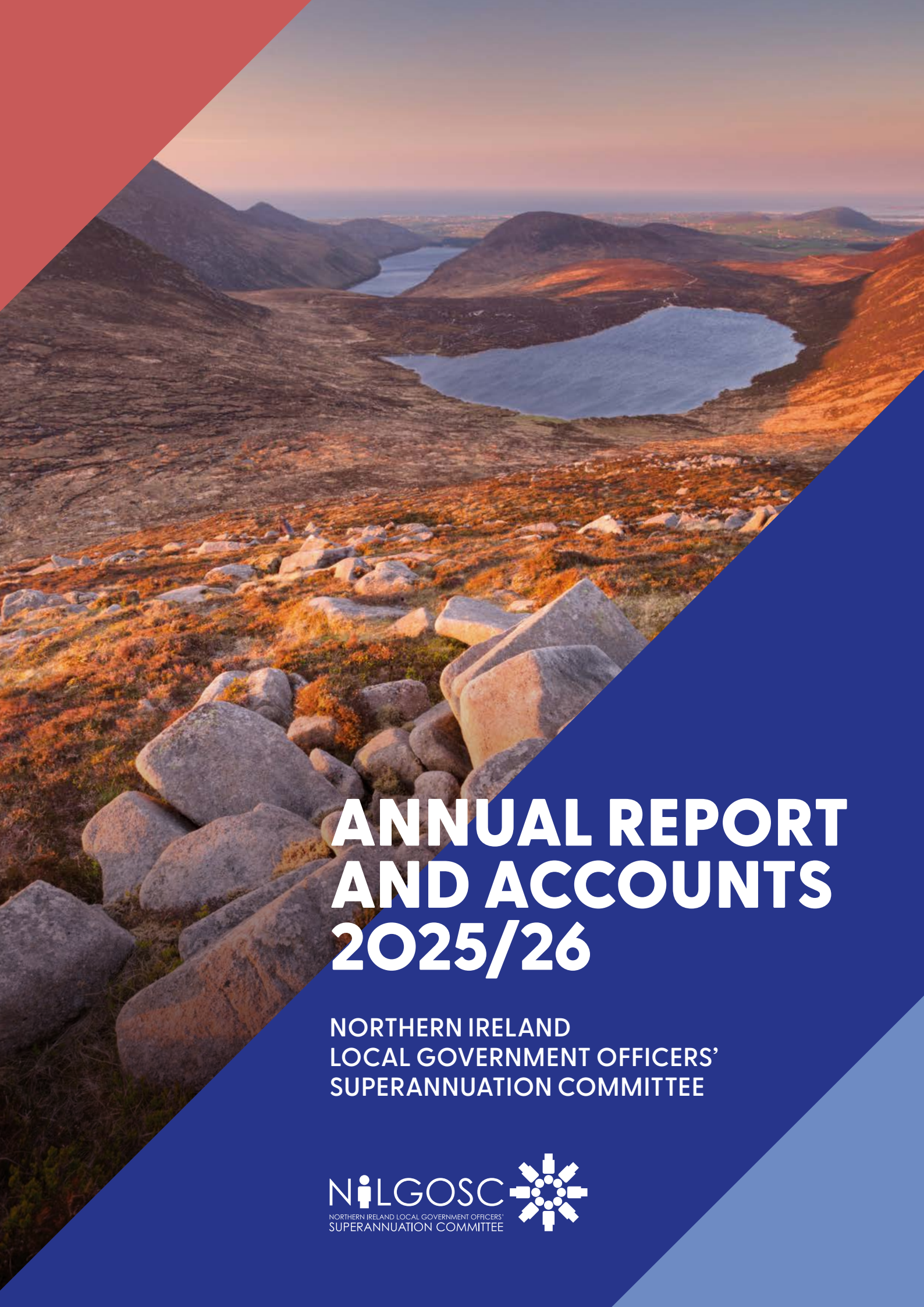


ANNUAL REPORT AND ACCOUNTS 2025/26

NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

NILGOSC
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 **Chief Finance Officer** 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 2026

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

16 September 2026

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01 Foreword

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 2026 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. His 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 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.

EVENTS OCCURRING AFTER THE YEAR END

There have been no significant events since 31 March 2026.

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 2026 NILGOSC paid 897 invoices totalling £23.4m on 10-day terms, of which 101 undisputed invoices were late. 98.8% 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 7.5 working days (2024/25: 7.3 working days).

02

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 2026. It concludes with highlights of NILGOSC's performance from both a Scheme Administration and Investment perspective.

JOINT STATEMENT FROM THE CHAIR AND CHIEF EXECUTIVE

2025/26 was a milestone year for NILGOSC, marking 75 years since its establishment as the pension scheme for local government employees in Northern Ireland. Back in 1950, membership of the pension scheme sat at 1,849 members, while the fund itself was valued at £512,000. Fast forward 75 years and NILGOSC serves over 183,000 members, with a fund valued at close to £12bn. Whilst the pensions landscape has altered considerably over this timeframe, NILGOSC's aim to provide an excellent and sustainable pension scheme remains unchanged, with member service and stakeholder satisfaction firmly at the core of decision making.

From an investment perspective, it was a year of uncertainty and resilience. Despite initial volatility created as a result of an aggressive US tariff policy, financial markets performed well and 2025 was the first calendar year since the pandemic in which all asset classes delivered positive returns. Volatility returned with a bang in the final month of the year as a result of geopolitical tensions in the Middle East.

It was a challenging twelve months from an administration perspective, with the ongoing implementation of McCloud remedy regulations, combined with a significant increase in demand for reassessed pension calculations, impacting on business-as-usual service delivery. Despite these challenges, one noteworthy success was NILGOSC's connection to the UK Pensions Dashboard Programme in October 2025, ahead of the statutory connection deadline.

In what was an important anniversary year for NILGOSC, there have been a number of achievements to celebrate on both the investment and administration front. This statement is our perspective on the performance of the organisation during the year ended 31 March 2026.

Investment Performance

The last twelve months saw financial markets bookended by geopolitical events. Despite headwinds caused by global trade tariffs at the start of the year, equity markets remained largely resilient during 2025, posting double digit returns for the calendar year.

Investor optimism, combined with the encouraging fiscal support actions of central banks, saw all regions deliver strong returns for 2025, with emerging markets the top performing region. US equity markets continued to be driven by the AI race but, despite this, the US equity market lagged its developed market peers in 2025. Geopolitical tensions reappeared in the final quarter of the reporting period with the conflict in Iran and the corresponding jump in oil prices leading to a relatively modest decline in global equity markets.

Global bond markets also performed well in 2025, driven by central bank interest rates cuts and lower inflation. Gilt yields moved lower with the exception of longer dated bonds, suggesting continued caution about the long-term economic outlook. The Fund's UK index linked gilts holding saw volatility in yields throughout 2025, as a result of nervousness over UK government finances and US protectionist policies. Tensions in the Middle East saw global bond market prices fall and yields spike in March 2026 as a result of soaring energy prices and inflation fears.

Global property markets continued their path of gradual recovery in 2025, thanks to improving market fundamentals, moderating inflation and lower interest rates. With returns of 3.9%, contrasts remained in terms of the performance of individual regions, sectors and the quality of individual assets. Closer to home, the UK property market has entered a more stable phase with overall sentiment and transaction volume increasing, yielding returns of 4.7%.

With respect to the financial year ended 31 March 2026, equity and fixed income markets posted returns of 18% and 3.9% respectively, while other assets, such as property and infrastructure showed returns of 4.7% and 3.9% respectively.

The Fund increased in value by £891m during 2025/26, ending the year at £11.8bn. 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 2026, the Fund had outperformed its investment objective of Consumer Price Index (CPI)+3% on a 3-year basis with returns of 7.5% but under-performed on a 5-year basis with returns of 3.86%. 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. It has however been a challenging benchmark in recent times when inflation moved significantly from historical norms and central bank target ranges. It is not possible to invest directly in inflation and therefore asset returns will always be more volatile relative to a CPI benchmark, particularly over shorter market cycles.

An improving fiscal and inflationary environment in recent years has resulted in an improving 3-year picture, with returns moving into positive territory by the end of 2025.

5-year returns continue however to be impacted by 2022's global surge in inflation, which reached highs not seen for over four decades as a result of post-pandemic supply chain disruptions, soaring energy costs and the war in Ukraine.

At an individual fund manager level, NILGOSC monitors performance 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. The search for a new emerging markets equity manager commenced in June 2025 and, following a comprehensive tender exercise, the highest ranked provider was identified towards the end of the calendar year. Due diligence and contractual negotiations remained underway at 31 March 2026, with an anticipated funding timeframe of summer 2026.

Under Scheme regulations, NILGOSC is required to take proper advice on investment matters and, in April 2025, appointed Isio as its investment advisor. Following this appointment, Isio commenced a formal review of the Fund's investment strategy with a view to determining the ongoing suitability of the current asset allocation. Given the intrinsic link between the investment strategy and the overall funding position, considerable time and effort was devoted to the strategy review throughout 2025/26. A revised asset allocation strategy was approved by the Committee in November 2025, which included some evolutionary rather than revolutionary changes. The key changes will be on the fixed income side, with the previous allocation to absolute return bonds being redistributed to existing asset classes together with a new planned allocation to private credit. An implementation plan for the changes is in place and the transition is expected to straddle multiple reporting periods.

The latest triennial valuation of the Fund took place on 31 March 2025, with a publication date of 30 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. It is particularly pleasing to report that the overall funding position has continued on its positive trajectory with an improved funding level of 119%, an increase of 8% since the 2022 valuation. This healthy funding position has allowed the Scheme Actuary to set a lower employer contribution rate of 15.5% for the majority of Scheme employers for the three years ending 31 March 2029.

Further details on NILGOSC's investment strategy and activity are set out in the Performance Analysis - Investment of the Fund section of this annual report starting on page 42.

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 contributor to a range of global investment initiatives with highlights including:

- Signatory to the UN Principles of Responsible Investment, CDP and Climate Action 100+.
- Co-signature to the launch of the Asset Owner Statement on Climate Stewardship, together with a coalition of asset owners totalling over $1.5 trillion. This statement sets out key and consistent climate stewardship expectations, intended to promote constructive dialogue, generate alignment and ultimately raise the bar on climate stewardship across the investment sector.
- Response submitted to the Financial Reporting Council's formal consultation on proposed changes to the UK Stewardship Code.
- Implementation of Pass-through Voting on passively managed equities also held in the actively managed mandates. This service extends NILGOSC's stewardship of its assets and increases alignment of voting decisions across portfolios.
- Submission of the fourth annual Stewardship Code Report for 2024, with subsequent confirmation that NILGOSC has retained its signatory status. NILGOSC's latest report is available to view at nilgosc.org.uk/pension-fund/being-a-responsible-investor/stewardship/
- Response submitted to the Financial Reporting Council's request for input on its draft 2026 UK Stewardship Code Guidance.

As a global investor with a long-term investment horizon, NILGOSC recognises climate risk as a key 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. This 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 continues to voluntarily report on progress via its Climate-related Disclosures Report for the year ended 31 March 2025, which was published in October 2025. The full report is available to view at nilgosc.org.uk/wp-content/uploads/2025/10/Climate-related-Disclosures-Report-2025.pdf.

Scheme Administration

Scheme membership grew by 3.7% during the year, bringing the total number of members to 183,426 at 31 March 2026. Of this total, 47% are actively contributing to the pension scheme, 25% have previously contributed but have not yet reached retirement and the remaining 28% 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 and priority.

Pension scheme administrators across the public sector have faced significant challenges in recent years following substantial scheme changes introduced 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 McCloud remedy regulations effectively removed the old discriminatory underpin and replaced it with a new, expanded underpin. The revised underpin is technically complex and the final regulations increased the scope of those eligible for the remedy, bringing approximately 40,000 members in scope. The retrospective nature of the regulations has meant that any benefits paid or accrued on or after 1 April 2015 must be reviewed and, in some cases, recalculated to reflect the revised rules. Whilst the subsequent data collection and record updating process has now successfully concluded, the ongoing impact on business as usual has now materialised. A layer of additional complexity has been added to routine pension calculations, which in turn has led to an increase in both the volume of work and individual case processing times.

A further administration challenge has emerged in recent years as a consequence of the implementation of backdated pay awards by scheme employers. Northern Ireland public bodies lag behind their GB counterparts when it comes to implementing nationally agreed pay increases, primarily as a result of devolved funding challenges and a requirement to obtain ministerial or departmental approvals. Backdated pay awards have a material impact on pension administration, as any benefits calculated and paid in the intervening period require a full recalculation and adjustment to pensions in payment. These reassessed pension calculations, like all retrospective adjustments, are time consuming and require manual intervention to ensure that arrears and interest due to members are correctly calculated. The matter is further complicated where there has been a significant delay in implementing a pay award and the backdating covers multiple tax years. A backlog of reassessed pensions arose in 2025 as a result of a number of such pay awards and the remedial action plan unfortunately had an impact on frontline service delivery in 2025/26, with a number of key actions falling short of published service standards.

While the majority of service delivery related operational actions remain in line with or ahead of published service standards, performance fell below standard in the case of retirements, quotations and leaver option notifications. Further details on service delivery performance for the year ended 31 March 2026 can be found on page 26.

Despite these challenges, stakeholder satisfaction remains a source of pride for NILGOSC and it is therefore pleasing to report the results of the annual satisfaction survey undertaken in February 2026, which show an overall member satisfaction level with the service provided of 90.3%. Satisfaction levels were also very high for scheme employers, 95.1% of which rated the service provided throughout the year as either Good or Excellent.

One notable achievement on the administration side relates to the roll-out of the UK Government's Pension Dashboard Programme, as NILGOSC successfully connected to the Dashboard ahead of its statutory deadline of 31 October 2025. All schemes now await confirmation from the Secretary of State for Work and Pensions of the "dashboards available point" (DAP), the date on which the public can start using the Dashboard to search for and view their pensions. This national initiative has the potential to be a game changer when it comes to member engagement. 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.

The ongoing project to move scheme employers across to i-Connect continued throughout the year, with 139 employers onboarded and submitting data via the new system at 31 March 2026. 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. This project aims to bring benefits for both NILGOSC and Scheme employers in terms of improved efficiency, data accuracy and information security.

Data security remains a key focus with 2025 seeing a number of high-profile cyber-attacks on major UK companies such as Marks & Spencer, Jaguar Land Rover and the Co-op. According to the National Cyber Security Centre, the UK experiences four 'nationally significant' cyber-attacks every week and so it is reassuring to report that NILGOSC retained its Cyber Essentials Plus accreditation, following a rigorous external assessment in March 2026.

With respect to the corporate plan, it is pleasing to report that NILGOSC delivered 88% of planned activities during 2025/26 and has set out its plans for the year ahead in the Corporate Plan 2026/27-2028/29.

Looking Forward

Given the Scheme administration challenges outlined above, the focus for 2026 will be on eliminating any backlogs and bringing service delivery performance back in line with published service standards for all actions. Opportunities exist to further enhance automation and member self-service functionality, and both areas will be prioritised over the coming year.

In addition to providing a high-quality service, stakeholder satisfaction remains intrinsically linked to effective communication. Maintaining and enhancing stakeholder engagement remains a key priority as the pension scheme evolves and increases in complexity. At a national level, further scheme changes are on the horizon with planned changes to the Normal Minimum Pension Age from 6 April 2028, which will see the earliest age at which an individual can access their pension without incurring a tax charge increase from age 55 to age 57. At a national level, not insignificant changes are being proposed for the Local Government Pension Scheme in England and Wales. Whilst the majority of the proposals 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.

The eventual launch of the Pension Dashboard will be an important milestone in terms of stakeholder engagement. It is expected that any launch campaign will create significant public interest and NILGOSC anticipates an initial spike in demand in terms of managing queries and potential matches. It is hoped that increased awareness will provide an opportunity for NILGOSC to re-engage with its membership, particularly those deferred members who are not currently working in local government or paying into the Scheme.

From an investment perspective, the primary focus will be on the successful implementation of the new investment strategy, agreed in November 2025. Transferring assets between asset classes and managers is a complex and potentially costly process. To address this, a robust transition plan has been agreed which provides for the phased transition of assets over the next 24 months. This plan aims to deliver the revised asset allocation strategy in an efficient, risk-managed and cost-effective manner. The identification and selection of suitable private credit mandates is expected to be the first significant step on this implementation path.



The Minister for Communities, Mr Gordon Lyons MLA, attended a reception to celebrate NILGOSC's 75th birthday along with the Chair, Members and senior staff of NILGOSC at Parliament Buildings.

A number of ongoing projects are carried forward onto the business plan for 2026/27 and beyond; including the continued implementation of i-Connect, promotion of the online member portal, the rollout of a board portal and the implementation of a renewable heating system for Templeton House. The planned job evaluation exercise has experienced a number of external delays over the last two years and finally got underway in early 2026. This organisation-wide exercise is just one of the various levers being pulled to try and address recruitment and retention challenges that have plagued the LGPS sector in recent years. The exercise is expected to conclude in the coming months.

Thanks

In May 2025, the Minister for Communities appointed Richard Baker as an employer representative member of the Committee for a four-year term ending 30 April 2029. This brings the Committee to its full complement and we would like to welcome Richard Baker to his new role, as well as express our thanks to all Committee members for their time and commitment over the past year.

Finally, we would like to take this opportunity to acknowledge the continued hard work and support of the staff and management team whose efforts 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

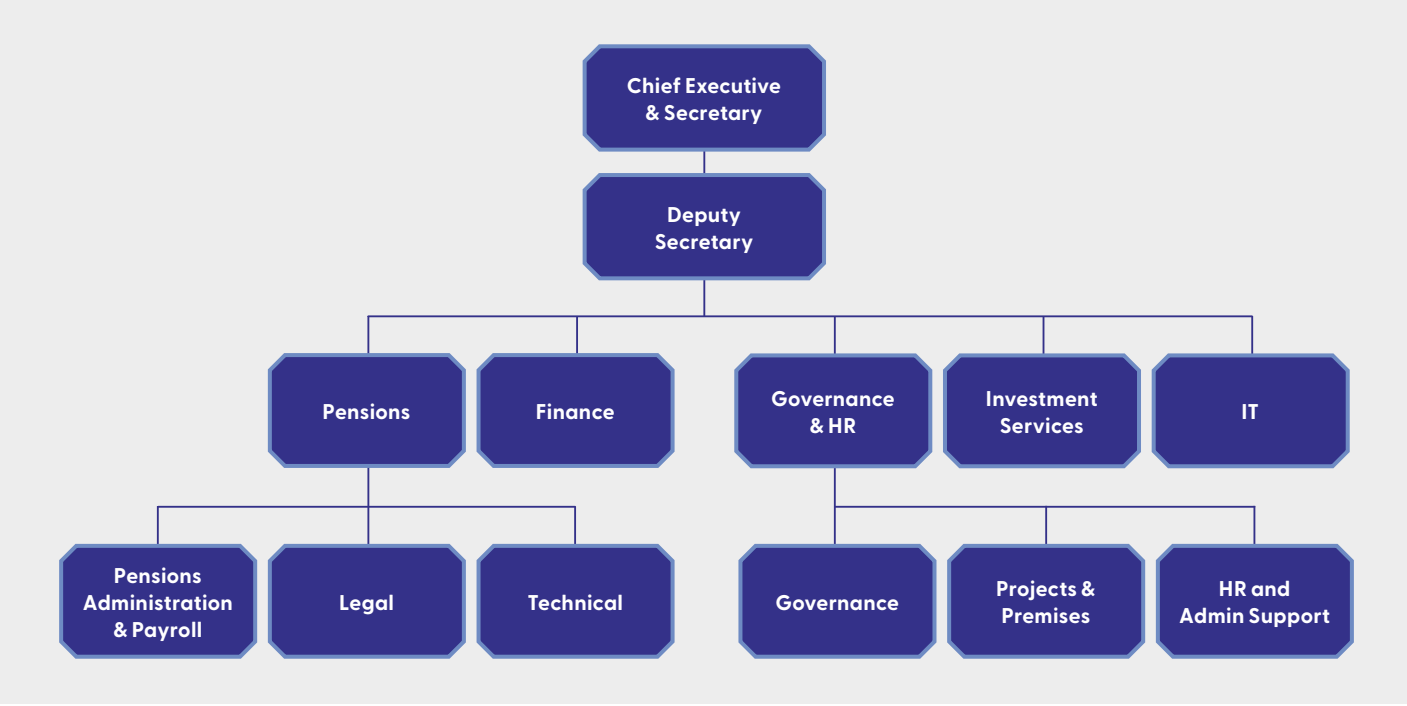
NILGOSC was set up by the Government in April 1950 to operate a pension scheme for the local councils and other similar bodies in Northern Ireland. The pension scheme is known as the Local Government Pension Scheme (Northern Ireland), LGPS (NI) or the 'Scheme', and is a defined benefit scheme, which 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 87 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, effectively and sustainably 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 2025/26, is set out on pages 32 to 65.

