required to be paid to the Fund. Applying these estimates the actuary has concluded the recognisable surplus to be £nil.

The split of the restricted defined benefit obligation at the last valuation date between the various categories of members was as follows:

Active members	<b>50%</b>
Deferred pensioners	<b>21%</b>
Pensioners	<b>29%</b>

The estimated duration of the Fund's liabilities is 18.7 years.

#### Financial assumptions

A full actuarial valuation of the NILGOSC defined benefit scheme was carried out as at 31 March 2022. The financial assumptions have been updated by independent qualified actuaries to take account of the requirements of IAS 19 in order to assess the liabilities of the Scheme at 31 March 2025. The financial assumptions adopted are based on the duration of liabilities for members employed/previously employed by NILGOSC, and not the NILGOSC fund as a whole, and may differ from the financial assumptions utilised for the IAS 26 actuarial present value of promised retirement benefits disclosed in Note 20.

	2024/25 %	2023/24 %
Rate of increases in salaries	4.0	4.1
Discount rate	5.8	4.8
Inflation (CPI) / Pension increase rate	2.5	2.6

### 18. Retirement benefit obligations (continued)

The discount rate has increased by 1.0%, while there is a slight decrease of 0.1% on the CPI inflation and salary increase assumption from the closing assumptions in 2024.

This movement in the discount rate has resulted in a more positive balance sheet position than if the financial assumptions at the start of the period had been used. The impact of this change is recognised in the Fund Account.

#### Demographic assumptions

The mortality assumptions at the accounting date have been set taking account of actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements.

Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown in the following table:

	2024/25 Years	2023/24 Years
<b>Retiring today:</b>		
Males	<b>21.6</b>	21.7
Females	<b>24.5</b>	24.6
<b>Retiring in 20 years:</b>		
Males	<b>22.2</b>	22.7
Females	<b>25.2</b>	25.6

The next funding valuation of the Scheme is due to be carried out as at 31 March 2025.

The major categories of assets as a percentage of total plan assets are:

	2024/25 %	2023/24 %
Equities	<b>41.3</b>	43.7
Bonds	<b>19.6</b>	21.6
Multi Asset Credit	<b>13.0</b>	13.3
Property	<b>9.5</b>	9.7
Cash	<b>10.7</b>	5.6
Other	<b>5.9</b>	6.1

## 18. Retirement benefit obligations (continued)

### Analysis of amounts recognised in the Fund Account

	2024/25	2023/24
	£'000	£'000
<b>Operating cost</b>		
Current service cost	617	554
Total	617	554
<b>Finance cost</b>		
Interest on net defined benefit liability	(111)	(12)
Total	(111)	(12)
	2024/25	2023/24
	£'000	£'000
<b>Remeasurement gains and losses</b>		
Return on plan assets below/(in excess of) that recognised in net interest	205	(959)
Actuarial gains due to change in financial assumptions	(3,443)	(688)
Actuarial gains due to changes in demographic assumptions	(128)	(239)
Actuarial losses due to liability experience	25	221
Unrecognised asset – Effect of net asset ceiling	3,409	1,666
Net losses/(gains)	68	1

### Changes in fair value of the scheme assets are as follows:

	2024/25	2023/24
	£'000	£'000
Fair value of scheme assets at start of year	18,287	16,163
Interest income on assets	891	753
Contributions by members	237	191
Contributions by the employer	670	543
Benefits paid	(347)	(322)
Re-measurement (losses)/gains on assets	(205)	959
Fair value of scheme assets at end of year	19,533	18,287

## 18. Retirement benefit obligations (continued)

### The actual return on assets is as follows:

	2024/25	2023/24
	£'000	£'000
Interest income on assets	891	753
Re-measurement (losses)/gains on assets	(205)	959
Actual return on assets	686	1,712

### Changes in the present value of retirement benefit obligations are as follows:

	2024/25	2023/24
	£'000	£'000
Present value of obligations at start of year	16,288	15,845
Current service cost	617	554
Interest cost	780	726
Contributions by members	237	191
Benefits paid	(347)	(322)
Actuarial gains on liabilities – change in financial assumptions	(3,443)	(688)
Actuarial gains on liabilities – change in demographic assumptions	(128)	(239)
Actuarial losses on liabilities – experience adjustment	25	221
Present value of defined benefit obligation at end of year	14,029	16,288

## 18. Retirement benefit obligations (continued)

### Sensitivity analysis

A sensitivity analysis for each significant actuarial assumption is provided below. The following tables summarise the approximate impact of changing the assumption noted on the present value of the funded defined benefit obligation as at 31 March 2025 and 31 March 2024. In each case only the assumption stated is altered; all other assumptions remain the same.

#### Discount rate assumption

Adjustment to discount rate	2024/25		2023/24	
	+0.1% p.a.	-0.1% p.a.	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	13,762	14,296	15,962	16,630
% change in present value of total obligation	-1.9%	1.9%	-2.0%	2.1%
Projected service cost (£000's)	371	414	499	546
Approximate % change in projected service cost	-5.4%	5.5%	-4.5%	4.6%

#### Rate of general increase in salaries

Adjustment to salary increase rate	2024/25		2023/24	
	+0.1% p.a.	-0.1% p.a.	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	14,071	13,987	16,337	16,239
% change in present value of total obligation	0.3%	-0.3%	0.3%	-0.3%
Projected service cost (£000's)	392	392	522	522
Approximate % change in projected service cost	0.0%	0.0%	0.0%	0.0%

## 18. Retirement benefit obligations (continued)

### Rate of increase to pensions and rate of revaluation of pension accounts

Adjustment to pension increase rate	2024/25		2023/24	
	+0.1% p.a.	-0.1% p.a.	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	14,253	13,805	16,581	16,011
% change in present value of total obligation	1.6%	-1.6%	1.8%	-1.7%
Projected service cost (£000's)	414	371	546	499
Approximate % change in projected service cost	5.5%	-5.4%	4.6%	-4.5%

#### Post retirement mortality assumption

Adjustment to mortality age rating assumption	2024/25		2023/24	
	-1 year	+ 1 year	-1 year	+ 1 year
Present value of total obligation (£000's)	14,352	13,706	16,711	15,865
% change in present value of total obligation	2.3%	-2.3%	2.6%	-2.6%
Projected service cost (£000's)	407	377	541	503
Approximate % change in projected service cost	3.9%	-3.9%	3.7%	-3.7%

## 18. Retirement benefit obligations (continued)

### Risks associated with the Fund in relation to accounting

The risks associated with the Fund in relation to accounting are set out below.