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 66 to 79.

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. The time required to train staff in specialist pension and investment areas also remains a key challenge. While attrition rates have fallen over the last 12-18 months and application numbers for administrator roles have risen, significant challenges remain in recruiting for senior, technical and professionally qualified roles. Pay parity challenges with comparable public and private sector employers still exist and continue to impact on recruitment and retention. Payment of a remedial pay proposal in November 2024 went some way towards addressing these pressures for some roles, and it is hoped that an organisation wide job evaluation exercise being undertaken in 2026/27 will further help NILGOSC's ability to recruit and retain a suitably skilled workforce.

The external environment frequently presents significant challenges, as government 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 has placed additional demands on the core administration teams over the last 12-24 months as remedial work is carried out in addition to business-as-usual demands. An additional administration challenge has arisen in the form of several back-dated pay awards within the public sector. Due to a lag in the implementation of nationally agreed pay awards in Northern Ireland, combined with a requirement for Ministerial approval, back dated pay awards often cover multiple tax years. Any pensions in payment affected by backdated pay awards require reassessment and adjustment and, like all retrospective recalculations, are time and labour intensive. A high volume of back dated pay awards in recent years has impacted on service standard performance in 2025/26 and will continue to impact on service delivery until the current backlog is addressed.

Looking ahead, a period of legislative change is on the pensions horizon, with consultations pending in Northern Ireland on the Normal Minimum Pension Age increase, and potential changes from Access and Fairness and Access and Protections proposals. Alongside the increased role for administrating authorities within inheritance tax from April 2027, there will be a sustained period of transition which will require careful project management and communication with members and employers.

Poor data quality remains a key risk to the achievement of NILGOSC's corporate aims and objectives and in 2025/26 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 2026, 139 out of 168 Employers had been onboarded and were actively using the system.

This data quality initiative will further assist NILGOSC in preparing for the roll-out of the UK Government's Pension Dashboard Programme, a UK wide initiative designed to enable individuals to access a single source for all their pensions information online to support better retirement planning. NILGOSC successfully connected to the Dashboard ahead of its statutory deadline of 31 October 2025 and awaits confirmation of the date on which the Dashboard will be made available to the general public. Once live, it is expected that any launch campaign will create significant public interest and NILGOSC anticipates an initial spike in demand in terms of managing queries and potential matches. The launch of the Dashboard will bring additional legislative requirements and response timeframes, including a renewed focus on data accuracy.

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 as well as pursuing the recovery of monies from prior year NFI exercises. An update in relation to the NFI exercise is provided in the Performance Report on page 23.

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 2026 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. Cyber security awareness training was also delivered during the year to further strengthen organisational resilience. 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 2025/26, 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 because of future redundancies or voluntary exit schemes.

Public sector financial constraint also creates uncertainty for many scheme employers over future funding streams and the ongoing ability to meet pension liabilities as they fall due. The results of the 2025 triennial actuarial valuation reported an overall Fund surplus of 119%, an increase of 8% since the 2022 valuation, which has allowed the Scheme Actuary to set a lower contribution rate of 15.5% for the majority of employers for the next three years. Whilst the 3.5% drop in contribution rate was welcomed by scheme employers, this sits alongside rising pay bills and static or in many cases shrinking budgets. The assessment of employer financial strength remains a key risk mitigation tool against employer default and NILGOSC undertook a thorough employer covenant assessment as part of the 2025 valuation exercise, with interim assessments planned for the intervening years until the 2028 exercise.

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. In addressing its strategic theme of long-term financial sustainability, NILGOSC undertook a formal Investment Strategy review during 2025/26, which set the strategic asset allocation for the years ahead. The focus of this review was on the continued delivery of stable, risk adjusted returns across a well-diversified global investment portfolio.

While the Fund continued to grow in absolute terms, the Fund only partially met its investment target of CPI +3% per annum measured on a rolling 3- and 5-year basis, with performance 1.5% ahead of the target on a 3-year basis, but 4.4% behind the target on a 5-year basis. This below target 5-year performance has arisen due to high inflation and market volatility over the longer measurement period, but an improving fiscal and inflationary environment in more recent years has resulted in improved returns which met the performance objective over the 3-year period to 31 March 2026.

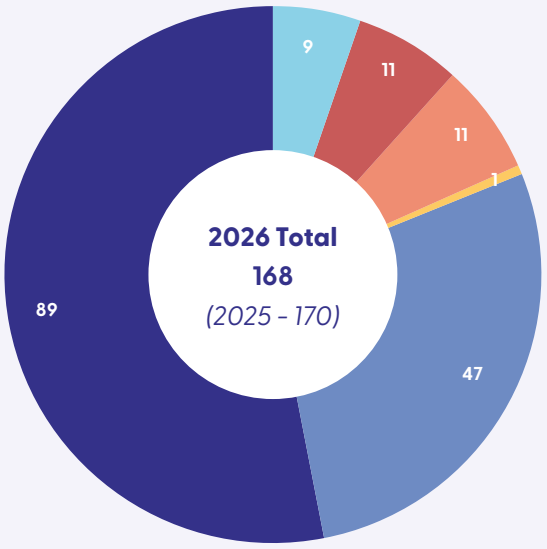
CPI has been selected as a benchmark as it offers an absolute measure reflecting the relative value of money in the real world, which is essential when the goal is ultimately to pay inflation linked pensions into the future. It is however less meaningful over shorter periods, particularly when inflation moves significantly from historical averages and central bank target ranges as seen in recent years. Whilst 5-year 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 42.

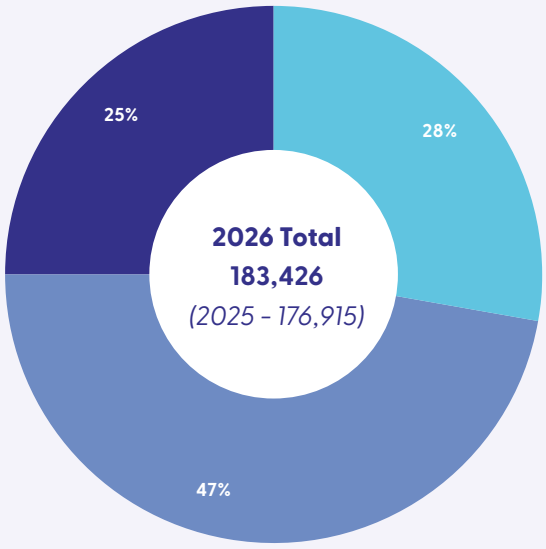
SUMMARY OF PERFORMANCE

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 32 to 65 in the Performance Analysis section of the Annual Report.

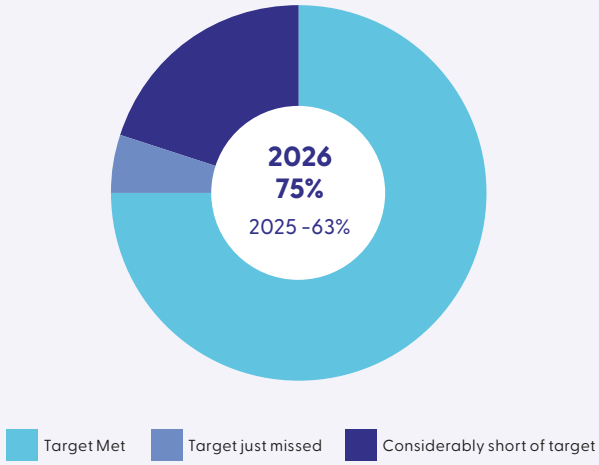
Employing Authorities -2



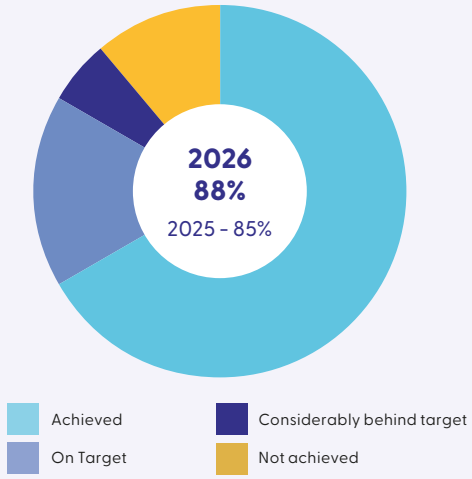
Scheme Membership +3.7%



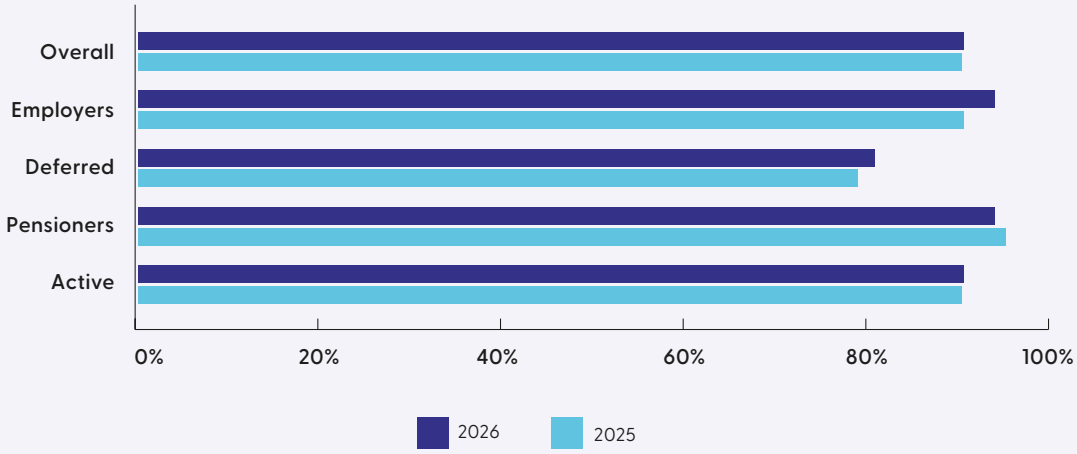
Service Delivery Performance



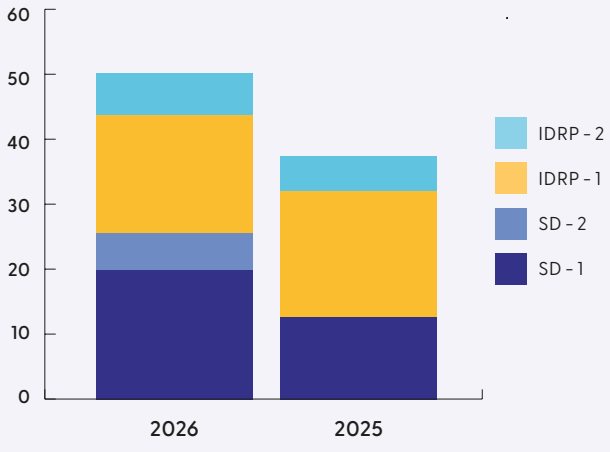
Corporate Plan Delivery



Stakeholder Satisfaction



Complaints

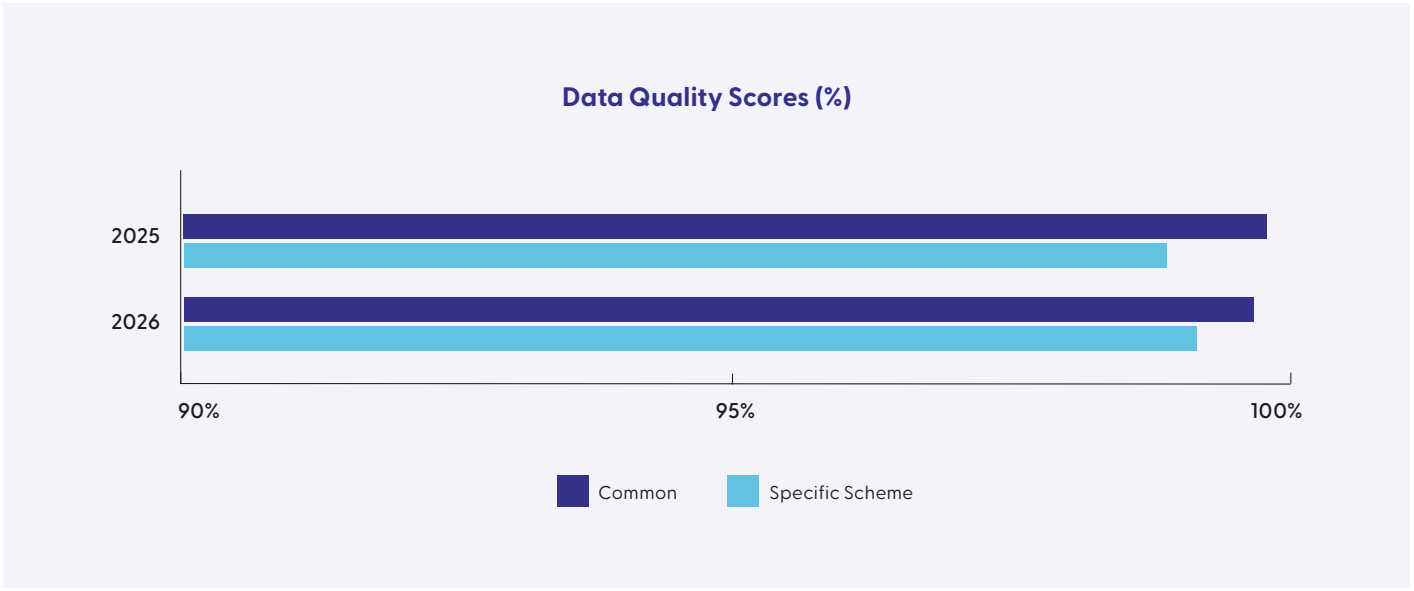


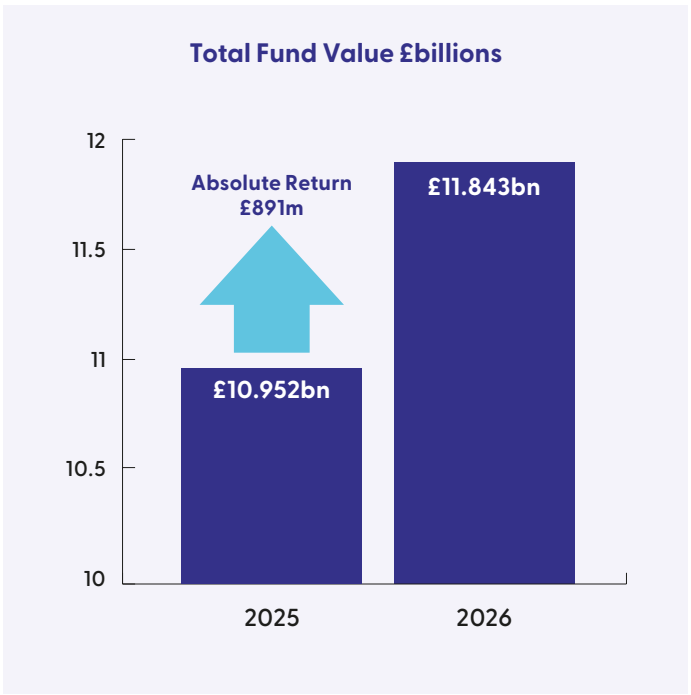
Cost per member

£40.14

(2025 - £38.32)

	Three Years % p.a.	Five Years % p.a.
Return of Fund	7.50	3.86
CPI + 3.0%	6.03	8.28







Investment Performance 2025/2026	
Global Equities	Equity markets experienced strong positive returns through 2025 before facing increased volatility in the first quarter of 2026. As volatility increased in Q1 2026, the market shifted towards value-oriented and commodity-linked sectors. The Fund's equity mandates delivered mixed relative performance over the period, with all three active equity managers failing to meet their target. Most notably, the Baillie Gifford Global Equity mandate significantly underperformed the wider market reflecting its growth-focused exposure. By contrast the LGIM passive equity mandates delivered strong absolute performance, meeting their performance objectives, and outperforming their respective indices. In particular, the LGIM Emerging Markets Equity mandate outperformed its benchmark, supported by strong performance across Asia.
Global Fixed Income	UK fixed income markets were subject to considerable volatility, with shifting interest rate expectations, fiscal considerations and geopolitical influences. The Fund's UK gilt exposures reflected these market dynamics, with valuations fluctuating in line with changes in real yields and inflation expectations. The global fixed income market benefited from easing inflation and rate-cutting cycles across major economies. Market conditions became more challenging in early 2026, with bond markets reacting to higher energy prices and renewed inflation concerns. The Fund's absolute return bond and multi-asset credit strategies provided diversification benefits over the period, although performance was mixed in the latter part of the year. Although all four active fixed income managers (T. Rowe Price and RLAM in absolute return bonds, PIMCO and BlueBay in multi-asset credit) delivered positive absolute returns in the region of 5–8%, none met their targets.
UK Property	The UK property market showed signs of stabilisation and recovery over the year to 31 March 2026. Falling inflation and improved debt availability during 2025 supported an increase in transaction activity, and income returns remained robust across most property sectors. The two La Salle UK property mandates outperformed their targets, driven by a number of significant asset management decisions in the year. The M&G Residential Property mandate underperformed against target, reflecting ongoing valuation pressure within the residential sector.
Global Property	Global property markets reflected varying regional and sectoral dynamics. Global property mandates managed by CBRE and Partners Group underperformed towards the end of 2025, as capital investments continued to be shaped by geopolitical uncertainty and sector specific pricing. Partners Group was appointed in December 2023, and is still in the early stages of capital drawdown with approximately 24% drawn down and invested.
Infrastructure	NILGOSC continued to implement its plan to reduce its allocation to equities and increase its investment in a range of infrastructure funds. Infrastructure markets remained comparatively resilient over the 12 month period, supported by regulated or contracted revenues, stable cashflows and long-term structural demand. Easing inflation and falling interest rates in 2025 supported valuations. In early 2026, rising interest rates and higher energy prices renewed valuation pressure. Continued investment in energy transition assets, digital infrastructure and transport supported the longer-term outlook for the sector.

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 71-79. 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 developments 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 1/49th 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 1/60th 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 1/80th (pension) and 3/80ths (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 2024 was 1.7% and this was applied to the actual pensionable pay ranges for 2025/26.

The rates effective from 1 April 2025 were as follows:

Actual Pensionable Pay Range	Employee Contribution Rate
£0 - £18,300	5.5%
£18,301 - £28,100	5.8%
£28,101 - £47,000	6.5%
£47,001 - £57,200	6.8%
£57,201 - £113,500	8.5%
More than £113,500	10.5%

Employers' contribution rates are determined by the Scheme's Actuary every three years. The employer contribution rate for the year ended 31 March 2026 was 19% for the majority of employers. The most recent valuation took place as at 31 March 2025 and set the employers' contribution rates for the period from 1 April 2026 to 31 March 2029. 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 15.5% for the three years commencing 1 April 2026.

Year	Employer Contribution Rate
1 April 2026 – 31 March 2027	15.5%
1 April 2027 – 31 March 2028	15.5%
1 April 2028 – 31 March 2029	15.5%

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 2028.

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 2025/26 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.

Scheme Membership

The number of active, deferred and pensioner members of the Scheme continued to grow during 2025/26.

Members

Membership of the Scheme increased during the year to 183,426 members. At 31 March 2026, the Scheme consisted of 87,354 contributing members, 50,769 pensioners and 39,083 deferred members plus 6,220 members with a miscellaneous classification.

Employing Authorities

At 31 March 2026, there were 168 employing authorities contributing to the Scheme. These employing authorities were composed of 11 councils, 1 Education Authority, 1 Library Authority, 47 associated bodies, 89 schools, 9 further and higher education colleges and universities and 10 employers with restricted membership (closed to new members). A full list of these organisations can be found on pages 137 to 139.

Connswater Homes Limited merged with Choice Housing Ireland Limited and all liabilities and active members transferred on 30 April 2025. Apleona Ireland Limited became an inactive employer on 31 January 2026 as their last remaining active member retired.

Revaluation of CARE Benefits

The Public Service Pensions Revaluation Order (Northern Ireland) 2025 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 1.7% was applied on 6 April 2025 to CARE benefits built up in the LGPS (NI) to 31 March 2025.

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) 2025, operational from 7 April 2025, increased pensions which had been in payment for more than a year (commenced before 23 April 2024) by 1.7%. A proportionate increase applied to any pensions beginning from 23 April 2024 but before 22 March 2025.

The Guaranteed Minimum Pensions Increase Order (Northern Ireland) 2025 increased GMPs by 1.7% from 6 April 2025.

Triennial Valuation as at 31 March 2025

The last triennial valuation was carried out as at 31 March 2025 and set out the employers' contribution rates for a three-year period from 1 April 2026 to 31 March 2029.

The overall funding level was 119% with a surplus of £1,782.4m 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 17.1%. 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 115%) over a recovery period of 20 years. The past service rate was set by the actuary at -1.5% giving a total employer contribution rate, as percentage of pay, of 15.6%.

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 15.5% 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 2028. The results of this will be finalised by 31 March 2029. This will be used to set employers' contribution rates from 1 April 2029 to 31 March 2032.

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 gradually rising from 66 to 67 between 6 April 2026 and April 2028, 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 6 April 1977. A new independent review is underway to assess whether the timetabled 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.

Guidance published on 25 March 2024 gave NILGOSC a revised "Connect by" date of 31 October 2025. NILGOSC connected successfully to the digital infrastructure on 3 October 2025 and is currently supporting user testing requests. Pensions Dashboards are due to be launched to the public in 2027/28. The launch date is yet to be announced by the government and will have a six-month lead in time.

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 of £19.8k were identified with £16.4k recovered to date. NILGOSC is also actively pursuing recovery of the £10k overpayment identified in the 2022/23 exercise, which was confirmed as a 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 progress it has made in the delivery of its Section 75 statutory duties. NILGOSC Annual Equality Statement is set out on page 133 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 practice 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 42.

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/2023/03/Anti-Bribery-Policy-August-2025.pdf

Environmental Matters and Sustainability Targets

As a large pension scheme with global reach, NILGOSC's environmental footprint relates fundamentally to the investment fund of approximately £12 billion, and sustainability activities and reporting are undertaken in line with pension scheme best practice. The Ministry of Housing, Communities and Local Government (MHCLG) has previously consulted on plans to require the Local Government Pension Schemes (LGPS) to report in line with the Task Force on Climate-related Financial Disclosures (TCFD) requirements. Whilst the sector awaits final regulations on reporting, NILGOSC in common with its LGPS peers continues to report in line with the requirements for occupational pension schemes.

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. 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 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 has 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 2oC 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 fifth TCFD-aligned Climate-related Disclosures report (for the year ended 31 March 2025) in October 2025.

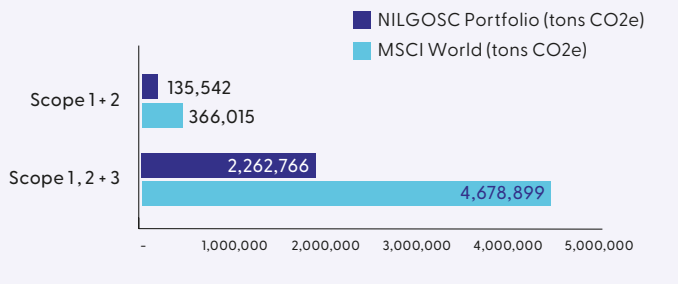
nilgosc.org.uk/wp-content/uploads/2025/10/Climate-related-Disclosures-Report-2025.pdf

This is a comprehensive report which is structured under the following four sections in line with industry standard: Governance (including NILGOSC's oversight of climate-related risks and opportunities); Strategy (including identified risks and resilience); Risk Management (including how NILGOSC identifies, assesses and manages climate risks); and Metrics and Targets (including pension scheme specific emission metrics for the NILGOSC investment portfolio).

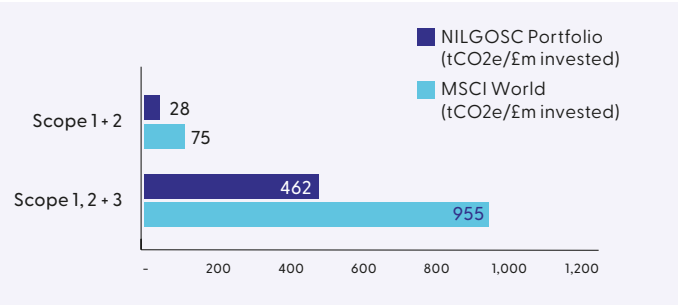
In line with TCFD recommendations, the following metric calculations are disclosed annually by NILGOSC in its TCFD report:

Absolute emissions metric	Emissions intensity metrics	Portfolio alignment metric
Total GHG emissions (tCO2e)	Carbon Footprint (tCO2e/£m invested)	Data quality (%)
	Weighted Average Carbon Intensity (tCO2e/£m revenue)	

Total GHG emissions for the NILGOSC portfolio (tCO2e) at 31 March 2025

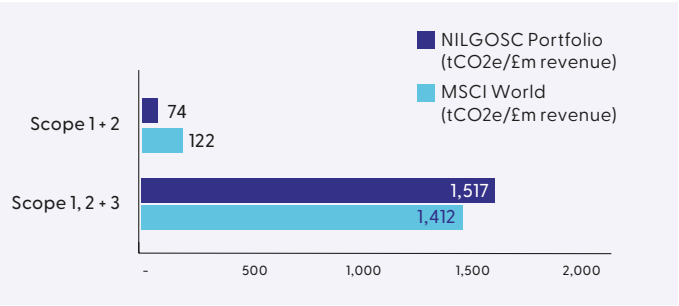


Total Carbon Footprint (tons CO2e/£m invested)

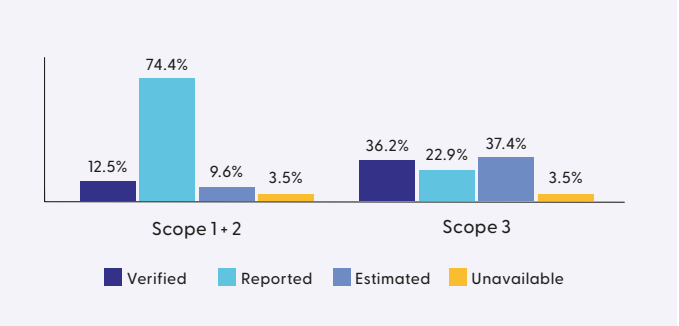


Weighted Average Carbon Intensity (WACI) is a popular measure of a portfolio's exposure to carbon-intensive companies, expressed in 'tons CO2e/£m revenue'. WACI is indicative of a portfolio's exposure to potential carbon-related market and regulatory risks since companies with a higher carbon intensity are more likely to face increased exposure to potential climate change-related risks relative to other portfolios.

Total WACI (tons CO2e/£m revenue)



Data Quality of NILGOSC's part-portfolio (%)





In March 2026 the Department of Finance issued Sustainability Reporting Guidance for Northern Ireland Civil Service Departments, which sets out a template report for sustainability reporting aligning with the existing TCFD framework and focusing on corporate departmental emissions including energy consumption, travel, waste and office supplies. Whilst suitable for the majority of government office-based activities, the template is not suitable for a global investment fund such as NILGOSC, whose emissions metrics are intrinsically linked to its investment activities. As noted above, the LGPS sector is awaiting regulations that will require it to report specific emission metrics appropriate for pension funds. In the interim, NILGOSC already produces an annual TCFD report in line with requirements for occupational pension schemes, addressing the four pillars of Governance, Strategy, Risk Management and Metrics and Targets. This includes further information on the appropriate emission metrics for pension schemes as summarised above. As NILGOSC's corporate emissions are negligible relative to those associated with the investment portfolio, NILGOSC has not historically collated or included this data in its TCFD reporting.
To align with the spirit of the Department of Finance's guidance, NILGOSC intends to start collecting corporate level emissions data around energy use, travel, waste and office supplies for 2026/27 onwards and will report this data in subsequent annual reports once available.

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.

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 www.tsoshop.co.uk/. The Regulations are also available online at 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 2026, 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 2025/2026:

Task	Standard (working days)	Target Performance %	2025/26 Actual Performance %
Lump sum retirement payments	10 days	90%	61%
Death grant payments	10 days	90%	99%
Leaver options notifications	20 days	90%	63%
Refund payments	10 days	95%	99%
Refund quotations	10 days	90%	92%
Transfer out quotations	20 days	90%	93%
Transfer out payments	10 days	90%	94%
Transfer in quotations	10 days	90%	97%
Transfer in confirmations	20 days	90%	91%
New entrant certificates	20 days	95%	100%
Correspondence	10 days	95%	98%
Benefit quotation requests	10 days	90%	75%
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%	99%
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 2025/26 year saw various challenges for the pension administration teams and this is reflected in performance falling short of service standards in four areas. Service delivery was in line with or exceeded target for the remaining 12 standards (2024/25: 10/16 targets met).

Three activities fell considerably short of target: the provision of leaver option notifications (63%), retirement payments (61%); and the provision of benefit quotations (75%). Sustained high work volumes and a significant increase in backdated pay awards resulting in the need to reassess pensions in payment were the primary contributors to the failure to meet these service standards. The remaining activity was within 1% of service 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 in September 2027. By 31 March 2026, 139 employers had been onboarded and were actively using the system. Feedback on the system and the transition experience has been positive with 79% of employers rating it 'Good' or 'Excellent' in the latest stakeholder satisfaction survey. 96% of employers rated the post-onboarding support as 'Good' or 'Excellent' and 70% of employers thought i-Connect made their pension related administrative duties easier.

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, manage their beneficiaries, 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 website www.nilgosc.org.uk. In the year to 31 March 2026 the website had around 346,841 users, 365,949 individual sessions and over 347,626 page views.

Communication and member engagement remains a strategic priority for NILGOSC, and it continues to monitor member satisfaction and behaviour. As at March 2026, nearly 37,000 members had registered for My NILGOSC Pension Online and this, together with website activity, indicates a clear demand for information being available online. In the 2025/26 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.



Satisfaction Survey

A Stakeholder Satisfaction Survey for the year 2025/26 was carried out in February 2026. Surveys were drawn up for members, deferred members and pensioners, relevant to the service they receive from NILGOSC. Approximately 3,790 surveys were sent to the three member groups, and the response rate averaged at 16%. In addition, online surveys were also sent to 170 employing authorities. A total of 77 employers responded to the survey, a response rate of 45%.

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 81% for deferred members, 91% for active members and 94% of pensioners. 95% of employers indicated a satisfaction rating of 'Good' or 'Excellent'. The aggregate satisfaction rate across all stakeholder groups was 91% (2024/25: 91%).

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 96% 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 93% and 96% 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 93% 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 94% 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:

- Pension Awareness
- 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 2025/26 year, NILGOSC hosted 26 pension information sessions for members and employers, with a total of 4,470 attendees. The satisfaction survey showed that 47% of employer respondents had attended a NILGOSC seminar in the last year and 99% 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 following table shows administration expenses per Scheme member, together with the ratio of members to staff. In the year ended 31 March 2026, the cost per member, adjusted for inflation, has increased slightly 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.

Year ended 31 March	Total Members	Number of Staff	Members/ Staff	Admin Expenses £'000	Cost/Member £	Inflation adjusted cost £
2017	118,794	78	1,523	4,348	36.60	50.30*
2018	122,587	84	1,459	4,393	35.84	48.05*
2019	129,947	82	1,585	4,699	36.16	47.62*
2020	139,048	77	1,806	4,643	33.39	43.32**
2021	142,492	79	1,804	4,675	32.81	42.27**
2022	149,739	76	1,970	4,745	31.69	38.16**
2023	160,929	80	2,012	5,601	34.81	38.07**
2024	169,490	82	2,067	5,979	35.28	37.39**
2025	176,915	85	2,081	6,563	37.10	38.32**
2026	183,426	87	2,108	7,362	40.14	40.14**

* 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 and 2026 by £68k and £257k, that being the IAS 19 adjustment to current service pension costs. These adjustments are 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 and 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 visiting NILGOSC's office. 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 Review 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 Pension Services team. The person appointed to consider 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 the decisions under both Stage 1 and Stage 2 is four months from receipt of application for review.

Service Delivery Complaints Procedures

NILGOSC has adopted the Northern Ireland Public Service Ombudsman's (NIPSO) Model Complaints Handling Procedures, which were 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 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 resolve complaints, such as MoneyHelper, The Pensions Ombudsman (TPO), and the Northern Ireland Public Services Ombudsman.

Complaints and Reviews received during 2025/26

NILGOSC received a total of 49 complaints for review during the 2025/26. This is an increase from the 37 complaints for reviews received during the 2024/25. Of this total, 24 related to service delivery complaints and 25 were handled under the Internal Dispute Resolution Procedure (IDRP) route, the majority of these (20) related to a request for a review of an ill-health retirement benefit decision.

At the IDRP Stage 1 review, 5 non-ill health related complaints were handled by the Secretary. 1 complaint was not upheld, 2 were upheld and 2 remain outstanding. Out of these, 2 complaints were escalated to Stage 2, 1 was upheld and 1 remains outstanding.

20 Stage 1 ill-health review requests were received during the 2025/26 year. 10 were upheld meaning the initial ill-health decisions were overturned and 9 were not upheld meaning that the initial ill-health decisions remained in place and 1 remains outstanding at the year end. Out of these, 3 complaints progressed to Stage 2, 1 was upheld, meaning the original decision was overturned, and 2 are currently outstanding.



1 ill-health complaint carried over from the previous year progressed to Stage 2. This was upheld meaning the initial decision was overturned.

The average timescale for responding to a Stage 1 IDRP review was 46 days, with 100% of complaints completed within the 4-month deadline. The average timescale for responding to a Stage 2 was 93 days with 86% of complaints completed within the 4-month deadline.

Of the 24 service delivery complaints received, 20 were dealt with at Stage 1 by way of a frontline response. 3 were upheld, 5 not upheld, 3 were partially upheld, 6 were resolved and 3 were still in progress at the year end. The average timescale for responding to a Stage 1 service delivery complaint was 4 working days with 91% of complaints completed within the 5 working day deadline. Two Stage 1 extensions were authorised during 2025/26 due to delays in receiving responses from both the member and solicitor.

Out of the 24 Service Delivery requests, 4 progressed to Stage 2. Two of these were not upheld, 1 was upheld and 1 was resolved. The average timescale for responding to a Stage 2 service delivery complaint was 16 working days with 100% of complaints completed within the 20-working day deadline.

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

A common theme across service delivery complaints was in relation to delays and member expectations around processing times. The provision of clear and proactive communication to help manage member expectations and reduce avoidable enquiries is the primary lesson learned during the last year.

Retirement correspondence has been updated to explain that continuing AVC contributions up to retirement may delay benefit finalisation. A similar message was conveyed though annual member newsletters to help improve transparency and limit complaints. A similar approach was taken for deferred members, with standard letters updated to better manage expectations around payment timeframes.

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

Review of Corporate Plan 2025/26

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. 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 2026.

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 2026	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	593,031 pension payments paid 100% paid within target	**Achieved**
	1.1.2 To pay pension lump sums promptly and accurately	Within 10 working days of the receipt of the relevant details	3,437 pension lump sums paid 61% within target Average time taken: 10 days	**Significantly Behind Target**
	1.1.3 To pay refunds of contributions promptly and accurately	Within 10 working days of receiving a valid application	3,561 refunds paid 99% within target Average time taken: 5 days	**Achieved**
	1.1.4 To pay transfer payments promptly and accurately	Pay the cash equivalent within 10 working days of receipt of required information	98 transfer outs paid 94% within target Average time taken: 9 days	**Achieved**
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	Employer and Employee contributions receipts and records up-to-date with breach and credit control policies applied as required	**Achieved**
	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	41/41 returns posted by 31 July 2025	**Achieved**
	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	294 transfer in confirmations provided 91% within target Average time taken: 17 days	**Achieved**
	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	**Achieved**
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	10,456 items of correspondence 98% within target Average time taken: 2 days	**Achieved**
	1.3.2 To provide members leaving the scheme with option choices	Provide a statement of benefit options within 20 working days of notification	4,180 early leaver notifications provided 63% within target Average time taken: 32 days	**Significantly Behind Target**
	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	5,494 quotations provided 92% within target Average time taken: 7 days	**Achieved**
	1.3.4 To provide members with benefit quotations on request	Benefit quotations issued within 10 working days	1,646 quotations provided 75% within target Average time taken: 9 days	**Moderately Behind Target**
	1.3.5 To provide members and deferred members with benefit statements	Benefit statements issued within 5 months of year end	99.1% of deferred and active statements issued ahead of 31 August 2025	**Substantially Achieved**
	1.3.6 To provide members with annual allowance statements as applicable	Statements issued by 6 October	Total of 55 Pension Saving Statements issued to members by 3 October 2025	**Achieved**
	1.3.7 To provide an estimate of a CETV	Within 20 working days of receipt of relevant details	857 transfer out quotations provided 93% within target Average time taken: 14 days	**Achieved**

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2026	Status
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	138 dependants' pensions paid 89% within target Average time taken: 11 days	**Achieved**
	1.4.2 To pay death grants promptly	Within 10 working days of receipt of relevant proof of title	1,347 death grants paid 99% within target Average time taken: 2 days	**Achieved**
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	There were no regulation changes this year	**Achieved**
	1.5.2 To train relevant staff on any regulation changes	Relevant staff trained on new regulations within 3 months of regulations made	There were no regulation changes this year	**Achieved**
	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	There were no regulation changes this year	**Achieved**
	1.5.4 To implement benefit changes and record amendments arising from McCloud.	To complete necessary changes in line with legislative timescales	Approximately 41k records are potentially eligible for the McCloud Remedy. 38.3k records have been checked and have had any provisional or final underpin calculated where applicable. Work continues on retrospective cases involving divorce and transfers	**On Target**
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	In the 2025/26 year there have been 32 SARs & 20 FOIs received. All requests have been responded to within the relevant timeframe	**Achieved**
	1.6.2 To implement the Retention and Disposal Schedule	To complete full implementation for electronic records by December 2026	Work is ongoing to identify and dispose of records which are outside their retention timeframes	**On Target**
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 2025	Missing addresses increased 4% during 2025/26, increasing from 1,270 to 1,327. A third-party address tracing provider was procured and appointed prior to the year end	**Not Achieved**
	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 consistently high: Common data score 99.3% (2024/25: 99.5%) Scheme specific 98.8% (2024/25: 98.5%)	**Achieved**