<b>Asset Volatility</b>	The liabilities used for accounting purposes are calculated using a discount rate set with reference to high quality corporate bond yields. If these assets underperform, this yield will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which, while expected to outperform corporate bonds in the long term, creates volatility and risk in the short term in relation to accounting figures.
<b>Changes in Bond Yield</b>	A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.
<b>Inflation Risk</b>	The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.
<b>Life Expectancy</b>	The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.
<b>Exiting Employers</b>	As set out in the Fund's Funding Strategy Statement, NILGOSC seeks to remove as much of the risk as possible of remaining Fund employers being required to make contributions in future to meet the liabilities of departed employers by carrying out a cessation valuation when an employer leaves the Scheme. If the employer (or guarantor) is not able to meet this exit payment the liability may in certain circumstances fall on other employers in the Fund. Further the assets at exit in respect of 'orphan liabilities' may, in retrospect, not be sufficient to meet the liabilities. This risk may fall on other employers. 'Orphan liabilities' are currently a very small proportion of the overall liabilities in the Fund.

### Future cash flows

An estimate of the expected employer's regular contributions to the Fund for the accounting period ending 31 March 2026 is £697k.

## 19. Risks arising from financial instruments

<b>Market risk</b>	Market risk or price risk is the risk of capital loss as a result of a fall in the price of investments. Fluctuations in price can arise from a variety of sources including interest rate risk, credit risk, currency risk and liquidity risk.  The Fund is exposed to market risk across all its investment activities. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of asset class, geographical and industry sectors and individual securities. To mitigate market risk, the NILGOSC Committee and its investment advisors review each investment manager's performance quarterly and consider the asset allocation of the Fund formally by carrying out a triennial review with its Investment Advisers, Fund Managers and Fund Actuary.
<b>Currency risk</b>	Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than sterling. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates. The Fund will necessarily be subject to foreign exchange risks. The Fund's investment managers utilise currency swaps, forward exchange contracts and purchased currency options to hedge foreign currency denominated financial instruments. Increases or decreases in the fair values of these instruments are partially offset by gains and losses on the economic hedging instruments.
<b>Interest rate risk</b>	Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. NILGOSC and its investment advisors monitor the Fund's interest rate exposure and individual investment mandates limit this exposure through the use of derivatives.
<b>Credit risk</b>	Credit risk is the risk that the counterparty to a transaction or financial instrument will fail to discharge its obligation resulting in a financial loss. This risk is generally reflected in the market price of securities, resulting in the risk being implicitly accounted for in the carrying value of the Fund's investments. Cash deposits, derivatives and stock lending are the areas of exposure where credit risk is not reflected in market prices. The Fund is exposed to credit risk in respect of its investment portfolio and this risk is managed through the selection and use of high quality counterparties and financial institutions. Credit risk arising from stock lending activities is managed by restricting the amount of overall stock that may be lent, only lending to approved borrowers who are monitored and evaluated on an ongoing basis, and putting in place collateral arrangements in excess of the market value of the borrowed securities. Details of stock on loan and collateral as at 31 March 2025 is disclosed in Note 8, Investment Income on page 110.
<b>Liquidity risk</b>	Liquidity risk or cash flow risk is the risk that adequate cash resources will not be available to meet commitments such as the payment of benefits or future investment commitments as they fall due. To manage this risk NILGOSC operates a robust treasury management framework and maintains immediate access to its cash holdings.

## 20. Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the actuarial present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes.

The actuarial present value of promised retirement benefits at 31 March 2025 was £8,192m (31 March 2024: £9,343m). To assess the value of the benefits on this basis, the following financial and mortality assumptions have been used.

### Asset returns

Asset returns over the accounting period have been lower than expected. This has led to a loss on assets over the accounting period and a worsening in the balance sheet position.

### Financial assumptions

A full actuarial valuation of the NILGOSC defined benefit scheme was carried out as at 31 March 2022. The financial assumptions have been updated by independent qualified actuaries to take account of the requirements of IAS 19. There has been a change to the financial assumptions at the total Fund level over the period. The discount rate has increased by 1.0%, the CPI inflation assumption has reduced by 0.1% and the salary increase assumption has also reduced by 0.1% which will all result in a more positive balance sheet position than if the financial assumptions had remained as they were at the start of the period.

	<b>31 March 2025</b>	31 March 2024
	%	%
Rate of increases in salaries	<b>4.0</b>	4.1
Discount rate	<b>5.8</b>	4.8
Inflation / Pension increase rate	<b>2.5</b>	2.6

### Demographic assumptions

The mortality assumptions at the accounting date have been set taking account of actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation and allowance for expected future mortality rates. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown in the following table:

	<b>2024/25 Years</b>	2023/24 Years
<b>Retiring today</b>		
Males	<b>21.6</b>	21.7
Females	<b>24.5</b>	24.6
<b>Retiring in 20 years</b>		
Males	<b>22.2</b>	22.7
Females	<b>25.2</b>	25.6

The net assets available for benefits are £10,952m giving a surplus of £2,760m when compared to the actuarial present value of promised retirement benefits of £8,192m calculated on an IAS 19 basis.

Details of the funding position of the Scheme are included in the Actuarial Statement on pages 136 to 137.