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 2026	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	The 31 March 2025 actuarial valuation was finalised and published on 30 March 2026	**Achieved**
	2.1.2 To provide necessary information to GAD for cyclical cost cap valuations	Information provided by due date	All queries on data issued to GAD in December 2024 responded to by due date.	**Achieved**
	2.1.3 To ensure employer contribution rates for 2025/26 implemented and deficit recovery contribution streams collected	Collect minimum contributions due under current Rates & Adjustment certificate	All contributions and deficit recovery streams collected as set out in the current Rates and Adjustment certificate	**Achieved**
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 year returns to 31 March 2026 were ahead of the fund target of CPI+3% by 1.47%. 5 year returns to 31 March 2026 were behind the fund target of CPI+3% by -4.42%	**Moderately Behind Target**
	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	Underperformance addressed through the scorecard process and no breaches identified	**Achieved**
	2.2.3 To maximise income from scheme assets	Amount of income earned	Class actions income: £15,634 Stock Lending income: £683,740	**Achieved**
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 March 2026	Strategy review completed in March 2026	**Achieved**
	2.3.2 To monitor quarterly funding updates on an ongoing and low risk basis	Quarterly funding updates provided by Actuary	Valuation as at 31 March 2025 is 119% on an ongoing basis, and 110% on a low risk basis. Quarterly funding updates will resume in 2026 after completion of the actuarial valuation cycle	**Achieved**
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 presented at relevant Management Committee meetings	**Achieved**
	2.4.2 To provide a supplementary report to the Annual Report which includes benchmarking against LGPS peers	Annual report produced by 30 September 2025	Report presented to Committee in August 2025	**Achieved**
	2.4.3 To monitor and report on investment costs using standard industry templates	Annual investment costs report by 31 December 2025	Investment management costs monitored on an on-going basis. Annual cost analysis exercise completed and results presented to Management Committee January 2026, one month behind target	**Substantially Achieved**

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2026	Status
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 2025 to 31 March 2026: · Votes were cast at 206 meetings for 184 companies · 30 engagement letters were issued to European companies · £15,634 recovered through class actions	**Achieved**
	2.5.2 To produce an annual stewardship report	Report produced by 31 May 2025	Stewardship Report for year to 30 June 2024 was submitted to the FRC before 31 May 2025	**Achieved**
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	Climate risk is an inherent part of investment monitoring and reporting throughout the year and was considered in the due diligence of investment opportunities pursued during the year	**Achieved**
	2.6.2 To undertake a carbon intensity analysis of portfolio	Analysis completed by 31 December 2025	TCFD-aligned carbon intensity analysis was undertaken by Global Custodian for the year ended 31 March 2025 and published in October 2025	**Achieved**
	2.6.3 To undertake portfolio scenario analysis	Analysis completed by 31 December 2025	High-level portfolio scenario analysis undertaken by Global Custodian on a biannual basis. TCFD-aligned report published in October 2025	**Achieved**
	2.6.4 To produce an annual Climate-related Disclosures report	Report produced by 31 December 2025	TCFD-aligned climate related disclosures report to 31 March 2025 published on NILGOSC website in October 2025	**Achieved**
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 updated SIP in March 2026 to reflect the new investment strategy. FSS was approved by Management Committee in August 2025	**Achieved**
	2.7.2 To monitor and manage employer covenants in line with Funding Strategy Statement	Interim covenant assessment completed by 31 March 2026	2025/26 Interim Covenant exercise completed, and final report delivered December 2025. Final assessments for 2025 actuarial valuation provided to the actuary in line with the published timetable	**Achieved**
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	Discussions with BBB on the potential for a regional investment opportunity and ongoing collaboration with Lothian Pension Fund throughout 2025/26	**Achieved**
	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: · Signatory to CDP's Non disclosure campaign · Signatory to Asset owner statement on Net Zero Asset Managers initiative	**Achieved**

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

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2026	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 2026 was 87,354, an increase of 8.2% on the March 2023 figure	**Achieved**
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	**Achieved**
	3.2.2 Provide employee and employer seminars	Employee and employer satisfaction rating as measured through annual satisfaction survey	26 seminars/events held in year with 4,470 attendees: · 10 employer events · 16 member events 99.1% of employers rated seminars as 'Good' or 'Excellent' and continuously positive qualitative member feedback has been received	**Achieved**
	3.2.3 To trial an annual employer information and engagement event	Information sessions to be incorporated into the 2025 valuation events and feedback sought via annual employer survey.	Two valuation seminars for employers were held on 8 October 2025 99.1% of employers rated seminars as 'Good' or 'Excellent'	**Achieved**
	3.2.4 To lay the annual report in the NI Assembly	In accordance with date agreed with Department	2024/25 Annual Report & Accounts certified with an unqualified opinion and laid before the NI Assembly 12 September 2025, as agreed with DfC	**Achieved**
	3.2.5 To implement the Communications Strategy	Actions completed in line with target dates	Actions from the 2025/26 workplan carried over to the 2026-2029 Communications Strategy include employer videos and online processing functionality. All other actions were completed within target	**Substantially Achieved**
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	No substantive changes in 2025/26 Employers were informed of annual tax thresholds in Circular 05/2025 issued on 31 March 2025	**Achieved**
	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	19,532 new members processed within 20 days of receipt of information from employer 100% within target	**Achieved**

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 2026	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	No formal amendments to communicate during 2025/26. Response to Draft Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2026 published on website Upcoming changes to Normal Minimum Pension Age highlighted in all scheme booklets and guides	**Achieved**
	4.1.2 To respond to relevant Government consultation exercises	By consultation reply date	Responded to E&W SAB Cost Transparency consultation and LGA reorganisation	**Achieved**
	4.1.3 To respond to parent Department consultation exercises	By consultation reply date	Responded to consultation on the Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2026	**Achieved**
	4.1.4 To contribute to consultee groups eg PLSA, LGPC etc	To have representation on all groups	Representation continued on relevant groups	**Achieved**
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	Briefed Department on investment matters throughout the year as required	**Achieved**
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	NILGOSC has reviewed draft E&W legislation and discussed with Department accordingly	**Achieved**

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 2026	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 the audit provided promptly	**Achieved**
	5.1.2 Review of NILGOSC Internal Controls	Annually by 31 March	Governance Statement included in Annual Report and Accounts laid in September 2025	**Achieved**
	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 2024/25, with matches released in January 2025. Seven overpayments totalling £19.8k were identified, £16.4k recovered and recovery ongoing for the remaining £3.3k. £20.4k remains outstanding from previous exercises and recovery efforts continue	**On Target**
	5.1.4 To test Business Continuity procedures and ensure effective	Annual test of Business Continuity Plan	No major issues or vulnerabilities identified as a result of the 2025/26 BCP testing	**Achieved**
	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 29 April 2025. The Risk Register 2025/26 was approved by the ARAC and Management Committee on 4 and 17 June 2025 respectively. Quarterly reviews of the risk register took place throughout the year	**Achieved**
	5.1.6 To undertake a triennial review of the Organisation's Strategic Objectives	Review undertaken by 31 December 2027	Not due in current reporting period	**On Target**
	5.1.7 To undertake the retendering of goods and services	Tenders completed in line with procurement schedule	All procurement activity conducted in line with 2025/26 schedule and adhering to prevailing Procurement Policy Notes (PPN) and DoF/DfC direction.	**Achieved**
	5.1.8 To utilise relevant procurement frameworks to minimise costs and increase efficiency	Frameworks utilised where they match requirements and meet business needs	Suitable public sector procurement frameworks utilised by NILGOSC to ensure cost and operational efficiency.	**Achieved**
	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 609 hours training however one member did not meet their individual target as a result of a period of absence.	**Substantially Achieved**
	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	All Committee induction training has been completed and is up to date	**Achieved**
	5.1.11 To undertake annual Cyber Essentials Plus assessment	Cyber Essentials Plus certification obtained	NILGOSC continue to adhere to the standards set out in CE+. Recertification of both CE and CE+ was achieved in February and March 2026 respectively. Certification is valid until March 2027.	**Achieved**

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2026	Status
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 6 and Phase 7 complete by Sept 2027.	82% (139 of 168) of employers are submitting data straight through to NILGOSC's pension software Circular 02/2026 issued in January 2026 outlined quarterly onboarding dates to remaining employers, running until 30 September 2027	**Not Achieved**
	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 2026	At 31 March 2026 registration on NILGOSC's new portal, My NILGOSC Pension Online, sat at 33.6% for active and deferred members combined	**Caution**
	5.2.3 To adopt a cloud first strategy as legacy resources reach end of life	Strategy implemented by 2025/26	All legacy resources are actively being replaced as they reach end-of-life with cloud solutions. A hybrid, multi cloud platform is in place	**Achieved**
	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 31 March 2027	The last exercise was completed in March 2025. The next reconnection letter exercise for deferred members who are not registered for My NILGOSC Pension Online will take place in March 2027	**Achieved**
	5.2.5 To implement TME (now Engage) as the new online member portal	Road map in place by 31 March 2026	The Technology Roadmap has been developed and published internally. The goals and milestones within the roadmap are being kept under review	**Achieved**
	5.2.6 To facilitate the exchange of data with the pension dashboard	To connect to the dashboard by 31 October 2025	Connection to the Pensions Dashboard Programme's infrastructure was completed in October 2025 ahead of target	**Achieved**
	5.2.7 To identify, source and implement a new recruitment system	System implemented by September 2025	The G-Cloud framework was used to identify and source a new recruitment system which was ready for initial use by 31 March 2026. The system functionality will be further developed during 2026/27	**Not Achieved**
	5.2.8 To identify, source and implement a board portal	Portal operational by 30 June 2025	Portal operational by June 2025 with 12-month trial agreed prior to board roll-out	**On Target**
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	**Achieved**
	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	**Achieved**
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 completed approximately 1,237 hours of training in the 12 months to 31 March 2026	**Achieved**

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2026	Status
5.4 To ensure NILGOSC attracts and retains well trained personnel	5.4.2 To utilise e-learning packages for mandatory corporate training, where appropriate	All staff have successfully completed e-learning modules issued	e-learning completion stands at 100% across all mandatory modules - D&I, GDPR, Anti-Fraud Awareness and Disability Awareness, covering all staff and new joiners	**Achieved**
	5.4.3 To undertake a review of the staff structure and capacity	Review completed by 31 March 2026	Structure review deferred six months to facilitate planned transition of responsibility to Chief Pensions Officer and completion of the investment strategy review	**Behind Target**
	5.4.4 To monitor staff retention and address any issues identified	Staff turnover level maintained below 20%.	Rolling 12-month turnover is 14% at 31 March 2026	**Achieved**
	5.4.5 To undertake a biennial staff satisfaction survey and address any issues identified	Staff survey completed by 31 March 2027	Not due in current reporting period	**On Target**
	5.4.6 To launch the new wellbeing programme for 2024/25	Wellbeing programme delivered during the year ended 31 March 2026	The Wellbeing Programme for the year to 31 March 2026 was delivered in full. 10 wellbeing initiatives were delivered, four wellness volunteers were identified to support the programme and an internal wellbeing chat platform established	**Achieved**
	5.4.7 To undertake a job evaluation exercise	Exercise concluded by 30 September 2025	Procurement of a provider was managed by CPD and the process experienced considerable delays. A provider was appointed in November 2025 and the exercise is underway with expected completion in summer 2026	**Not Achieved**
	5.4.8 To develop a People Strategy	Strategy in place by 31 March 2026	Strategy drafted by 31 March 2026 with review ongoing	**Moderately Behind Target**
	5.4.9 To recognise NILGOSC's 75th anniversary	Programme of events and communications delivered in year to 31 March 2026	Anniversary noted in member newsletters, on website, banner at reception and celebratory events held for staff and Committee in September 2025	**Achieved**
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 December 2029	The office refurbishment is underway; phase two bathroom refurbishment and phase one of the heating system are complete. The planning for the full office space refurbishment will take place in 2028/29	**On Target**
	5.5.2 To implement a renewable heating system	Heating system in place by 31 March 2026	The heating system is being installed in two phases. Phase 1 is complete however Phase 2 has been delayed until 2027 as CPD does not have the resources to support the project	**Not Achieved**
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 during the year. 2024/25 survey indicated a cohesive committee	**Achieved**
	5.6.2 To undertake an external Board effectiveness review	Review completed by 31 March 2028	Latest external Board Effectiveness review completed in 2025 with report presented to the Management Committee in January 2026	**Achieved**

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

Business Objective	Operational Action	Performance Indicator	Progress at 31 March 2026	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 in the year 2025/26	**Achieved**
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 current reporting period	**On Target**
	6.2.2 To record annual recruitment monitoring information	Report submitted by 1 May each year	Annual monitoring report was prepared and submitted to ECNI on 28 March 2025	**Achieved**
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	Action plan was extended for one year ending in March 2026. All planned actions completed	**Achieved**
	6.3.2 To submit s75 Annual Progress Report to include publication of EQIA monitoring information	Submission to Equality Commission by 31 August 2025	Report submitted to ECNI ahead of deadline	**Achieved**
	6.3.3 To publicise Equality Scheme in routine publications	Equality Scheme publicised in Annual Report, Members' News, Deferred Members' News and Pensioners' News	Scheme publicised in newsletters for each member cohort and in Annual Report	**Achieved**

Status Key	
Achieved	Target Met
Substantially Achieved / On Target	Substantially Achieved (>90%) or Progress in line with Plan
Moderately Behind Target / Caution	Moderately Behind Target (between 75% and 90%)
Behind Target / Not Achievable	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 2026 is included on pages 130 to 131.

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

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 2025 assumes a prudent investment return of 4.7% for the main group of employers, which is equivalent to CPI+2.1%. 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, and was considered and reaffirmed as a suitable objective in November 2025 as part of the 2025/26 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 most recent formal strategic investment review 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 recommenced during 2025/26, with the required advice being taken from Isio.

The 2025/26 review of NILGOSC's Investment strategy concluded in March 2026 and culminated in modifications to the target asset allocations, but retaining the CPI+3% investment objective. The review was informed by the strong funding position, alongside advice from the Investment Advisor and Scheme Actuary on future capital market and demographic expectations. NILGOSC is a long-term investor and makes long term strategic decisions, rather than short-term tactical decisions. Therefore, the focus of the 2025/26 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 CPI+3% investment objective adopted in 2021/22 remained appropriate and achievable, but that this target can now be achieved with a more efficient, lower risk strategy. The modifications to the target asset allocations will provide evolution rather than a change in direction from the Fund's previous strategy, that continue to drive returns while further diversifying the strategy and reducing risk from the current position in the form of increased inflation-linkage and increased exposure to cash-flow driven assets. It targets an improved risk-adjusted return relative to the current position, factoring in the current market dynamics, which have changed materially since the previous strategy was set.

The new asset allocations, effective from 1 April 2026, are set out in the following table

Asset Class	Mandate	Strategic Allocation until 31 March 2026	Strategic Allocation from 1 April 2026
Equities	Global Equities	31.5%	31.5%
	Emerging Market Equities	2.5%	2.5%
Fixed Income	Index Linked Gilts	14.5%	17.5%
	Multi Asset Credit	14.5%	16.5%
	Absolute Return Bonds	14.5%	0.0%
	Private Credit	0.0%	5.0%
Real Assets	Global Property	6.0%	6.0%
	Residential Property	1.5%	2.0%
	UK Property	4.0%	4.0%
	UK Index-Linked Property	3.5%	5.0%
	Infrastructure	7.5%	10.0%

The 2025/26 review maintains a 34% allocation to equity, however, changes are required to recentre the style of the Fund's equity portfolio and achieve a more suitable style balance. This will include termination of the low volatility equity strategy and appointment of an equity manager with a more flexible style.

The most notable changes to asset allocation are within fixed income. The Committee decided to remove the 14.5% allocation to absolute return bonds (ARB) and introduce a 5% allocation to private credit, as well as introduce small increases to the multi asset credit (MAC) and index linked gilts (ILG) allocations. Collectively, the purpose of these changes is to increase inflation protection and improve risk adjusted returns.

Within real assets, allocations to residential property, UK index-linked property and infrastructure have all been increased to provide enhanced inflation linkage to the Fund's strategy.

The strategy review also addressed further integrating environmental, social and governance (ESG) views into the strategy.

Implementation of the 2025/26 strategy review will begin during 2026/27, with the majority of identified actions expected to be achieved within two years. A new Statement of Investment Principles (SIP) that reflects the revised strategic allocations was approved by the Committee and implemented effective from 1 April 2026. The revised strategy implementation will include appointment of multiple new investment managers and strategies, termination of three existing mandates, top ups to existing Property, MAC and ILG mandates and further commitments to infrastructure funds in order to gradually build towards the 10% target allocation whilst simultaneously reducing the equity overweight.

Whilst no strategic changes were implemented during the 2025/26 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 by 1% over the year to 3.5% of the total Fund and will continue to move towards the 6% target allocation as Partners Group draws down the £285m commitment over a three-to-four-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 following table shows the strategic target asset allocation as set during the 2021 Strategy Review, compared to the current weighting as at 31 March 2026. It also sets out the approximate assumptions made about the real return for each asset class as at 31 March 2026.

Asset Class	Target Weighting %[1]	Current Weighting %	Real Return % p.a.[2]
Global Equity	31.5	40.3	3.7
Emerging Market Equity	2.5	2.1	5.2
UK Property	4.0	3.4	2.7
Residential Property	1.5	0.9	3.0
UK Index-Linked Property	3.5	2.5	2.5
Global Property	6.0	2.9	2.0
Infrastructure[3]	7.5	6.1	4.9
Index-Linked Gilts	14.5	14.4	-
Absolute Return Bonds	14.5	13.9	1.5
Multi Asset Credit	14.5	13.5	3.3

[1] The calculation of target weighting excludes investment cash held for trading purposes.

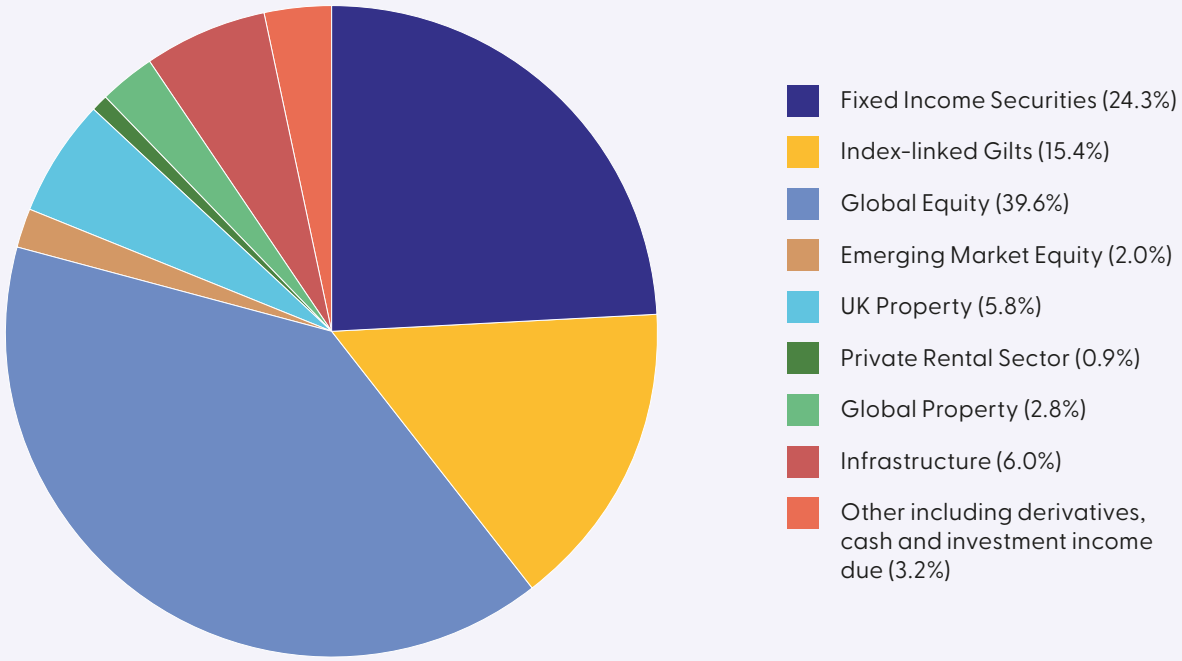
[2] Return expressed relative to the yield on fixed interest gilts (the annual yield at the 10-year tenor on the Bank of England spot curve). This yield was 5.1% as of 31 March 2026.

[3] NILGOSC has committed £845m to a number of infrastructure investment funds. As at 31 March 2026, NILGOSC had funded £685m, approximately 81.2% 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 (including cash) as at 31 March 2026 is illustrated in the following pie chart.

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

Fund Asset Allocation as at 31 March 2026



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 no more than 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 2026, 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 actual investment (excluding derivatives, investment cash and cash equivalents) at 31 March 2026 and not the total commitment made to the fund.

This information can be found in the footnote to the following table:

Asset Class	Fund Manager	% of Total Fund[16]
Mandates:		
Global Unconstrained Equities	Baillie Gifford	5.48%
	Unigestion	6.01%
	Harris Associates	5.24%
Passive Funds - LCT Global Equities	Legal & General Investment Management	23.15%
Passive Funds - EM Equities	Legal & General Investment Management	2.06%
Passive Funds - Index Linked Gilts	Legal & General Investment Management	14.17%
Passive Funds - Sterling Liquidity Fund	Legal & General Investment Management	0.66%
Absolute Return Bonds (ARB)	Royal London Asset Management	7.45%
	T. Rowe Price	6.28%
Multi Asset Credit (MAC)	BlueBay	7.15%
	PIMCO	6.29%
UK Traditional Property	LaSalle Investment Management	3.05%
Index Linked Property	LaSalle Investment Management	2.88%
Global Property	CBRE Investment Management[1]	2.22%
	Partners Group[2]	0.68%
Primary Funds:		
UK Residential Property	M&G UK Residential Property Fund[3]	0.93%
Infrastructure	Antin Infrastructure Fund III[4]	0.60%
	Antin Infrastructure Fund IV[5]	0.61%
	Antin Infrastructure Fund V[6]	0.20%
	Antin Mid Cap I[7]	0.23%
	Copenhagen Infrastructure IV[8]	0.19%
	DIF Infrastructure Fund V[9]	0.42%
	DIF Infrastructure Fund VII[10]	0.54%
	iCON Infrastructure Fund VI[11]	0.49%
	IFM Global Infrastructure Fund[12]	1.08%
	KKR Global Infrastructure Investors Fund II[13]	0.12%
	KKR Global Infrastructure Investors Fund III[14]	0.21%
Infrastructure Co-Investments[15]		1.30%
Smaller NI Investments and Cash		0.34%

SOURCE: The Northern Trust Company

1 Total commitment £250m
2 Total commitment £285m
3 Total commitment £100m
4 Total commitment €75m (£65.5m converted at 31 March 2026 exchange rate)
5 Total commitment €75m (£65.5m converted at 31 March 2026 exchange rate)
6 Total commitment €75m (£65.5m converted at 31 March 2026 exchange rate)
7 Total commitment €45m (£39.3m converted at 31 March 2026 exchange rate)
8 Total commitment €50m (£43.7m converted at 31 March 2026 exchange rate)
9 Total commitment €50m (£43.7m converted at 31 March 2026 exchange rate)
10 Total commitment €100m (£87.4m converted at 31 March 2026 exchange rate)
11 Total commitment $100m (£75.8m converted at 31 March 2026 exchange rate)
12 Total commitment £100m
13 Total commitment $60m (£45.5m converted at 31 March 2026 exchange rate)
14 Total commitment $50m (£37.9m converted at 31 March 2026 exchange rate)
15 Total commitment £44m, €47.3m and $69.8m (£138.2m converted at 31 March 2026 exchange rate)
16 Numbers may not total 100% due to rounding.

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 2026 are shown in the following table:

Asset Class	Target/Benchmark Indices (Outperformance shown per annum)
Equities	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
Cash	Sterling Overnight Index Average (SONIA)
Bonds	
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)
Property	
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
Infrastructure	
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%.

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 2026 was characterised by a transition from broadly supportive market conditions through calendar year 2025 to a more volatile environment in early 2026, driven by geopolitical developments, energy price shocks, and a reassessment of inflation risks. During 2025, moderating inflation, resilient economic data, and the commencement of interest rate cuts by major central banks supported positive returns across most asset classes.

However, these gains were partially offset during the first quarter of 2026 as renewed geopolitical tensions, most notably in the Middle East, led to a sharp rise in energy prices, increased uncertainty around the future path of monetary policy and heightened market volatility. Against this backdrop, equity and credit markets delivered positive returns over the period as a whole, although dispersion across regions and asset classes increased materially towards the end of the period.

Summary of Market events over 12 months to 31 March 2026

Q2 2025

Following Trump's 'Liberation Day' tariff announcements on 1 April 2025, global markets experienced significant volatility, with the equity market leading the decline over April. However, markets rebounded following announcement of several trade tariff suspensions over May. Concerns regarding U.S. policy shifts and a potential global recession weighed heavily on investor sentiment, but markets recovered as tensions de-escalated. Corporate bond spreads widened relative to government debt as market uncertainty and volatility intensified. US dollar weakened against Pound Sterling, reflecting the increased uncertainty of US trade policy and its impact on the US economy.

Q3 2025

Global equity markets rallied in Q3, primarily due to the continued AI progression, strong corporate earnings, easing trade tensions and interest rate cuts. UK government bonds remained elevated due to investor concerns over the sustainability of fiscal deficits in both the UK and the U.S. In the UK, 30-year gilt yields surged to their highest levels in nearly three decades, reflecting heightened caution around the government's fiscal position ahead of the November Budget, elevated debt levels, and increased political scrutiny of fiscal policy.

Q4 2025

Global equities continued to delivered positive returns in the final quarter of 2025, with major indices hitting record levels despite profit-taking activities near year-end. Gilt yields fell over the quarter due to inflation moderating and improved fiscal signals following the well-received UK November Budget. Commodities markets delivered mixed performance, with precious metals such as gold and silver delivering strong gains amid geopolitical uncertainty, easing real yields and a weaker US dollar. Industrial metals also performed well, while energy markets underperformed on concerns around oversupply and softer demand growth.

Q1 2026

The Middle East conflict caused significant volatility in markets, triggering sharp increases in energy prices. Global equities declined amid heightened geopolitical uncertainty and rising energy prices. Nominal gilt yields rose as future inflation expectations increased and markets reassessed the likelihood of near-term monetary policy easing, resulting in negative performance from conventional gilts. In contrast, real yields declined over the period as inflation expectations rose, leading to outperformance from index-linked gilts. Credit markets delivered negative returns as credit spreads widened.

Central bank policy remained a key driver of market outcomes over the year. Several major central banks continued the rate cutting cycle throughout 2025 as inflationary pressures eased. The US Federal Reserve reduced interest rates by a cumulative 75bps during the second half of the year, responding to signs of cooling inflation and a softening labour market, while emphasising a cautious and data dependent approach to future policy.

The Bank of England reduced interest rates by a total of 100bps over 2025, supported by moderating wage growth and concerns around slowing domestic economic momentum. The European Central Bank also reduced policy rates as inflation in the Eurozone moved closer to target, although later fiscal developments, particularly in Germany, led markets to reassess long term inflation and bond supply expectations.

During the first quarter of 2026, expectations for further rate cuts were challenged by a sharp increase in oil and gas prices following geopolitical developments in the Middle East. As a result, markets began to price in a more uncertain path for monetary easing, contributing to increased volatility in government bond yields and risk assets.

Currency markets also reflected shifting rate expectations and relative growth prospects. The US dollar weakened through much of 2025 as interest rate differentials narrowed and growth prospects outside the US improved, reducing the relative growth advantage that had supported US returns in prior years. Following heightened geopolitical risk and rising energy prices in early 2026, the US dollar strengthened modestly as increased risk aversion and relatively resilient US economic data led investors to favour the dollar. Pound Sterling was supported during much of 2025 by easing inflation and continued gradual interest rate cuts but faced renewed pressure toward the end of the reporting period amid concerns around imported inflation and fiscal sensitivity to higher energy prices.

Equities

Equity markets experienced contrasting conditions over the 12 month period, delivering strong positive returns through 2025 before facing increased volatility during the first quarter of 2026. During 2025, global equity markets rallied against the backdrop of easing inflation, falling real gilt yields and resilient corporate earnings, which together underpinned a broad risk on sentiment. In contrast to recent years, emerging market equities outperformed their developed market counterparts as valuations in emerging markets began to appear more attractive relative to the US and wider developed markets. In addition, growth expectations improved across Emerging Markets.

Artificial intelligence was a key driver of equity markets during much of 2025, supporting robust performance in growth and technology-oriented stocks. However, this influence diminished towards the latter end of 2025 and Q1 2026 as equity market volatility increased. Investors reassessed valuations, particularly in US technology stocks, amid concerns around elevated capital expenditure requirements and the impact of higher energy prices on profit margins. Geopolitical developments also weighed on sentiment, prompting a rotation towards more defensive and value oriented sectors.

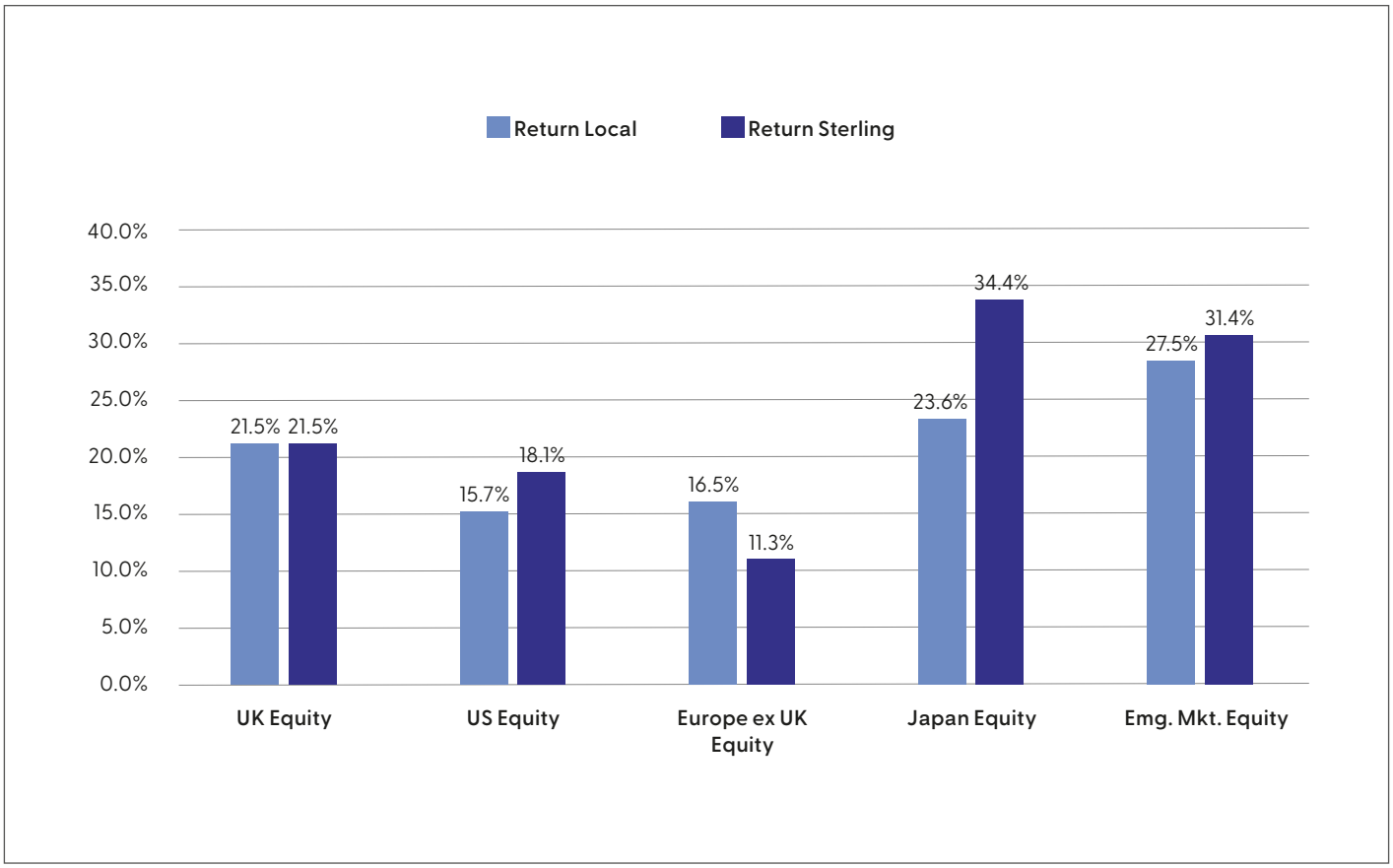
US equities delivered positive returns over the 12 month period but underperformed other regions on a relative basis. Performance during 2025 remained heavily influenced by large-cap technology stocks, supported by continued growth in artificial intelligence, though leadership narrowed as investors became more selective. In early 2026, US equities came under pressure, with technology stocks declining amid valuation concerns and heightened market volatility.

European equities performed strongly over the year, benefiting from improved relative valuations, easing monetary policy and fiscal support, particularly following Germany's announcement of increased infrastructure and defence spending. European markets were comparatively resilient during early 2026, supported by their sector composition, with greater exposure to financials, energy, and industrials, which performed relatively well in a higher inflation and commodity driven environment.

UK equities delivered positive absolute returns over the period, led primarily by large-cap stocks with significant overseas revenue exposure. Financials, energy, and defensive sectors contributed positively during 2025, while domestically focused mid- and small-cap stocks remained under pressure given ongoing concerns around UK economic growth. Commodity exposure provided some support during early 2026, although domestic demand sensitivity continued to weigh on segments of the market.

Japanese equities experienced mixed returns over the reporting period. Performance during 2025 was supported by reflationary trends, rising wages and ongoing corporate governance reforms. However, unanticipated policy tightening by the Bank of Japan and rising government bond yields weighed on market performance later in the period. Emerging market equities were among the strongest performers during 2025, supported by a weaker US dollar, strong demand linked to artificial intelligence and improving fundamentals across parts of Latin America and Asia. Performance slowed in early 2026 as higher energy prices and a stronger dollar weighed on sentiment.

Regional Equity Market Returns



UK Fixed Income

UK fixed income markets were subject to considerable volatility over the year, reflecting shifting interest rate expectations, fiscal considerations, and external geopolitical influences.

During 2025, UK bond returns were supported at times by high starting yields and periods when markets priced in a more supportive monetary easing cycle, which helped sustain investor demand. However, gilt performance was volatile, with some returns offset by inflation concerns, fiscal sensitivity, and elevated debt issuance, resulting in uneven returns over the year.

However, this trend reversed during the first quarter of 2026. Rising energy prices increased inflation concerns, particularly given the UK's reliance on gas imports, leading to an upward move in gilt yields and negative returns over the quarter. Longer dated gilts were particularly affected, while shorter dated bonds proved more resilient.



UK credit markets delivered positive returns over the period as a whole, supported by strong carry and relatively stable corporate fundamentals. Investment grade credit proved resilient despite rising underlying yields, while high yield credit experienced greater volatility but benefitted from its lower sensitivity to interest rate movements.

UK 20 year Gilt Yield Chart



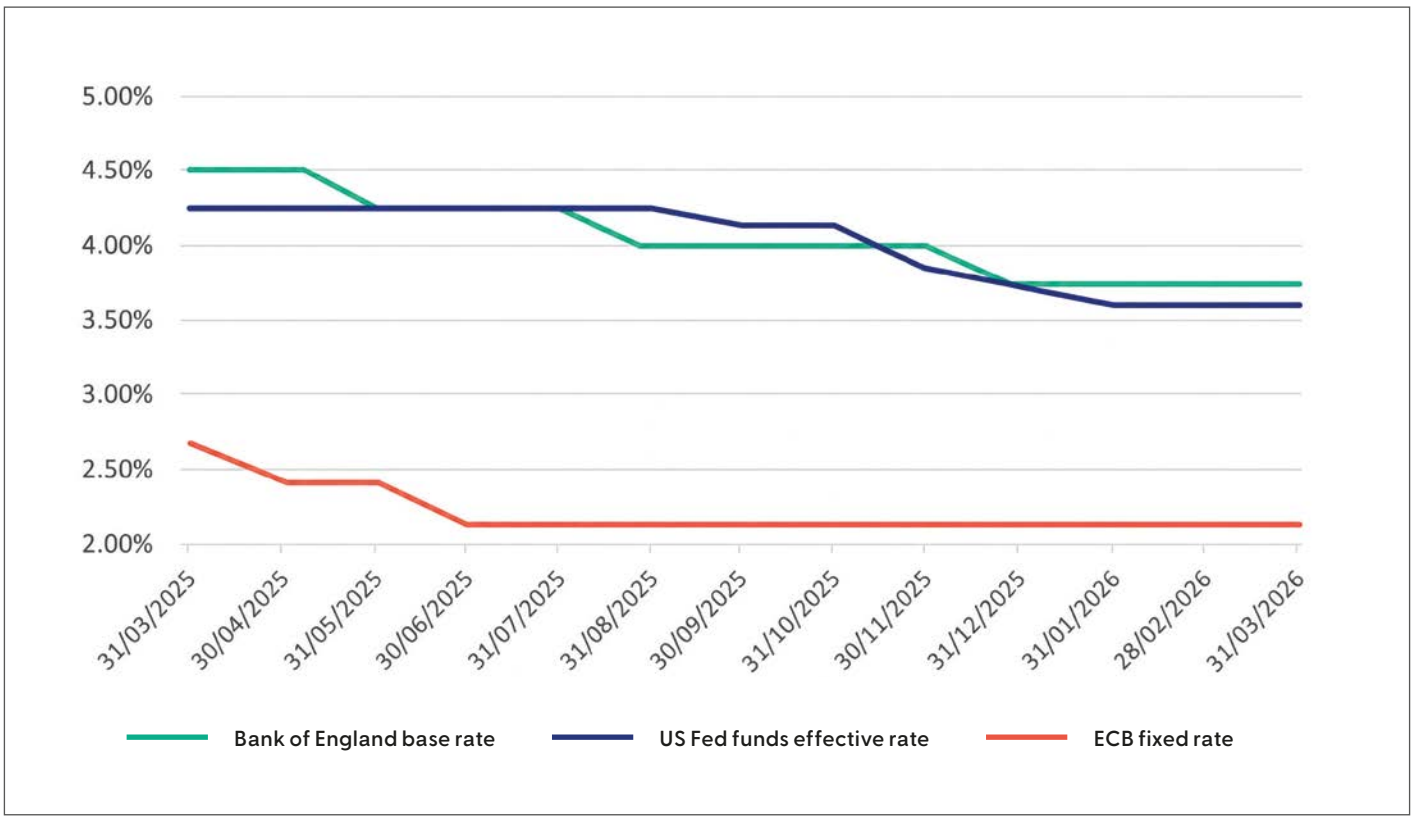
Global Fixed Income

The global fixed income market benefitted during 2025 from easing inflation and the rate cutting cycles across major economies. Credit spreads tightened slightly over much of the year as risk appetite improved, supporting positive returns across investment grade and high yield credit markets. Emerging market debt was a notable strong performer during 2025, supported by attractive high yields, favourable currency movements and improving economic fundamentals in a number of countries.

Wider market conditions became more challenging in early 2026. Government bond markets reacted to higher energy prices and renewed inflation concerns, leading to rising yields in Europe and the UK. US Treasuries proved relatively resilient, reflecting the US economy's greater insulation from energy price shocks and weaker domestic data towards the end of the period.

Credit markets experienced spread widening, particularly in higher risk segments, though income continued to provide a meaningful contribution to total returns. AI-driven infrastructure demand boosted financing activity in 2025, however tightening financial conditions later in the reporting period reduced risk appetite, limiting the benefit to credit markets despite ongoing long-term demand.

Base Rate Chart



Property

The UK property market showed signs of stabilisation and recovery over the year to 31 March 2026. Following a prolonged period of repricing driven by higher interest rates, falling inflation and improved debt availability during 2025 supported an increase in transaction activity, particularly in core assets. Capital value declines moderated, and income returns remained robust across most property sectors.