## 21. Performance against key financial targets

The Department for Communities does not consider it appropriate to set key financial targets for NILGOSC.

## 22. Contingent liabilities

NILGOSC has contingent liabilities where the possibility of a liability crystallising is judged to be possible. Unless otherwise stated, the quantum of the liability can either not be determined with reasonable certainty or to quantify it would jeopardise the outcome of any legal action.

### GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997.

Prior to 6 April 2016, the State Pension and public sector schemes worked in tandem to ensure LGPS (NI) Pension kept in line with inflation. The LGPS (NI) was not required to pay any pension increases on GMPs accrued before April 1988 and limited increases on those accrued after 1988. In return the Additional Pension (AP) element of the State Pension paid top-up payments to pensioners to give inflation protection on the GMP element not provided by LGPS (NI).

Reforms were made to the State Pension system in April 2016 which scrapped AP and removed the facility for central government to fully index the combined pension through AP. In March 2016 the government introduced an 'interim' solution for the LGPS (NI) to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between April 2016 and December 2018. This 'interim' solution has continued to be extended with the latest government response to consultation on full GMP conversion opting to extend the full indexation up to April 2024.

The retirement benefit obligation provides for an indefinite extension of the solution in the estimates included in note 18.

### Virgin Media Judgement

In June 2023, the High Court handed down a decision (Virgin Media Ltd v NTL Pension Trustees II Limited), which was subsequently upheld by the Court of Appeal in July 2024. The ruling potentially has implications for the validity of amendments made by pension schemes, including the LGPS (NI), which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. The ruling related to the requirement on the trustees to obtain the Scheme actuary's confirmation that a scheme continued to provide a minimum level of benefits (known as a 'reference scheme test') following certain types of rule amendments.

There remains uncertainty as the case may be subject to a further appeal or the Department for Work and Pensions could legislate to amend to allow retrospective actuarial confirmation. Given the level of uncertainty and the fact that there can be no reliable measure of any potential obligation this is disclosed as a contingent liability in 2024/25.

## 23. Contractual commitments

Outstanding capital commitments (investments) at 31 March 2025 totalled £196m (31 March 2024: £267m). These relate to outstanding amounts committed, but not yet paid, to unquoted limited partnership funds held in the private equity/infrastructure part of the portfolio. The amounts requested by these funds are variable in both size and timing over a period of 5-6 years from the date of the original agreement. In addition, NILGOSC has outstanding commitments in relation to global property mandates of £285m (31 March 2024: £302m) of which £265m (2024: 285m) relates to the new global property mandate that will be funded over the next 1 to 2 years.

## 24. Related party transactions

NILGOSC is a Non-Departmental Public Body sponsored by the Department for Communities. The Department for Communities is regarded as a related party. The NILGOSC Committee includes representatives of Scheme employers which are regarded as related parties. Details of allowances paid during the year to members of the Committee are shown in the Remuneration Report on pages 84 and 85.

Due to the nature of NILGOSC's operations and the composition of the Committee, it is inevitable that transactions will take place with organisations in which a Committee Member, an officer or a close family member may have an interest. All such transactions are conducted at arm's length and in accordance with NILGOSC's policies and procedures.

No Committee member, officer or other related party has undertaken any material transactions with NILGOSC during the year to 31 March 2025.

## 25. Post Balance Sheet Events

There have been no significant events since 31 March 2025.

**The Financial Statements were authorised for issue by the Accounting Officer on 4 September 2025.**

# STATEMENT OF THE ACTUARY FOR YEAR ENDED 31 MARCH 2025

## Introduction

This statement has been prepared by the Actuary appointed by the Northern Ireland Local Government Officers' Superannuation Committee (the 'Committee') for inclusion in the accounts of the Northern Ireland Local Government Pension Scheme (the 'Scheme').

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Scheme is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 68 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014.

## Actuarial Position

1. The valuation as at 31 March 2022 showed that the surplus in the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £10,231.1M) covering 111% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 28 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	19.2%	1.975
2024	19.2%	2.018
2025	19.2%	2.063

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy

Statement. Different approaches were adopted in relation to the calculation of the future service contribution rate, and individual employers' recovery periods as agreed with the Committee, reflecting the employers' circumstances.

A large number of employers are grouped together (in the Main Employer Group) for the purposes of setting employer contribution rates, but contributions for other employers are assessed separately.

The funding plan included an agreement for employers subject to the main employer group and intermediate funding targets that where such an employer's fund is in surplus, this has only led to an adjustment in contributions to the extent that this surplus is in excess of 5% of the value of that employer's liabilities (i.e. to the extent that the employer's funding level is greater than 105%).

4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	4.2% p.a.
Discount rate for periods after leaving service	
Main Employer Group and subsumption funding target*	4.2% p.a.
Intermediate funding target	3.2% p.a.
Ongoing orphan funding target	0.8% p.a.
Rate of pay increases	3.8% p.a.
Rate of increase to pension accounts**	2.3% p.a.
Rate of increases in pensions in payment** (in excess of Guaranteed Minimum Pension)	2.3% p.a.

\* The main employer group discount rate was also used for employers whose liabilities will be subsumed after exit by a long term secure employer in the main employer group.

\*\* In addition, a 10% uplift has been applied to the past service liabilities on the main employer group and subsumption and intermediate funding targets to make allowance for short-term inflation above the long-term assumption.

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.1	24.9
Current active members aged 45 at the valuation date	23.1	26.0

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraph 1. above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Committee, monitors the funding position on a regular basis.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 28 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 68 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014.
8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, the

Committee, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:

<https://nilgosc.org.uk/resource-category/valuation-reports/>

The link above provides access to an accessible version of the report, including descriptions of any charts and tables.

10. The valuation report refers to Aon's approach to some benefit uncertainties in the 2022 valuation which have since been resolved:

- The Local Government Pension Scheme (Amendment No. 2) Regulations (NI) 2023 were laid on 28 September 2023 and set out the McCloud remedy for the LGPS (NI). The remedy is consistent with our expectations and the allowance made for McCloud liabilities in the 2022 valuation.