Prime office markets benefitted from restricted supply of high quality space, supporting rental growth in well located assets, while secondary office stock continued to face structural challenges. Logistics and industrial property remained supported by long term demand drivers related to supply chain resilience, although vacancy levels rose modestly as new developments were completed. Residential focused sectors, including private rented housing and student accommodation, benefitted from strong structural demand and inflation-linked income characteristics. Data centres continued to be one of the strongest performing segments, underpinned by sustained demand linked to artificial intelligence and digitalisation.

Global property markets reflected varying regional and sectoral dynamics. While some regions experienced continued valuation pressure, others benefitted from income resilience and improving capital market conditions.

Infrastructure

Infrastructure markets remained comparatively resilient over the 12 month period, supported by stable cashflows, regulated or contracted revenues and long term structural demand. During 2025, easing inflation and falling interest rates supported valuations, particularly for long dated infrastructure assets. Transport volumes recovered steadily, regulated utilities delivered predictable earnings, and demand for power intensive digital infrastructure increased.

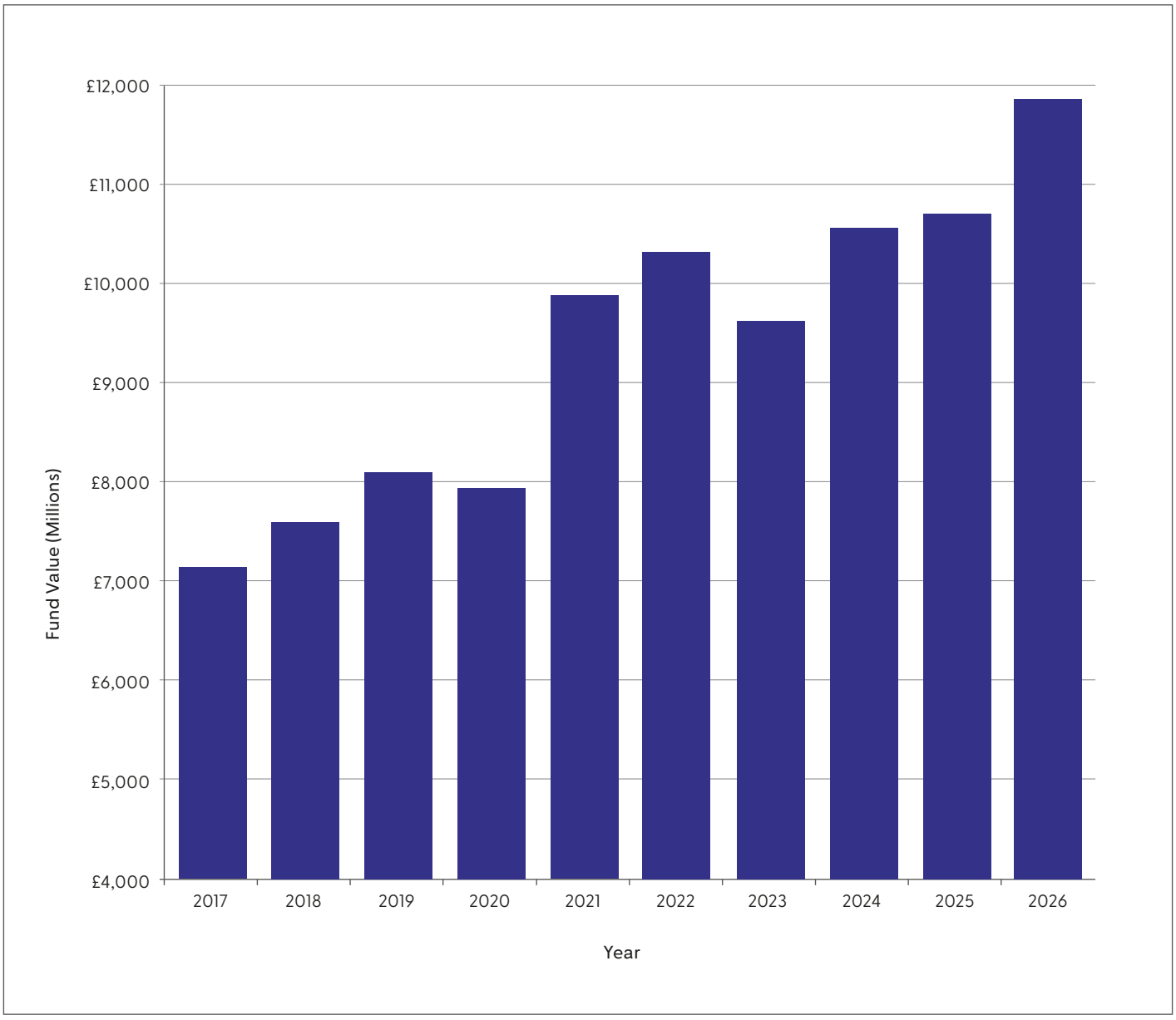
In early 2026, rising interest rates and higher energy prices created renewed valuation pressure, though many infrastructure assets benefitted from inflation-linked revenues and pricing mechanisms. Continued investment in energy transition assets, digital infrastructure and transport supported the longer term outlook for the sector, reinforcing infrastructure's role as a diversifying and defensive component within the portfolio.

Fund Value

The value of the Fund at 31 March 2026 has increased in absolute terms by £891m to £11.843bn (2024/25 £10.952bn).

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 130 to 131.

Value of the Fund



NILGOSC Investment Performance 2025/26

Over the year to 31 March 2026, the Fund's overall return on the total assets was 8.0% (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 outperformed its target by 1.5% on a three-year basis but underperformed its target by 4.4% on a five-year basis for the period ended 31 March 2026. The comparable statistics for the three and five-year periods to 31 March 2026 on an annualised basis are set out in the table below:

	Three years % p.a.	Five years % p.a.
Return of Fund	7.50	3.86
CPI + 3.0%	6.03	8.28

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.

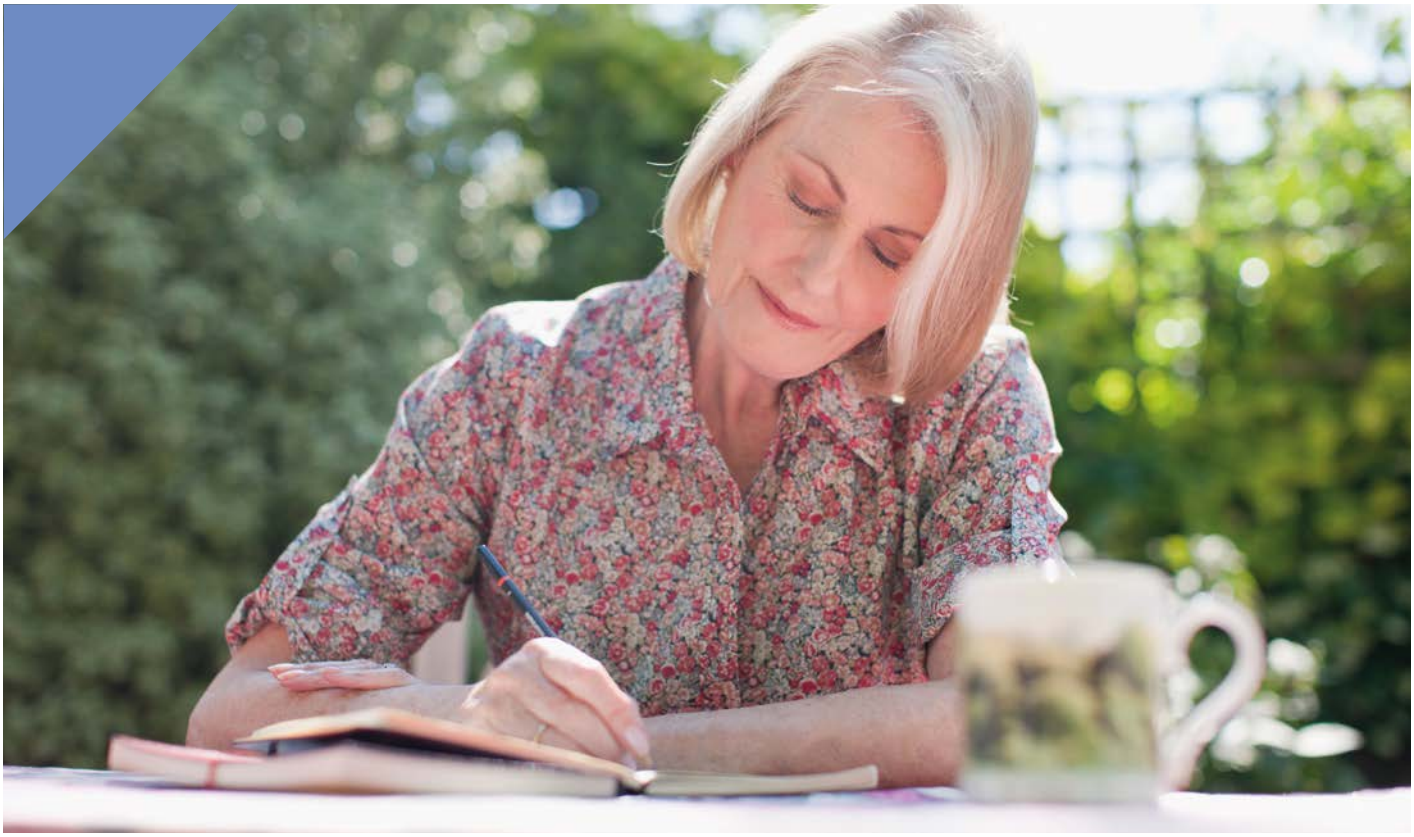
NILGOSC monitored its investment managers and mandates on a quarterly basis throughout the year, with a focus on both quantitative and qualitative factors.

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 2026, the value of the Fund increased in absolute terms to £11.843bn, an increase of £891m. 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 all three mandates failing to meet their target. The Baillie Gifford Long Term Global Growth (LTGG) portfolio ended the year up 2.94% in absolute terms but performance was disappointing with the mandate underperforming its target by 18.1%. 2025/26 marks the fifth difficult year for the LTGG mandate, 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 five 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 0.5% 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 7.6% over the year, it was a difficult year for the mandate and it underperformed the benchmark by 8.7% and underperformed its target by 10.8%. This underperformance compared to the benchmark stems primarily from the strategy's focus on value stocks, whereas the MSCI World Index it is compare to includes growth stocks, which have performed very well recently due to lower interest rates and favourable market conditions. As Harris's strategy is long term and its performance target covers a five-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.



Similarly, the Unigestion low volatility equity mandate underperformed its target by 11.7% despite delivering positive absolute returns of 8.9% during 2025/26. 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. Unigestion was appointed in September 2016 and the mandate has struggled due to continued unfavourable market conditions for this type of strategy, although it demonstrated that it could deliver its objective of downside protection in such environments during 2024/25 when it outperformed its target by 4.0%.

Property provided diversification for the Fund during 2025/26, delivering mixed results. The UK core property portfolio, managed by LaSalle, outperformed the market. Over 2025/26, it delivered a positive absolute return of 6.7% and outperformed its target by 0.8%. 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 6.3% on an absolute return basis, outperforming its RPI-linked target over the year by 0.2%.

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 2026, the mandate is fully committed, approximately 97% drawn down and invested in 23 holdings across multiple geographies and sectors. Global property markets experienced mixed trends over the year reflecting variation in regions and sector, with CBRE delivering a positive return for the year of 3.9%, which is 1.1% behind target. The portfolio remains behind target since inception and whilst returns to date are disappointing, undue focus shouldn't be placed on short-term performance. The portfolio has outperformed the market over five years and based on recent transaction activity and return forecasts, the manager expects that the five-year portfolio return will realign with the mandate's performance objective in the upcoming quarters, driven by an improving return outlook in 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. Drawdowns commenced during 2024/25, with approximately £68.1m drawn down at 31 March 2026 (2025: £19.6m), and invested into various opportunities across the US, Europe, South Korea, Singapore, and Canada. As the mandate is in its build up phase, greater insights will be gained into performance as the remainder of capital is deployed.

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 2025/26 the fund delivered a negative absolute return of -0.7% and fell short of delivering its target of a 6% absolute return. This underperformance reflected ongoing valuation pressure within the residential sector as higher financing costs and affordability constraints weighed on capital values, despite resilient rental demand.

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 in line with the various indices throughout the year, reporting an overall absolute return of 11.8%.

Equities delivered strong combined returns of 16.9%, which was offset somewhat by returns on over 5-year index linked gilts of 3.9%, however Gilt returns improved significantly over the year despite being impacted by events such as the re-election of Donald Trump and the introduction of 'Liberation Day' tariffs, as well as concerns over increased fiscal spending and nervousness over UK debt before the 2025 Autumn Budget.



The multi-asset credit (MAC) and absolute return bonds (ARB) managers were appointed in March 2019. The year to 31 March 2026 saw continued volatility, but proved a reasonable environment for such strategies and each of the Fund's mandates delivered positive absolute returns in the region of 5-8%. Despite this, none of the four managers met their targets, primarily due to having cash plus targets. PIMCO delivered positive absolute returns of 7.4%, outperforming the market by 0.6%, but underperforming its target by 0.6%. BlueBay delivered a positive absolute return of 7.5%, which was 3.3% ahead of the market, but 1.67% behind target. RLAM delivered positive absolute performance returns of 4.77% over the year but was -1.8% behind target. T. Rowe Price had positive absolute returns of 0.08% which was behind its benchmark by 3.9%, and behind target by 6.9%.

During 2025/26, 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 following table:

Infrastructure Fund Name	Committed (Fund Currency)	% Drawn down at 31 March 2026
Primary Funds		
Antin Infrastructure Fund II	€41,760,000	100%
Antin Infrastructure Fund III	€75,000,000	91%
Antin Infrastructure Fund IV	€75,000,000	91%
Antin Infrastructure Fund V	€75,000,000	35%
Antin Infrastructure Mid Cap Fund I	€45,000,000	60%
Copenhagen Infrastructure Fund IV	€50,000,000	73%
CVC DIF Infrastructure Fund V	€50,000,000	87%
CVC DIF Infrastructure Fund VII	€100,000,000	65%
iCON Infrastructure Fund VI	$100,000,000	69%
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	93%
Co-investments		
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	99%
Antin IV Whistler Co-Invest LP	€8,000,000	95%
Antin IV Co Investments – remaining commitment	€1,015,276	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	43%

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 2024/25 period, Antin II paid out its final distribution and ceased operations, having achieved 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. Copenhagen Infrastructure IV fund, managed by Copenhagen Infrastructure Partners also continued to draw down during the year. The strategy focuses on developing and building renewable energy generation assets in Europe, North America and Asia Pacific. 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 remains in exit mode, and continues to divest, having achieved results in line with its target. CVC DIF VII, to which NILGOSC committed €100m in July 2022, completed its investment phase, now holding 16 infrastructure assets. 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, having exited 75% of its portfolio, whilst KKR Global Infrastructure Investors Fund III has continued to execute its value creation strategy across its portfolio whilst simultaneously realising its mature investments in aviation, energy and telecommunications during the period.

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 2026, 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; £55.6m committed to five infrastructure co-investment opportunities directly with Antin; and £15.2m 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

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.

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

The Principles for Responsible Investment (PRI) defines stewardship as: "The use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their interests depend.[1]" In the UK, the UK Corporate Governance Code identifies the principles that underlie an effective board; while the UK Stewardship Code (the 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 Code since 2010.

The FRC recently revised the Stewardship Code, with the intention of ensuring that the principles continue to drive the right stewardship outcomes for investors, while not unduly contributing to reporting burdens. The UK Stewardship Code 2026 was published in June 2025 and applies from 1 January 2026 for reporting. To be named as a signatory to the 2026 Code, organisations must prepare a Stewardship Code Submission comprising; Policy and Context Disclosures, which should be submitted every four years, and an annual Activities and Outcomes Report, demonstrating how they have applied the Code's principles over the year. The submission covering the 12-month period ended 30 June 2025 will not be assessed in 2026. Instead, the FRC will treat 2026 as a transition year and all existing signatories submitting a renewal application will remain on the signatory list.

To support its application to remain a signatory to the UK Stewardship Code 2026, NILGOSC prepared its Stewardship Code Submission 2025 (covering the 12 month-period ending 30 June 2025) and submitted it to the FRC in May 2026.

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. 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.

1. https://www.unpri.org/responsible-investment/about-stewardship

A summary of the Fund's global voting record of actively managed equities for the year ended 31 March 2026 is shown in the following table:

	Europe	North America	Rest of World
Annual General Meetings	33	124	23
Other Meetings	6	5	15
Resolutions	677*	1,756	352
Votes For Management	435	888	234
Votes Against Management	240	868	118

** 2 resolutions had no management recommendation.*

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.

However, 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 during the year ending 31 March 2026, NILGOSC expressed its voting preferences for 138 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 2025/26, NILGOSC issued engagement letters to 30 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 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 full for 2025 was optional for investor signatories who had reported in 2024 and met the minimum requirements (like NILGOSC). NILGOSC's commitment to transparency meant that the decision was made to voluntarily report on all modules in 2025.

In November 2025, NILGOSC received its assessment report for the year ended 31 March 2025, 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 2026, NILGOSC continued its membership 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.

NILGOSC also continues to endorse the PRI's Advance initiative, a collaborative initiative where institutional investors aim to protect and enhance risk-adjusted returns by advancing progress on human rights through investor stewardship.

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.

In 2015, the Task Force on Climate Related Financial Disclosures (TCFD) was established to develop a reporting framework of comparable and consistent disclosures for organisations to use to demonstrate climate change resilience. Just two years later, in 2017, the TCFD released its recommendations. In the years that have followed, the recommendations have become the foundation for many national and international climate-related disclosure requirements. As a result of the TCFD's global success, the taskforce was disbanded in October 2023. The International Financial Reporting Standards (IFRS) Foundation has 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, issuing its inaugural climate-related disclosures report the following year. Full implementation of the TCFD reporting framework can take many years, with learnings along the way which help reporting bodies adapt and optimise disclosures. 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 continues to support the recommendations, and although regulations applicable to local government pension schemes have yet to be made; NILGOSC has used its fifth year of voluntary reporting to further develop its capabilities, while also highlighting areas to focus on in subsequent reporting periods. NILGOSC's most recent report (for the year ended 31 March 2025) is available to review on the NILGOSC website.

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 €50tn in assets, across more than 20 countries.

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) 2025 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 2025 Non-Disclosure campaign. In the 2025 campaign, NILGOSC was one of 223 financial institutions with over $23 trillion USD in assets, engaging with 1,314 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. Analysis of results from the CDP's non-disclosure campaigns has shown that companies are more than twice as likely to respond to the disclosure requests if they are engaged directly through the campaign.
- Signatory to an Asset Owner Statement on Net Zero Asset Managers (NZAM). NILGOSC joined more than 50 other asset owners representing USD $3.7 trillion in assets, in signing the statement, led by Brunel Pension Partnership, which expressed support for the Net Zero Asset Managers initiative and its alignment with key principles that help guide best practice investment strategies.
- Continued to endorse Spring, a PRI stewardship initiative, addressing the systemic risks of biodiversity loss to protect the long-term interests of investors.

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, 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

	2025/26 £'000	2024/25 £'000	2023/24 £'000	2022/23 £'000	2021/22 £'000
Income					
Contributions received and transfers in	468,240	430,769	380,902	348,495	310,277
Investment Income	240,635	225,763	192,666	153,311	132,066
Benefits paid					
Retirement pensions	(307,435)	(289,439)	(262,919)	(232,220)	(217,129)
Lump sum retirement benefits	(95,016)	(86,336)	(77,926)	(61,374)	(53,644)
Death benefits and leavers	(15,459)	(19,883)	(15,525)	(15,963)	(12,910)
Other Expenditure					
Administration expenses	(7,100)	(6,495)	(5,987)	(6,247)	(5,527)
Investment management expenses	(36,866)	(35,068)	(28,805)	(26,846)	(25,720)
Net Assets					
Net Assets	11,843,204	10,951,973	10,463,029	9,529,901	10,231,058
Change in market value or investments	644,508	269,701	750,723	(866,920)	304,493

Membership Statistics

	2025/26	2024/25	2023/24	2022/23	2021/22
Active members	87,354	86,137	84,090	80,703	73,960
Deferred members	45,303	42,607	39,689	36,911	34,222
Current pensioners of whom:	50,769	48,171	45,711	43,315	41,557
Retired employees	44,040	41,625	39,433	37,162	35,553
Widows/Widowers/dependants	6,729	6,546	6,278	6,153	6,004
Total	183,426	176,915	169,490	160,929	149,739

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 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. 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 2023 to 2025 reflects higher than typical pay awards in 2022-2026 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 growth in investment income in 2025/26 is primarily driven by an uplift in income from fixed interest securities, resulting from increased holdings of higher coupon rate bonds compared to the previous year.

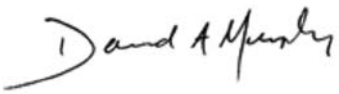
Retirement pension payments continue to grow in line with the increase in the number of pensioners and the annual pensions increase applicable in April each year.

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, transfer out and refunds payable.

The increase in administration expenditure in 2022/23 was 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. The main driver of increases in administration expenditure in 2025/26 is a budgeted increase in legal & actuarial fees.

Investment management fees are directly linked to the asset values and performance in the period. The uplift in each year is consistent with the overall fund returns and slightly higher fees being charged on newer mandates as NILGOSC's investment strategy has increased its allocation to private markets in recent years.



David Murphy
Chief Executive and Secretary

28 August 2026

03

Accountability Report

CORPORATE GOVERNANCE REPORT

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 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 appointed Richard Baker as an employer representative for a four-year term commencing 1 May 2025. Heather McKinstry was also reappointed as an employee representative for a second four-year term, following the expiry of her initial term on 30 April 2025.

The following table shows the composition and term of office of Committee members during 2025/26.

	Term of Office	
Mark McBride (Chair)	First	1 October 2024 - 30 September 2028
Richard Baker	First	1 May 2025 – 30 April 2029
Kenneth Clayton	Second	1 October 2024 -30 September 2028
Paul Francey	Second	1 April 2024 – 31 March 2028
Dooley Harte	First	1 October 2024 - 30 September 2028
Alan Law	Second	1 October 2024 -30 September 2028
Cathy Matthews	First	1 October 2024 - 30 September 2028
Shane McCurdy	Second	1 October 2024 -30 September 2028
Heather McKinstry	Second	1 May 2025 - 30 April 2029
Antoinette McMillen	Second	1 April 2024 – 31 March 2028
Peter Moore	Second	1 October 2024 -30 September 2028
Michael Rafferty	Second	1 April 2024 – 31 March 2028
John (JJ) Tohill	Second	1 April 2024 – 31 March 2028

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

CHAIR



Mr Mark McBride

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

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 Arm's 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 been an Employee Organisation Representative Member on NILGOSC from 1 April 2020 to 31 March 2025.



Ms Heather McKinstry

Ms Heather McKinstry took early retirement from the EA in September 2025 having worked as the Trade Union Side Officer. As a Unison member she has a wide experience of various service groups and committees with in it and other Unions. She holds no other public appointments and has had no political activity in the last five years.

EMPLOYER REPRESENTATIVES



Mr Richard Baker

Richard Baker is the Chief Executive Officer of Antrim and Newtownabbey Borough Council, with senior leadership experience across the public and private sectors. His career has provided him with strong operational and strategic capability, alongside extensive knowledge of pension schemes and their administration. Richard has significant experience engaging with a wide range of stakeholders, including elected members, staff and trade unions, and brings effective communication and governance skills to the Committee. He holds no other public appointments and has had no political activity within the last five years.



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 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, prior to his recent retirement, was Mid Ulster District Council's Strategic Director of Corporate Services and Finance. He was an active member of the Council's Senior Emergency Planning Team and is a Fellow of the Institute of Chartered Accountants in Ireland. Until retirement, he was a longstanding member of the UK's CIPFA LASAAC Committee and the CIPFA VAT Committee. He holds no other public appointments in Northern Ireland and has had no political activity within the last 5 years. However, Mr Tohill was appointed on 10th March 2026 to the Health Products Regulatory Authority (HPRA) in the Republic of Ireland.

INDEPENDENT MEMBERS



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.



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.



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.

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 2026 two data incidents were assessed as reportable in line with the guidance and three 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 2026

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 2026 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) and contained within Annex 3.1 of MPMNI.

2. The Governance Framework 2025/26

NILGOSC is a non-departmental public body (NDPB) sponsored by the Department for Communities ("the Department"). NILGOSC has worked with the Department during 2025/26 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) was 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) was 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. On 9 March 2026 NILGOSC and the Department signed a Partnership Agreement which replaced the Management Statement and Financial Memorandum. The Partnership Agreement sets out the partnership arrangements between NILGOSC and the Department. It explains the overall governance framework within which NILGOSC operates, including the framework through which the necessary assurances are provided to stakeholders. Roles and responsibilities of partners within the overall governance framework are also outlined. NILGOSC complied with the conditions and requirements in the Management Statement and the Financial Memorandum, and the Partnership Agreement during the financial year ended 31 March 2026.

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 Management Statement and Financial Memorandum, and Partnership Agreement.

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 8. 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 2025/26. The Audit & Risk Assurance Committee met four times, the Staffing Committee twice, and the IDRC met six 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
Mark McBride	9	9	-	-	-	-	-	-
Antoinette McMillen	9	8	4	3	-	-	-	-
Paul Francey	9	7	-	-	2	1	-	-
JJ Tohill	9	9	4	4	-	-	-	-
Michael Rafferty	9	9	4	4	-	-	-	-
Shane McCurdy	9	8	4	3	2	2	-	-
Peter Moore	9	9	-	-	-	-	6	4**
Kenneth Clayton	9	8	-	-	2	2	6	6
Alan Law	9	9	4	4	-	-	6	6
Heather McKinstry	9	9	-	-	-	-	6	5**
Dooley Harte	9	9	-	-	-	-	6	5
Cathy Matthews	9	8	-	-	2	2	-	-
Richard Baker*	9	9	-	-	-	-	-	-
Average % Attendance		95%		90%		87.5%		86.7%

* Richard Baker was appointed as a Committee Member on 1 May 2025.

** Member was unable to join one Committee Meeting due to a Conflict of Interest in a case.

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 annually. 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 the Internal and External Auditors, 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 is in place for ARAC members 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 2026 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 2025/26 is provided in section 6 of this Statement. 2025/26 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 exercise is 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 continue to 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 Conflicts of Interest Policy. There were a number of

potential conflicts identified by Committee members during 2025/26 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 General Code of Practice (the 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 through a gap analysis exercise completed in June 2025 can evidence compliance with the Code. NILGOSC submits an annual Scheme return, which provides updated Scheme information to TPR.

One of the requirements of the Code is reporting breaches of the law to TPR. NILGOSC assesses any potential breaches in line with its Breach Reporting Procedure. There was one materially significant breach reported to TPR in 2025/26 relating to a backlog in the adjustment of pensions for some pensioners who received a back-dated pay rise post-retirement. A remedial action plan was implemented to address the backlog.

5. Departmental Approvals

In line with the DoF Pay Remit approval process, NILGOSC received approval for the National Joint Council pay settlement for 2025/26 on 6 August 2025.

The Department provided approval for the contractual element of the 2026/27 pay remit on 20 March 2026. The National Joint Council pay settlement for 2026/27 remains outstanding at the time of writing.

There were no Department for Communities approvals required for write-offs in 2025/26. All write-offs were approved in line with the Partnership Agreement.

In line with the Management Statement the Department approved NILGOSC's Aims and Objectives for 2025/26.

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 Scheme operates a documented and structured risk management framework for identifying, evaluating and managing the principal and emerging risks it faces. This framework is aligned with the principles set out in the Orange Book: Management of Risk, and is embedded within the Scheme's governance arrangements.

The risk control framework provides a consistent basis to identify, monitor and report risks and to progress strategies to manage these risks during 2025/26. 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 are 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 2025 and 31 March 2026.

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 2025/26 annual risk review, two risks were added to the risk register. The ARAC reviewed the risk register 2025/26 at its meeting on 4 June 2025, which was subsequently approved by the Management Committee on 17 June 2025.

The annual review for 2026/27 was carried out on 28 April 2026. The review included consideration of challenges facing NILGOSC in 2026/27, including AI fraud, delays in regulation guidance, third party cyber

risk and any potential impacts from continued geopolitical instability. All existing risks were reviewed and controls and risk scores amended as appropriate.

The 2026/27 risk register contains 53 risks in total, 11 of which have been categorised as strategic and one of which has a "red" risk status.

In 2026/27, NILGOSC will continue to have challenges to manage the ongoing administration of the McCloud judgment and related litigation. 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 2025/26 annual business continuity test assessed two scenarios chosen from the 3 Year BCP Scenario Plan. Scenario 1 tested the resilience to malicious actors in relation accessing and comprising immutable backup repositories after losing the primary backup repository located on on-site. Scenario 2 tested the ability to remotely wipe both a company laptop and mobile device after being lost on a business trip, testing the effectiveness of the data protection and security measures currently in place to secure a lost or stolen device and remove NILGOSC data. Both scenarios were deemed successful.

In December 2020, NILGOSC worked with the National Cyber Security Centre for Northern Ireland to achieve Cyber Essentials Plus certification. Cyber Essentials is a government-backed scheme that provides assurance that an organisation's IT infrastructure is appropriately designed and configured to protect against the most common cyber threats. Certification requires completion of a detailed self-assessment followed by independent verification testing and must be renewed annually to maintain accreditation.

NILGOSC successfully completed the re-certification process again in March 2026 and was re-accredited with Cyber Essentials Standard and Cyber Essentials Plus for a further consecutive year. Cyber Security and Cyber Awareness training was last delivered to the Management Committee in October 2024. Business Continuity Training was provided to all staff in March 2025, and GDPR training was also delivered to all staff in March 2025 which included a module on cyber security awareness. Quarterly Cyber Awareness training is distributed to all staff and, throughout the year, there are simulated phishing modules to help increase awareness of the different and evolving techniques being utilised by malicious actors.

NILGOSC also appoints an external specialist to carry out independent annual penetration testing of its systems. The purpose of this testing is to assess the robustness of the IT infrastructure and security controls in place, including parameter defences such as the firewall against potential external threats. As part of the most recent testing programme, a new approach was introduced which included attempts to gain unauthorised physical access to the building, in addition to traditional technical testing. No significant issues were identified during the testing undertaken in March 2026, which reaffirmed that NILGOSC's overall security posture is mature, well-managed, and effective.

6.2 Fraud and Raising Concerns

NILGOSC participates in the biennial National Fraud Initiative (NFI) data matching exercises for the purposes of assisting in the prevention and detection of fraud. The last exercise was in 2024/25, with the next exercise planned for autumn 2026/27.

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. There was one suspected case of fraud in 2025/26 which was referred to the PSNI.

There was one issue raised through NILGOSC's Raising Concerns Policy in 2025/26 which was investigated with no further action required as the claims were found to be unsubstantiated.

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 sixth 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 2025/26. 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 2025/26 is provided in the Accountability Report on page 66.

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 2025/26 are set out below:

- Actuarial Valuation 2025
- Investment Strategy Review
- NILGOSC Policy Statement on Employer's Discretions
- Grievance Policy
- GAD Review of NILGOSC Actuarial Valuation 2022
- Internal Audit Strategy
- Internal Audit Charter
- Raising Concerns Policy
- Anti-Bribery Policy
- Assurance Map and Framework
- NIAO Audit Strategy
- Annual Equality Statement
- Appointment of an Emerging Markets Manager
- Funding Strategy Statement
- Notional Investment Assets for Orphan Employees
- Climate Related Disclosure Report
- Purchasing Policy
- Delegations of Authority
- Partnership Agreement
- Independent Board Effectiveness Review
- Disciplinary Policy
- Establishment of Additional Resources for 2026/27
- Use of a Tax Advisor
- Objectives for Investment Consultants
- Revised Statement of Investment Principles
- 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 2025/26 are set out in its Annual Report, which is provided on pages 134-136 of this report.

The ARAC undertakes an annual review of its effectiveness. The review undertaken for 2025/26 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 2025/26 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.

As set out in the Partnership Agreement, NILGOSC underwent an externally facilitated board effectiveness review in 2025/26. The purpose of the review was to examine the performance of the Management Committee, its sub-committees and individual Committee members. The review was undertaken by McHughLindsay who felt that NILGOSC's Management Committee demonstrated compliance with the guidance contained in the Northern Ireland Audit Office publication 'Board Effectiveness – Good Practice Guide' (June 2022), and in their opinion it is reasonable to conclude that the NILGOSC Management Committee had the structure, processes, people and performance to deliver its remit effectively.

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
* Annual administrative performance

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 Global 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 the 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 2026, 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 134. 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 2026.

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 2025/26.

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 2025.

The audit opinion for the year ended 31 March 2026 is included on pages 90-92.



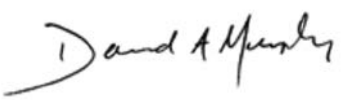
8. Significant Governance Issues

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 2026 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 2025/26 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

28 August 2026

REMUNERATION AND STAFF REPORT

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.

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 2025/26. The CPI increase for September 2024 was 1.7%. The in-service revaluation rate for CARE was 1.7%.

The figures in the following table are based on 2025/26 guidance from the Department of Finance with the exception of the 'McCloud Remedy'. From 2025/26 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	2025/26				2024/25			
	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	-	21	130–135	105–110	-	59	160–165
Nicola Todd Deputy Secretary	95–100	-	21	120–125	100–105	-	68	165–170
Zena Kee Head of Pensions Policy (to 30 September 2025)	25–30	-	12	35–40	65–70	-	46	110-115
Jenna Fisher Head of Pensions Service (to 30 September 2025)	30–35	-	13	45–50	65–70	-	46	110–115
Louise Hickland Head of Investment Services	60–65	-	16	75–80	60–65	-	30	90–95
Denise McElrea Head of Governance & HR	65–70	-	19	85–90	65–70	-	47	110–115
Maria Bowers Head of Finance	65–70	-	17	80–85	65–70	-	30	95–100
Ryan McClenaghan Head of IT	65–70	-	19	80–85	65–70	-	27	90-95
Sinead Heath Chief Pensions Officer	75–80	-	25	100–105	-	-	-	-
Anne Baird Chief Finance Officer (from 2 March 2026)	5–10	-	2	5–10	-	-	-	-
Highest Paid Employee								
Total Remuneration £	£105,000–£110,000				£105,000–£110,000			
% Increase	3.2%				2.5%			
Range of Staff								
Total Remuneration £	£25,500–£110,000				£25,500–£110,000			
Average % Increase	3.24%				10.33%			

Due to a retirement and managed restructure of the Senior Management Team, Zena Kee, Head of Pensions Policy, and Jenna Fisher, Head of Pensions Service, ceased to be members of the Senior Management Team on 30 September 2025.

In order to bring both pension teams under one operation, the responsibilities of these roles were subsequently consolidated into a single role, held by Sinead Heath, who was a member of the Senior Management Team throughout the financial year.

Maria Bowers, Head of Finance, retired on 31 March 2026. Anne Baird was appointed to the role on 2 March 2026, resulting in a period of overlap during which both individuals were members of the Senior Management Team.

Remuneration disclosed above reflects the amounts earned by each individual during the period in which they were members of the Senior Management Team during the financial year.

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.

	2025/26		2024/25	
Chair	Salary £	Benefits in Kind £	Salary £	Benefits in Kind £
Mark McBride	16,117	-	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 2025/26 was £105,001-£110,000 (2024/25 £105,001-£110,000). 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.

2025/26	25th Percentile	Median	75th Percentile
Total remuneration (£)	30,518	34,412	41,027
Pay Ratio	3.52:1	3.04:1	2.62:1

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

The ratios for 2025/26 as compared to 2024/25 indicate a reduction in the ratio across the three quartile bands which would be expected, as a pay increment bid from 1 April 2022 was approved in November 2024 for all staff with the exception of the Secretary.

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:

	2025/26	2024/25
Committee Members	**£**	**£**
Paul Francey	1,750	1,500
JJ Tohill	2,000	250
Michael Rafferty	3,250	3,250
Antoinette McMillen	2,250	2,250
Peter Moore	3,250	2,000
Shane McCurdy	3,250	3,000
Alan Law	4,500	3,000
Kenneth Clayton	4,000	2,750
Heather McKinstry	3,500	2,250
Dooley Harte	3,000	500
Cathy Matthews	2,500	1,000
Richard Baker *	2,250	-
Joan McCaffrey	-	500
Derek McCallan	-	2,000

* Richard Baker was appointed as a Committee Member on 1 May 2025.

Pension Benefits (audited)

Officers & Post	Accrued Pension and Related Lump Sum at Age 65 as at 31/03/26 £'000	Real Increase in Pension and Related Lump Sum at Age 65 to nearest £'000	CETV at 31/03/2026 £'000	CETV at 31/03/2025 £'000	Real Increase in CETV £'000
David Murphy Chief Executive and Secretary	55–60 plus lump sum of 60–65	0–2.5 plus lump sum of (0–2.5)	1,149	1,067	32
Nicola Todd Deputy Secretary	40–45 plus lump sum of 25–30	0–2.5 plus lump sum of (0–2.5)	687	632	23
Zena Kee Head of Pensions Policy (to 30 September 2025)	25–30 plus lump sum of 20–25	0–2.5 plus lump sum of 0–2.5	541	519	10
Jenna Fisher Head of Pensions Service (to 30 September 2025)	30–35 plus lump sum of 20–25	0–2.5 plus lump sum of 0–2.5	370	346	14
Louise Hickland Head of Investment Services	10–15 plus lump sum of Nil	0–2.5 plus lump sum of Nil	151	131	9
Denise McElrea Head of Governance & HR	15–20 plus lump sum of 0–5	0–2.5 plus lump sum of (0–2.5)	246	219	13
Maria Bowers Head of Finance	10–15 plus lump sum of Nil	0-2.5 plus lump sum of Nil	183	156	16
Ryan McClenaghan Head of IT	5–10 plus lump sum of Nil	0–2.5 plus lump sum of Nil	85	69	8
Sinead Heath Chief Pensions Officer	20–25 plus lump sum of Nil	20–22.5 plus lump sum of Nil	237	-	12
Anne Baird Chief Finance Officer (from 2 March 2026)	0–5 plus lump sum of Nil	0–2.5 plus lump sum of Nil	1	-	1

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 1/49th of pensionable salary from 1 April 2015 and were built up at a rate of 1/80th of pensionable salary for each year of service up to 31 March 2009 and 1/60th for each year of service between 1 April 2009 and 31 March 2015. In addition a lump sum equivalent to 3/80ths 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 84 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:

	Permanently employed Staff	Others	2025/26 Total	2024/25 Total
	£'000	£'000	£'000	£'000
Wages and salaries	**3,292**	**224**	**3,516**	3,415
Social security costs	**425**	**26**	**451**	339
Other pension costs	**369**	**37**	**406**	590
Total	**4,086**	**287**	**4,373**	4,344

Average number of persons employed

	Permanently employed Staff	Others	2025/26 Total	2024/25 Total
Direct employed	**79**	**8**	**87**	86
Other	**-**	**-**	**-**	1
Total	**79**	**8**	**87**	87

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

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 2025/26: -£276k (2024/25: -£68k).

For 2025/26, 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 2025 set the contributions to be paid from 1 April 2026 at a rate of 15.5%.

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 2026 and 31 March 2025 on a whole-time equivalent basis is provided in the following table:

			31/3/26			31/3/25
	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	51	81
Total	**32**	**57**	**89**	32	57	89

Sickness Absence

The average number of days lost to sickness absence by all staff in 2025/26 was 8 days (2024/25: 12.5 days). The decrease reflects fewer days lost across long and short-term absences.