- The Judicial Review relating to the 2016 cost management valuation, and the 2020 cost management valuation process have both been concluded and the outcome is that there are no resulting additional costs falling on the Fund (and ultimately employers). This outcome is in line with the approach taken in the 2022 valuation.

Other benefit uncertainties remain as set out in the 2022 valuation report.

11. The Government Actuary's Department carries out a review of the Northern Ireland Local Government Officers' Pension Fund under Section 13 of the Public Service Pensions Act (Northern Ireland) 2014, to ensure they are in compliance with the Regulations and to assess whether the valuation was carried out in line with the aims of solvency and long term cost efficiency.

The review for the 2022 valuation was completed in March 2025 and the official summary report is available from the following website:

<https://www.gov.uk/government/publications/local-government-pension-scheme-northern-ireland-section-13-report-as-at-31-march-2022>.

The Northern Ireland Local Government Officers' Pension Fund did not receive any red or amber "flags" in relation to the approach and outcomes of the 2022 valuation in the Section 13 review and the report summary states that the LGPS NI was in "good health" as at 31 March 2022.

Aon Solutions UK Limited  
May 2025

## ANNUAL EQUALITY STATEMENT Year Ended 31 March 2025

NILGOSC's Equality Scheme states that it will report on the progress it has made in the delivery of its Section 75 statutory duties.

### Our Commitment

NILGOSC reaffirms its commitment to the fulfilment of its duties under Section 75 of the Northern Ireland Act 1998 in that it will have due regard to the need to promote equality of opportunity:

- Between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- Between men and women generally;
- Between persons with a disability and persons without; and,
- Between persons with dependents and persons without.

In addition, without prejudice to its obligations above, NILGOSC shall, in carrying out its functions, have regards to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

### Promotion of Equality of Opportunity

NILGOSC has demonstrated its commitment to the promotion of equality of opportunity during 2024/25 and the equality agenda continues to be promoted and supported by the most senior levels of the organisation.

The NILGOSC Corporate Plan for 2024/25 included objectives relating to equality and good relations. The Senior Management Team has monitored the implementation of these objectives on a quarterly basis.

## Implementation of the Equality Scheme

NILGOSC carried out its duties in relation to the Equality Scheme throughout 2024/25 to ensure that its policies and procedures are fair and lawful. A number of the actions set out in the Equality Action Plan 1 April 2024 – 31 March 2025 were progressed during the year, as set out below:

- At 31 March 2025 all Committee Members have completed the 'Equality and Diversity in the Northern Ireland workplace' e-learning training. All new staff continue to complete this training within one month of joining, and a refresher for all staff was completed in March 2025.
- There were 80 alternative communications issued between 1 April 2024 – 31 March 2025. All requests for alternative communication were successfully completed. The majority of the requests relate to large print, with 19 requests for translations during the period.
- NILGOSC remains committed to providing all its digital content in an accessible format, with the NILGOSC website re-accredited for accessibility in October 2024.
- NILGOSC has continued with its reconnection programme and issued letters to its deferred members in 2024. The programme is linked to a corporate objective to encourage non-registered deferred members to register for Member Self Service (MSS) with a review of improving member engagement. This continues following the roll-out of the new Engage member portal now available to members.
- Training for members and pensioners on the availability of electronic communications and the use of MSS/Engage continues to take place, with a number of in-person seminars and remote sessions held both for members, and Employing Authorities held during the period 1 April 2024 – 31 March 2025. Instructional videos are available on the NILGOSC website.
- Progress against NILGOSC's Disability Action Plan continues, with actions implemented and lessons learned recorded.

In line with its Equality Scheme, NILGOSC continues to carry out screening of any new or revised policies for equality impacts. Four policies were screened during 2024/25 and no equality impact assessment was required. No equality complaints were received during the year.

NILGOSC continues to provide its publications in alternative formats on request.

Those who require further information about the NILGOSC Equality Scheme or would prefer to receive this document in an alternative format (such as in large print, in Braille, on audio cassette or on computer disc) and/or language, please contact the Equality Officer.

**Address:** NILGOSC, Templeton House, 411 Holywood Road, Belfast, BT4 2LP

**Telephone:** 0345 3197 320

**Typetalk:** 18001 0345 3197 320 (for people using a textphone)

**Email:** [equality@nilgosc.org.uk](mailto:equality@nilgosc.org.uk)

Copies of the Equality Scheme and this Annual Equality Statement are also available on the internet at [www.nilgosc.org.uk/equality-scheme](http://www.nilgosc.org.uk/equality-scheme).

# ANNUAL REPORT OF THE AUDIT AND RISK ASSURANCE COMMITTEE for Year Ended 31 March 2025

## 1 Purpose

- 1.1 The purpose of this report is to provide the Management Committee with an annual report on the activity of the Audit & Risk Assurance Committee (ARAC) during the year ended 31 March 2025.
- 1.2 This report provides a summary of the main areas and issues considered by the ARAC during 2024/25.

## 2 Constitution of the Audit & Risk Assurance Committee

- 2.1 At 31 March 2025 there were five members on the ARAC. Michael Rafferty (Chairperson), Shane McCurdy, JJ Tohill, Alan Law and Antoinette McMillen were all serving members of the Committee for 2024/25.
- 2.2 The ARAC is charged with advising the Management Committee on:
- the strategic processes for risk, control and governance, and the Governance Statement.
  - the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of errors identified, and management's letter of representation to the external auditors.
  - the planned activity and results of both internal and external audits.
  - the adequacy of management responses to issues identified by audit activity, including external audit's management letter.
  - assurances relating to the corporate governance requirements for the organisation.
  - proposals for tendering for Internal Audit services.
  - anti-fraud policies, processes relating to raising concerns, and arrangements for special investigations.
- 2.3 Other individuals also regularly attend the meetings of the ARAC including the Chief Executive/Accounting Officer, Deputy Secretary, the

Head of Governance and Human Resources, the Head of Finance, the Governance Manager, the Internal and External Auditors and a Departmental representative.

- 2.4 Following each meeting, the Chairperson of the ARAC provides a verbal report to the Management Committee, providing an overview of the discussions and highlighting any issues that are considered to be significant. Minutes of the ARAC meetings are also circulated to members of the Management Committee following approval.

## 3 Financial Reporting

- 3.1 The Annual Report and Accounts 2023/24 were prepared in line with changes to the FReM and relevant accounting guidance. This was presented to the ARAC on 13 August 2024. In line with DAO (DFP) 10/12 'Requirement to Complete a Governance Statement', the Chief Executive prepared his Governance Statement for 2023/24, which was considered and endorsed by the ARAC for inclusion in the 2023/24 Annual Report.
- 3.2 In addition to the Governance Statement, the Annual Report 2023/24 also included the Annual Report of the ARAC. On the recommendation of the ARAC, the Annual Report 2023/24 was approved by the Management Committee at its meeting on 28 August 2024 and laid before the Assembly on 12 September 2024.

## 4 External Audit

- 4.1 As a non-departmental public body, NILGOSC is required to use the Local Government Auditor for the provision of its external audit service. The Local Government Auditor within the Northern Ireland Audit Office (NIAO) has appointed Ross Boyd Chartered Accountants to provide the external audit function on its behalf but retains responsibility for signing the audit report and providing an annual opinion.
- 4.2 The Report to Those Charged with Governance for 2023/24 (RTTCWG) was presented to the ARAC on 13 August 2024.
- 4.3 The External Auditor advised the ARAC that there were no significant issues identified as a result of the audit. In total 3 recommendations were made. One priority 2 recommendation was made in relation to the review of journal entries. Two priority 3 recommendations were made in relation to tracking cumulative spend respectively and the information contained in the annual report and accounts. Management did not accept the latter

recommendation which suggested NILGOSC streamline the information contained in the annual report and accounts by using infographics. The External Auditor opined that the financial statements had been properly prepared and provided a true and fair statement of NILGOSC's affairs as at 31 March 2024.

- 4.4 The Local Government Auditor issued a clean audit opinion for the year ended 31 March 2024. There were no significant issues reported in the 2023/24 RTTCWG.
- 4.5 The Local Government Auditor presented its Audit Strategy 2024/25 to the ARAC at its meeting on 5 February 2025, which was subsequently approved.

## 5 Internal Audit

- 5.1 The Internal Auditor presented the final audit plan for 2024/25 to the ARAC on 21 May 2024.
- 5.2 The internal audit reviews conducted during 2024/25 and the assurance opinion provided in respect of each is set out in the table below:

Review	Assurance Opinion
Pensioners' Payroll	Satisfactory
Corporate Governance	Satisfactory
Investment Monitoring	Satisfactory
Maintenance of Scheme Records	Satisfactory
Pensions Admin	Satisfactory
Follow Up	N/A

- 5.3 'Satisfactory' is the highest level of assurance that can be provided and the ARAC was pleased to note that this had been achieved in all areas and that no significant issues were identified as a result of any of the internal audit reviews undertaken during 2024/25.
- 5.4 The ARAC receives biannual reports on the progress against implementation of internal audit recommendations. These reports were provided in May 2024 and February 2025 and the ARAC noted the good progress that had been made during 2024/25.
- 5.5 In her Annual Assurance Report, the Head of Internal Audit (HIA) stated that, during the twelve month period ended 31 March 2025, NILGOSC's systems in relation to risk management, control and governance were adequate and operated effectively, thereby providing satisfactory assurance in relation to the achievement of NILGOSC's objectives.

- 5.6 The HIA did not consider there to be any significant control issues relevant to the preparation of the Governance Statement for the year ended 31 March 2025.

## 6 Risk, Control and Governance

- 6.1 During the annual review of the risk register in April 2024, the risk register was reviewed. As a result of the review some amendments were made to the register including risk scores and control measures and two risks were removed. The ARAC reviewed the risk register 2024/25 at its meeting on 21 May 2024, which was subsequently approved by the Management Committee on 10 June 2024.
- 6.2 A quarterly report is also presented to the ARAC summarising the operation of the risk management process. This report includes any significant control issues identified during the quarter together with any proposed changes to the risk register. It also incorporates the review of risks, in line with significant changes in the external environment. The quarterly reports provide the ARAC with assurance that the risk management process is operating effectively and that any internal control weaknesses or irregularities are promptly and adequately addressed. The reports including any approved changes are presented to the Management Committee following review by the ARAC.
- 6.3 The quarterly risk reviews and subsequent reports provided during 2024/25 resulted in the increase of risk scoring for two risks and a reduction in scoring for one risk. Amendments to the wording of two risks were also applied to remove reference to 'Taskforce on Climate-related financial disclosures' as the organisation is now disbanded.
- 6.4 The Department for Communities (the Department) requires NILGOSC to regularly complete Departmental Assurance Statements to provide assurance that sound systems of internal control and governance are in place, that key risks are being managed and to highlight any significant issues. These six-monthly Statements were reviewed by the ARAC at its meetings on 19 November 2024 and 4 June 2025 before consideration by the Management Committee and sign off by the Chairperson.

## 7 Fraud and Raising Concerns

7.1 All cases of suspected or actual fraud are investigated in line with NILGOSC's Anti-Fraud Policy and all cases of malpractice, unlawful conduct or wrongdoing are investigated and reported to the PSNI and the Department. NILGOSC took part in the NFI 2024/25 data matching exercise. Matches were received in December 2024 and investigated. One case of suspected fraud was identified through the exercise but following investigation this was closed and no longer considered fraud. NILGOSC continues to provide updates to the Department on a previously reported case.

7.2 There were no concerns raised through NILGOSC's Raising Concerns Policy during 2024/25.

7.3 Any cases of raised concerns or fraud are reported to the ARAC through a quarterly Fraud and Raised Concerns Report, presented at each meeting. In 2024/25 NILGOSC participated in the biennial National Fraud Initiative (NFI) data matching exercise. Updates on progress against the investigation of matches identified through this exercise (and previous NFI exercises) and those identified by the General Register Office for Northern Ireland are included in this report.

## 8 Other

8.1 The Terms of Reference for the ARAC are formally reviewed every three years or as required. The Terms of Reference were last reviewed and updated at the Management Committee on 25 March 2024. The approved Terms of Reference are available to view on NILGOSC's website.

8.2 A Departmental representative was in attendance at all four ARAC meetings held in 2024/25.

## 9 Effectiveness of the Audit & Risk Assurance Committee

9.1 The ARAC met four times during 2024/25 in accordance with the planned work programme.

9.2 The following table sets out the attendance record for 2024/25:

Member	Meetings Called	Meetings Attended	Attendance %
JJ Tohill	4	3	75%
Michael Rafferty	4	4	100%
Antoinette McMillen	4	3	75%
Alan Law	4	3	75%
Shane McCurdy	4	4	100%

9.3 Under its Terms of Reference, the ARAC is required to periodically review its own effectiveness and report the results of that review to the Committee. In accordance with best practice, the ARAC adopted and tailored the National Audit Office (NAO) 'Self-Assessment Checklist' published in November 2017 to assist in undertaking this review.

9.4 The ARAC met on 29 April 2025 to discuss the questions on the checklist and review its effectiveness for the reporting period 1 April 2024 to 31 March 2025. The outcome of the assessment demonstrated that the ARAC operated effectively during the reporting period and is compliant with the five good practice principles set out in the checklist.

9.5 Following the 2024/25 review of effectiveness, no significant issues were identified.

## 10 Opinion

10.1 Based on the assurances and information provided during the year ended 31 March 2025, the ARAC is satisfied that the Management Committee can rely on the risk management, internal control and corporate governance arrangements currently in operation.



# EMPLOYING AUTHORITIES CONTRIBUTING TO THE SCHEME AT 31 MARCH 2025

## Councils

Antrim and Newtownabbey Borough Council  
Ards and North Down Borough Council  
Armagh City, Banbridge and Craigavon District Council  
Belfast City Council  
Causeway Coast and Glens District Council  
Derry City and Strabane District Council  
Fermanagh and Omagh District Council  
Lisburn and Castlereagh City Council  
Mid and East Antrim District Council  
Mid Ulster District Council  
Newry, Mourne and Down District Council

## Education and Library Authorities

Education Authority  
Libraries NI

## Restricted Membership

Amey Community Limited  
Apex Housing  
Apleona HSG Limited  
Arbour Housing Limited  
Capita Managed IT Solutions Limited  
Choice Housing Ireland Limited  
City of Derry Airport  
Graham Asset Management  
Northern Community Leisure Trust  
Northern Community Leisure Trust 2  
Radius Housing Association

## Associated Bodies

Arc21 Joint Committee  
Ark Housing Association Northern Ireland Limited  
Armagh Observatory and Planetarium  
Arts Council of Northern Ireland  
Belfast Waterfront and Ulster Hall Limited  
Citybus Limited  
Coleraine Harbour Commissioners  
Comhairle Na Gaelscolaíochta  
Community Relations Council  
Connswater Homes Limited  
Construction Industry Training Board  
Controlled Schools Support Council  
Council for Catholic Maintained Schools  
Council for the Curriculum, Examinations and Assessment  
Derry Theatre Trust  
General Teaching Council for Northern Ireland  
Greenwich Leisure Limited  
Grove Community Housing Association Limited  
Independent Commission for Reconciliation and Information Recovery  
Linen Hall Library  
Livestock & Meat Commission for Northern Ireland  
Local Government Staff Commission  
Middletown Centre for Autism  
Newington Housing Association (1975) Limited  
North Belfast Housing Association  
Northern Ireland Co-Ownership Housing Association Limited  
Northern Ireland Council for Integrated Education  
Northern Ireland Federation of Housing Associations  
Northern Ireland Fire & Rescue Service  
Northern Ireland Fishery Harbour Authority  
Northern Ireland Hospice  
Northern Ireland Housing Executive  
Northern Ireland Local Government Association

Northern Ireland Local Government Officers' Superannuation Committee  
Northern Ireland Railway Company Limited  
Northern Ireland Screen  
Northern Ireland Tourist Board  
Northern Ireland Transport Holding Company  
Outdoor Recreation (NI)  
Probation Board for Northern Ireland  
Rural Housing Association  
Sports Council for Northern Ireland  
St Matthew's Housing Association Limited  
Ulsterbus Limited  
Visit Belfast  
Visit Derry  
Woodvale and Shankhill Housing Association Ltd  
Woven Housing Association

## Schools and Colleges

Abbey Christian Brothers Grammar School  
Acorn Integrated Primary School  
Aquinas Diocesan Grammar School  
Assumption Grammar School  
Ballymena Academy  
Bangor Grammar School  
Belfast High School  
Belfast Royal Academy  
Blackwater Integrated College  
Braidside Integrated Primary & Nursery School  
Bridge Integrated Primary School  
Campbell College  
Cedar Integrated Primary School  
Christian Brothers Grammar School  
Coleraine Grammar School  
Corran Integrated Primary School  
Cranmore Integrated Primary School  
Dalriada School  
Dominican College – Belfast  
Dominican College – Portstewart

Drumlins Integrated Primary School  
Drumragh Integrated College  
Enniskillen Integrated Primary School  
Enniskillen Royal Grammar School  
Erne Integrated College  
Foyle and Londonderry College  
Friends School  
Hazelwood College  
Hazelwood Integrated Primary School Limited  
Hunterhouse College  
Integrated College Dungannon  
Jordanstown Schools  
Lagan College  
Larne Grammar School  
Lecale Trinity Grammar School  
Loreto College  
Loreto Grammar School  
Loughview Integrated Primary School  
Lumen Christi College  
Maine Integrated Primary School  
Malone College  
Methodist College  
Mill Strand Integrated Primary School  
Millennium Integrated Primary School  
Mount Lourdes Grammar School  
New-Bridge Integrated College  
North Coast Integrated College  
Oakgrove Integrated College  
Oakgrove Integrated Primary School  
Oakwood Integrated Primary School  
Omagh Integrated Primary School  
Our Lady & St Patrick's College  
Our Lady's Grammar School  
Phoenix Integrated Primary School  
Portadown Integrated Primary School  
Rainey Endowed School  
Rathmore Grammar School

Roe Valley Integrated Primary School  
 Rowandale Integrated Primary School  
 Royal Belfast Academical Institution  
 Royal School, Armagh  
 Royal School, Dungannon  
 Sacred Heart Grammar School  
 Saints and Scholars Integrated Primary School  
 Shimna Integrated College  
 Slemish Integrated College  
 Sperrin Integrated College  
 Spires Integrated Primary School  
 St Colman's College  
 St Columb's College  
 St Dominic's High School  
 St Joseph's Grammar School  
 St Louis Grammar School, Ballymena  
 St Louis Grammar School, Kilkeel  
 St Malachy's College  
 St Mary's Christian Brothers  
 St Mary's Grammar School  
 St Michael's College  
 St Patrick's Academy  
 St Patrick's Grammar School, Armagh  
 St Ronan's College  
 Strangford College  
 Strathearn School  
 Sullivan Upper School  
 Thornhill College  
 Ulidia Integrated College  
 Victoria College  
 Wallace High School  
 Windmill Integrated Primary School

## Further and Higher Education Colleges and Universities

Belfast Metropolitan College  
 North West Regional College  
 Northern Regional College  
 South Eastern Regional College  
 South West College  
 Southern Regional College  
 St Mary's University College  
 Stranmillis University College  
 University of Ulster

## GLOSSARY

The following is a glossary of pension terms used throughout this Annual Report:

Term	Definition
<b>Accrual rate</b>	This is the rate at which pension benefits build up for the member e.g. 1/49 <sup>th</sup> times pensionable pay for each year of membership.
<b>Active Member</b>	Current member of the pension scheme who is building up retirement benefits from their present job.
<b>Active Management</b>	A style of investment management whereby the manager seeks to add value to the fund by actively buying and selling shares.
<b>Actuary</b>	Expert on pension scheme assets, liabilities, life expectancy and probabilities. An actuary works out whether enough money is being paid into a pension scheme to pay the pensions when they are due.
<b>Actuarial Valuation</b>	An assessment performed by an actuary, usually every three years, to determine how much money needs to be put into a pension scheme to ensure that there are enough funds available to meet future pension payments.
<b>Additional Voluntary Contributions (AVCs)</b>	Contributions made by an individual over and above the normal contribution level to increase the level of benefits available on retirement. These contributions are paid to an insurance company.
<b>Asset Allocation</b>	The decision as to which mix of assets to buy – for example shares, bonds, property, cash or other types of investment.
<b>Automatic Enrolment</b>	The process whereby employers must automatically enrol workers that meet specified eligibility conditions into a qualifying pension scheme. Workers have the option to opt out.
<b>Balanced Management</b>	A traditional approach to investment whereby a manager buys a combination of shares and bonds to provide both income and capital appreciation while avoiding excessive risk.
<b>Benchmark</b>	A standard against which investment performance is measured. A common benchmark is the FTSE All-Share Index which includes a large percentage of all quoted shares.
<b>Benefit Statement</b>	A statement showing an individual the pension benefits they have earned so far together with a forecast of what their final pension might be.
<b>Career Average Revalued Earnings (CARE)</b>	A type of defined benefit pension scheme in which pension benefits are based on pay and service built up over time in the scheme and increased to retirement to allow for inflation.
<b>Cohabiting Partner</b>	Couples who live together but do not marry or enter a civil partnership.

Term	Definition
<b>Consumer Prices Index (CPI)</b>	CPI forms the basis for the Government's inflation target. It is an index published by the Government each month reporting the change in the price of a 'basket of goods and services' and a measure of inflation within the UK. It excludes housing costs and mortgage interest payments. CPI can be used for revaluing pensions in deferment and increases to retirement income.
<b>Contributions</b>	The money paid by an individual or their employer into a pension fund.
<b>Corporate Bonds</b>	A type of investment in which some of the pension scheme assets are invested. This is loan stock issued by companies which offer a fixed rate of interest paid over the duration of the loan, together with repayment on maturity at a predetermined rate.
<b>Death Benefit</b>	This may be paid to a member's dependants if the member dies. It may be a pension or a one-off payment.
<b>Deferred Benefits</b>	Pension benefits which are calculated at the time an individual leaves the pension scheme and are payable at a later date.
<b>Deferred Member</b>	An individual who has left the pension scheme and who no longer contributes but will get pension benefits when they reach their normal retirement age.
<b>Defined Benefit Scheme</b>	A type of pension scheme in which benefits paid at retirement depend on an individual's length of service and earnings, and this level of income is guaranteed.
<b>Dependant</b>	Someone who is dependent on a member of the pension scheme (or on a pensioner of the scheme) and derives benefits through them.
<b>Eligible Child</b>	<p>A child is an eligible child of a deceased member if, at the date of death they are:</p> <ul style="list-style-type: none"> <li>• The natural child of the deceased</li> <li>• The adopted child of the deceased</li> <li>• A step-child of a child accepted as a member of the deceased's family and dependent on the deceased at the date of death.</li> </ul> <p>Eligible children must meet one of the following conditions:</p> <ul style="list-style-type: none"> <li>• Be under age 18, or</li> <li>• Be aged between 18 and 22 (inclusive) and be in full-time education or vocational training, or</li> <li>• Be unable to engage in gainful employment because of physical or mental impairment and either has not reached age 23 or the impairment is in the opinion of NILGOSC's Independent Registered Medical Practitioner, likely to be permanent and the person was dependent on the deceased at the date of death because of that impairment.</li> </ul>

Term	Definition
<b>Expression of Wish</b>	An Expression of Wish enables a member to tell NILGOSC who they would like to receive any death grant due if they die. NILGOSC does not have to follow the member's wish but will take it into account.
<b>Final Pensionable Pay</b>	The pensionable earnings on which the final salary benefits are calculated. This may be based on how much an individual is earning when they retire or the best pensionable earnings in the last three years.
<b>Final Salary Scheme</b>	A type of defined benefit pension scheme where the pension benefits paid on retirement are based on how much an individual is earning when they retire, and their length of service.
<b>Fund Manager</b>	A professional manager of investments often employed by a pension scheme to manage assets on their behalf.
<b>Gilts</b>	Bonds issued by the Government.
<b>Guaranteed Minimum Pension (GMP)</b>	This is the minimum pension that an occupational pension scheme had to provide as a condition of contracting out for pre-6 April 1997 service. The Government is currently considering how to equalise scheme benefits to take account of the differences in the way that GMPs are calculated for men and women.
<b>Ill-health retirement</b>	If a member meets the qualifying criteria for ill-health retirement, their benefits will be brought into payment early. Active members receive enhanced pension benefits, depending on the severity of their medical condition.
<b>Index</b>	In the stock market, an index is a device that measures changes in the prices of a basket of shares, and represents the changes using a single figure. The purpose is to give investors an easy way to see the general direction of shares in the index.
<b>Index Linked Gilts</b>	A type of investment bond where the interest payment is guaranteed to rise in line with the Retail Prices Index.
<b>Index Tracking Fund</b>	This is a way of investing assets such that their performance closely matches a specified market index, such as the FTSE All-Share Index. It does not aim to outperform the market like active management does.
<b>Inflation</b>	The general rate of increase in prices and wages over a period.
<b>Occupational Pension Scheme</b>	A pension scheme established by an employer to provide pension benefits to its employees on their retirement.
<b>Opting Out</b>	<p>This is when an employee leaves a pension scheme or chooses not to join one.</p> <p>Under automatic enrolment a member must be signed up to the Scheme before he/she can opt out. If a member opts out within two years of joining they are entitled to a refund of contributions; an opt-out after two years entitles them to deferred pension benefits payable from their normal retirement age.</p>

Term	Definition
<b>Passive Management</b>	A style of investment management where no active management is required, instead investments are made in line with an index.
<b>Pension</b>	A regular income paid to an individual during their retirement.
<b>Pensions Increase</b>	In April each year NILGOSC increases pensions to reflect rises in the cost of living.
<b>Pensionable pay</b>	These are the earnings used to work out a member's benefits and contributions. They might not include overtime.
<b>Pensionable Service</b>	The period of employment that is considered when calculating final salary pension benefits.
<b>Retail Prices Index (RPI)</b>	An index published by the Government each month reporting the change in the price of a 'basket of goods, commodities and services' and is the accepted measure of inflation within the UK. This is a slightly different 'basket of goods, commodities and services' from those used to calculate the consumer prices index ('CPI') as it includes housing costs such as mortgage interest payments. RPI can be used for revaluing pensions in deferment and increases to retirement income.
<b>Revaluation</b>	In April each year NILGOSC will apply CARE revaluation in accordance with the Public Service Pensions Revaluation (Prices) Order (Northern Ireland).
<b>Rule of 85</b>	<p>The Rule of 85 refers to a provision of the Scheme which allowed members who retired early to take their pension entitlements without penalty if the sum of their age and length of membership equalled 85 years or more. This rule was abolished on 1st October 2006 however members who joined before this have some protections:</p> <p>All existing members at 30 September 2006 are protected until 31 March 2008 i.e. the benefits they built up to 31 March 2008 will be protected under the 85 year rule.</p> <p>Those existing members at 30 September 2006 who will be 60 or over and meet the 85 year rule by 31 March 2016 are fully protected i.e. the benefits they built up to 31 March 2016 will be protected under the 85 year rule.</p> <p>Those existing members at 30 September 2006 who will be 60 or over and meet the 85 year rule between 1 April 2016 and 31 March 2020 will have full 85 year rule protection to 31 March 2008 and have some 85 year rule protection, on a sliding scale, to 31 March 2020.</p>

Term	Definition
<b>Securities</b>	A general name for financial instruments that can be traded such as shares, stocks and bonds.
<b>Shares</b>	Ownership stakes sold by companies looking to raise money. Shares give the holders an interest in the company and a right to share in the profits.
<b>State Pension Age</b>	<p>This is the age people normally start getting the basic state pension. From November 2018 this was equalised at age 65 for men and women. State pension age is then to increase to age 66 by October 2020, age 67 between 2026 and 2028 and to age 68 between 2044 and 2046.</p> <p>The Pensions Act 2014 provides for a regular review of the State Pension Age, at least once every five years.</p>
<b>Stock Selection</b>	The process of selecting which individual shares and bonds to buy and sell.
<b>Strain on Fund</b>	Pension strain costs (often also called capital costs) occur when there is a clear shortfall in the assumed level of funding needed to provide a particular pension benefit. Often strain costs arise when a member draws their benefits a lot earlier than expected, or under enhanced terms.
<b>Superannuation</b>	A term used to describe contributions made to a pension scheme, particularly in the public sector.
<b>Transfer Value</b>	The value of an individual's accrued pension rights which may be transferred, subject to conditions, to another pension scheme to provide alternative benefits.