Staff Turnover

The staff turnover rate in NILGOSC during 2025/26 was 14.4% (2024/25: 21.1%).

For the first time in several years, staff turnover has fallen below the Corporate Plan target of 20%. Although pay disparities persist between certain NILGOSC roles and similar positions in other sectors, it is considered that the implementation of a two-point pay increase has helped to reduce pay disparity gaps and subsequently reduced turnover. To further address recruitment and retention issues, NILGOSC commenced a formal job evaluation exercise in 2025/26.

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, temporary staff and off-payroll appointments

There was no expenditure on consultancy services, or off-payroll appointments during 2025/26 (2024/25: nil). £3,668 was spent on temporary (non-payroll) staff in 2025/26 (2024/25: £52,486). No exit packages were agreed during the year.

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 is a key priority for NILGOSC and in 2025/26 a budget of 2.5% of salary costs was allocated to this 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 2025/26 is aligned to budget and a number of specialised training programmes have been delivered with external group sessions offered on Insights Training, Fraud Investigations, and Handling Difficult Calls for member-facing staff. Additionally, e-learning sessions were provided covering Data Protection, Diversity and Inclusion, Anti-Fraud Awareness, Disability Awareness, and Menopause Awareness for managers. Fire Wardens also completed refresher e-learning, while Health and Safety Representatives undertook their annual training.

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.

2025/26 saw NILGOSC deliver on the second year of 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 stress management, resilience, mindfulness, breathwork, financial wellbeing, grief awareness, creative wellbeing and healthy working practices.

The programme continued to evolve towards a preventative approach, strengthening early awareness, practical wellbeing skills and healthy working practices.

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 2025/26 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 Working Group 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.



ASSEMBLY ACCOUNTABILITY REPORT

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 were nil (2024/25: £16,462). Bad debts written off during the year total £43,870 (2024/25: £95,363). These losses relate to prior period tax reclaims which are no longer deemed recoverable.

Special Payments

There were no special payments during the year.

Charitable Donations

NILGOSC made no charitable donations during the year.

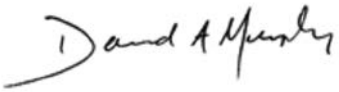
Fees And Charges (Audited)

NILGOSC had no material fees and charges income during 2025/26 (2024/25: 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 2026 (2024/25: no remote contingent liabilities).



David Murphy
Chief Executive and Secretary

28 August 2026

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 2026 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 2026 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 2026 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 enquiries 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. 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.



Brian O'Neill
Local Government Auditor

Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

7 September 2026



04

Financial Statements

FUND ACCOUNT

Year ended 31 March 2026

	Note	2025/26 £'000	2024/25 £'000
Contributions and benefits			
Contributions receivable	4	**454,368**	418,958
Transfers in		**13,872**	11,811
		468,240	430,769
Benefits	5	**(413,024)**	(388,658)
Payments to and on account of leavers	6	**(4,886)**	(7,000)
Administration expenses	7	**(7,100)**	(6,495)
		(425,010)	(402,153)
Net additions from dealings with members		**43,230**	28,616
Return on investments			
Investment income	8	**240,635**	225,763
Change in market value of financial investments	9	**643,606**	267,532
Gains arising from changes in fair values of investment properties	10	**902**	2,169
Investment management expenses	11	**(36,866)**	(35,068)
Net return on investments		**848,277**	460,396
Net increase in the Scheme during the year		**891,507**	489,012
Remeasurement losses on the retirement benefit obligation	18	**(276)**	(68)
		(276)	(68)
Opening net assets of the Scheme		**10,951,973**	10,463,029
Closing net assets of the Scheme		**11,843,204**	10,951,973

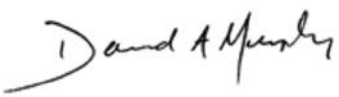
The notes on pages 98 to 128 form part of these financial statements.

NET ASSETS STATEMENT

As at 31 March 2026

	Note	2025/26 £'000	2024/25 £'000
Non-current assets			
Financial assets	9	**11,112,928**	10,220,562
Investment properties	10	**686,815**	691,180
Intangible assets	12	**342**	471
Property, plant and equipment	13	**1,154**	1,187
Revaluation reserve	14	**-**	-
Total non-current assets		**11,801,239**	10,913,400
Current assets			
Trade and other receivables	15	**68,088**	60,270
Cash and cash equivalents	16	**13,482**	14,181
Total current assets		**81,570**	74,451
Total assets		**11,882,809**	10,987,851
Current liabilities			
Trade and other payables	17	**(39,605)**	(35,878)
Total current liabilities		**(39,605)**	(35,878)
Non-current assets plus net current assets		**11,843,204**	10,951,973
Non-current liabilities			
Retirement benefit obligations	18	**-**	-
Total non-current liabilities		**-**	-
Total net assets of the Scheme		**11,843,204**	10,951,973

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 130 to 131 and these financial statements should be read in conjunction with it. The notes on pages 98 to 128 form part of these financial statements.



David Murphy
Chief Executive and Secretary
28 August 2026

STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2026

	2025/26 £'000		2024/25 £'000	
Cash flows from operating activities				
Net increase in the Scheme during the year	**891,507**		489,012	
Adjustments for non-cash transactions				
Change in market value of investments and gains arising from changes in fair value of investment properties	**(644,508)**		(269,701)	
Depreciation/amortisation	**280**		259	
IAS 19 pension cost less contributions payable	**(276)**		(68)	
Loss on revaluation of property, plant & equipment	**94**		4	
Adjustments for movements in working capital				
Increase in trade and other receivables	**(7,818)**		(7,439)	
Increase in trade and other payables	**3,727**		4,945	
Net cash inflow from operating activities		**243,006**		217,012
Cash flows from investing activities				
Purchase of property, plant & equipment and intangible assets	**(212)**		(198)	
Purchase of investment properties	**(52,698)**		(101,563)	
Purchase of investment assets	**(12,942,586)**		(10,058,173)	
Proceeds of disposal of investment properties	**57,965**		4,547	
Proceeds of disposal of investment assets	**12,693,826**		9,941,737	
Net cash outflow from investing activities		**(243,705)**		(213,650)
Net (decrease)/increase in cash and cash equivalents		**(699)**		3,362
Cash and cash equivalents at the beginning of the year		**14,181**		10,819
Cash and cash equivalents at the end of the year		**13,482**		14,181

The notes on pages 98 to 128 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2026

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 96, 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 are in place for one of NILGOSC's investment managers. Further details are provided in Note 11 Investment management expenses.

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.

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.

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.

2.16 Financial instruments (continued)

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:

Financial assets at fair value	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: *Debt securities; equity investments; investments in infrastructure funds; investments in unlisted private equities; and derivative financial instruments*
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest method less any impairment losses. These instruments include: *Cash and cash equivalents, trade and other receivables*
Financial liabilities at amortised cost	Subsequently measured at amortised cost using the effective interest method. These instruments include *Trade and other payables*

(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 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 126 and the Actuarial Statement on pages 130 to 131. 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 2026 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 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 2026/27 accounting period. HM Treasury has reviewed to ensure that any relevant public sector adaptations or interpretations are adequately reflected in the financial reporting guidance.

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 in the private sector. The impact of IFRS 18 on the public sector is still being assessed, and a decision has not yet been taken on an implementation date.

IFRS 19 (Subsidiaries with Public Accountability: Disclosures) allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after 1 January 2027 in the private sector. The impact of IFRS 19 on the public sector is still being assessed, and a decision has not yet been taken on an implementation date.

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 95 and the Net Assets Statement on page 96.

4. Contributions Receivable

	2025/26 £'000	2024/25 £'000
Employers		
normal	**338,624**	312,135
deficit recovery	**1,754**	2,017
early retirement funding *	**4,502**	4,574
employers' surplus on exit **	**(491)**	-
Employees		
normal	**109,979**	100,232
	454,368	418,958

* 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.

** One employer exited the Scheme on 31st January 2026; at date of exit the employer was in a net surplus position with respect to pension obligations.

5. Benefits

	2025/26 £'000	2024/25 £'000
Pensions *	**307,435**	289,439
Commutations and lump sum retirement benefits	**95,016**	86,336
Lump sum death benefits	**10,573**	12,883
	413,024	388,658

* In addition, £3,893k of compensation pensions were paid on an agency basis and recharged to employing authorities (2024/25: £4,051k). 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

	2025/26 £'000	2024/25 £'000
Refund to members leaving service	**2,361**	2,386
Payment for members joining state scheme	**(1)**	(1)
Transfers to other schemes	**2,526**	4,615
	4,886	7,000

7. Administration expenses

	2025/26 £'000	2024/25 £'000
Staff costs	**4,373**	4,344
Office overheads	**1,089**	1,023
Depreciation and amortisation (notes 12 & 13)	**280**	259
Communication	**354**	283
Other administration	**232**	221
Templeton House revaluation (note 14)	**94**	4
Actuarial fees	**125**	65
Internal audit fees	**38**	33
External audit fees	**45**	43
Legal and other professional fees	**340**	108
Medical fees	**149**	127
IAS19 net interest cost (note 18)	**(19)**	(15)
	7,100	6,495

8. Investment income

	2025/26 £'000	2024/25 £'000
Interest income from fixed income securities	**133,947**	117,567
Dividends from equities	**32,407**	30,843
Index linked securities	**986**	1,094
Derivatives *	**1,458**	5,830
Pooled investment vehicles	**11,302**	10,690
Infrastructure/private equity investment distributions	**3,580**	5,523
Net rents from properties	**41,655**	35,650
Interest on cash deposits	**15,788**	18,920
Stock lending income	**684**	685
Other income	**17**	6
	241,824	226,808
Irrecoverable withholding tax	**(1,189)**	(1,045)
Total Investment Income	**240,635**	225,763

* 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.

8. Investment income (continued)

Stock lending income

The Fund's securities lending programme continued during the year ended 31 March 2026. 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 2026, there were securities amounting to £237,400k on loan against collateral of £259,240k (2024/25: securities amounting to £281,156k were on loan against collateral of £301,507k).

9. Financial assets

Movement in investments and derivatives

	Value at 01 04 2025	Purchases at cost	Sales proceeds	Change in market value	Value at 31 03 2026
	£' 000	£' 000	£' 000	£' 000	£' 000
Fixed income securities	2,529,563	9,778,672	(9,473,503)	20,046	**2,854,778**
Equities	1,823,494	1,100,865	(1,072,092)	86,849	**1,939,116**
Index-linked securities	152,117	383,712	(393,574)	3,262	**145,517**
Pooled investment vehicles	4,662,113	1,305,013	(1,268,451)	505,152	**5,203,827**
Derivative contracts	58,323	374,824	(454,554)	(15,614)	**(37,021)**
Infrastructure/Private Equity	642,378	46,873	(31,652)	47,851	**705,450**
	9,867,988	**12,989,959**	**(12,693,826)**	**647,546**	**10,811,667**
Other investment balances:					
Cash and Cash Equivalents	315,580	(51,336)*	-	(3,940)	**260,304**
Investment income due	36,994	3,963*	-	-	**40,957**
Net financial assets	**10,220,562**	**12,942,586**	**(12,693,826)**	**643,606**	**11,112,928**

* 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 £146m reported in the preceding table, the Fund has exposure to index-linked gilts of £1,674m as at 31 March 2026 (2024/25: £854m) through its passive investment in the LGIM Index-Linked Gilts Fund, which is included within Pooled investment vehicles, as detailed in the Analysis of financial assets on page 108. This is reflected within Index-linked Gilts in the asset allocation information within the Investment of the Fund section on pages 44 and 45. The significant increase in index-linked gilts in the LGIM Index-Linked Gilts Fund is a result of the rebalancing that took place during 2025/26 to reduce the temporary cash allocation held in the LGIM Sterling Liquidity Fund and increase holdings in the LGIM Index-Linked Gilts Fund to achieve the target allocation of 14.5% for index-linked gilts. Both of these funds are classified under Pooled investment vehicles in the preceding table with the rebalancing activity reflecting as purchases and sales.

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 £3.9m change in market value in respect of cash deposits reflects foreign exchange gains/(losses) on foreign currency cash.

9. Financial assets (continued)

The cash deposits held at 31 March 2026 include £49.8m ringfenced due to NILGOSC in relation to derivative contracts (31 March 2025: £18.7m owed to counterparties).

Financial assets and liabilities

	2025/26	2024/25
	£'000	£'000
Financial assets at fair value through profit or loss		
Fixed income securities	**2,854,778**	2,529,563
Equities	**1,939,116**	1,823,494
Index linked securities	**145,517**	152,117
Pooled investment vehicles	**5,203,827**	4,662,113
Derivative contracts:		
Futures	**8,010**	2,503
Swap contracts	**25,324**	21,762
Options	**11,947**	6,910
Forward currency contracts	**37,039**	64,962
Private equity/infrastructure	**705,450**	642,378
Cash deposits	**260,304**	315,580
Investment income due	**40,957**	36,994
Total financial assets	**11,232,269**	10,258,376
Financial liabilities at fair value through profit or loss		
Derivative contracts:		
Futures	**(6,074)**	(847)
Swap contracts	**(30,942)**	(12,160)
Options	**(13,673)**	(6,107)
Forward currency contracts	**(68,652)**	(18,700)
Total financial liabilities	**(119,341)**	(37,814)
Net financial assets	**11,112,928**	10,220,562

9. Financial assets (continued)

Analysis of financial assets

	2025/26 £'000	2024/25 £'000
Fixed income securities		
UK public sector	**254,709**	77,833
UK corporate	**190,254**	155,113
Overseas public sector	**1,037,454**	1,064,765
Overseas corporate	**1,372,361**	1,231,852
	2,854,778	2,529,563
Equities		
UK quoted	**77,105**	52,384
Overseas quoted	**1,862,011**	1,771,110
	1,939,116	1,823,494
Index-linked securities		
UK	**1,035**	15,555
Overseas	**144,482**	136,562
	145,517	152,117
Pooled investment vehicles		
Residential Property Fund	**109,651**	110,590
Global Property Fund	**335,956**	271,150
Unit trusts - equities	**2,977,289**	2,562,255
Unit trusts - index-linked gilts	**1,674,166**	854,047
Unit trusts - other	**106,765**	861,249
Other	**-**	2,822
	5,203,827	4,662,113
Derivative contracts		
Futures	**1,936**	1,656
Swap contracts	**(5,618)**	9,602
Options	**(1,726)**	803
Forward foreign exchange contracts	**(31,613)**	46,263
	(37,021)	58,324
Infrastructure/Private Equity		
Global Infrastructure	**705,450**	642,378
	705,450	642,378

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 2026, NILGOSC was owed cash collateral totalling £49.8m, which is included within investment total cash deposits amount (31 March 2025: cash collateral owed to counterparties of £18.7m).

9. Financial assets (continued)

The market value of derivative contracts is analysed below:

(i) Futures

		Market Value	Market Value	Market Value
		(Asset)	(Liability)	(Net)
Type of contract	**Exposure**	**31 March 2026**	**31 March 2026**	**31 March 2026**
(Expiration - Under one year)	**£'000**	**£'000**	**£'000**	**£'000**
Overseas Equity Futures	**(2,818)**	**36**	**(5)**	**31**
UK Fixed Income Futures	**6,584**	**-**	**(634)**	**(634)**
Overseas Fixed Income Futures	**(163,602)**	**7,974**	**(5,435)**	**2,539**
Overseas Cash Futures	**-**	**-**	**-**	**-**
Total		**8,010**	**(6,074)**	**1,936**

(ii) Swap contracts

Expiration	**Notional Principal**	**31 March 2026**	**31 March 2026**	**31 March 2026**
	£'000	**£'000**	**£'000**	**£'000**
Up to 1 year	**240,536**	**1,531**	**(707)**	**824**
1 to 5 years	**2,523,193**	**17,196**	**(23,761)**	**(6,565)**
5 to 10 years	**370,376**	**4,982**	**(5,018)**	**(36)**
10 to 15 years	**25,166**	**305**	**(225)**	**80**
15 to 20 years	**-**	**-**	**-**	**-**
Over 20 years	**84,696**	**1,310**	**(1,231)**	**79**
Total		**25,324**	**(30,942)**	**(5,618)**

Nature of swap	**Notional Principal**	**31 March 2026**	**31 March 2026**	**31 March 2026**
	£'000	**£'000**	**£'000**	**£'000**
Interest rate swaps	**3,246,001**	**7,954**	**(19,940)**	**(11,986)**
Credit default swaps	**(334,643)**	**15,912**	**(8,853)**	**7,059**
Equity index swaps	**117**	**502**	**(226)**	**276**
Inflation swaps	**332,492**	**956**	**(1,923)**	**(967)**
Total return swaps	**-**	**-**	**-**	**-**
Total		**25,324**	**(30,942)**	**(5,618)**

(iii) Options

Investment underlying option contract	**31 March 2026**	**31 March 2026**	**31 March 2026**
	£'000	**£'000**	**£'000**
Overseas equity	**11,332**	**(9,408)**	**1,924**
Overseas fixed interest	**-**	**-**	**-**
Overseas cash	**242**	**(2,037)**	**(1,795)**
Swaptions	**373**	**(2,228)**	**(1,855)**
Total	**11,947**	**(13,673)**	**(1,726)**

Type of contract	**31 March 2026**	**31 March 2026**	**31 March 2026**
	£'000	**£'000**	**£'000**
Call options	**115**	**(2,091)**	**(1,976)**
Put options	**11,832**	**(11,582)**	**250**
Total	**11,947**	**(13,673)**	**(1,726)**

	Market Value (Asset)	Market Value (Liability)	Market Value (Net)
Exposure	31 March 2025	31 March 2025	31 March 2025
£'000	£'000	£'000	£'000
(369)	9	-	9
(5,410)	24	(41)	(17)
(14,055)	2,470	(806)	1,664
-	-	-	-
	2,503	(847)	1,656

Notional Principal	31 March 2025	31 March 2025	31 March 2025
£'000	£'000	£'000	£'000
135,047	1,178	(406)	772
1,184,537	15,266	(9,904)	5,362
134,462	3,179	(985)	2,194
10,762	-	(409)	(409)
19,500	-	(282)	(282)
41,387	2,139	(174)	1,965
	21,762	(12,160)	9,602

Notional Principal	31 March 2025	31 March 2025	31 March 2025
£'000	£'000	£'000	£'000
1,443,994	6,195	(5,610)	585
(211,661)	13,792	(5,224)	8,568
-	-	-	-
274,525	1,501	(1,326)	175
18,837	274	-	274
	21,762	(12,160)	9,602

	31 March 2025	31 March 2025	31 March 2025
	£'000	£'000	£'000
	2,239	(4,245)	(2,006)
	-	(20)	(20)
	486	(480)	6
	4,185	(1,362)	2,823
	6,910	(6,107)	803

	31 March 2025	31 March 2025	31 March 2025
	£'000	£'000	£'000
	2,685	(1,371)	1,314
	4,225	(4,736)	(511)
	6,910	(6,107)	803

9. Financial assets (continued)

(iv) Open forward currency contracts at 31 March 2026

Number of contracts	Currency Bought	Local Value '000	Currency Sold	Local Value '000	Asset Value £'000	Liability Value £'000	Net Value £'000
20	EUR	29,232	GBP	(25,377)	218	-	218
10	EUR	236,147	USD	(271,683)	492	(133)	359
28	GBP	280,084	EUR	(321,790)	-	(1,467)	(1,467)
10	GBP	37,082	JPY	(7,774,523)	81	(217)	(136)
9	GBP	42,797	OTHER	(198,756)	558	(132)	426
88	GBP	2,891,747	USD	(3,886,311)	-	(55,476)	(55,476)
3	JPY	47,697	GBP	(226)	2	-	2
12	JPY	15,239,146	USD	(97,783)	7	(1,372)	(1,365)
11	OTHER	513,283	GBP	(5,036)	126	-	126
238	OTHER	573,170,045	USD	(417,494)	2,444	(6,207)	(3,763)
23	USD	683,312	EUR	(585,341)	6,948	(728)	6,220
71	USD	1,286,501	GBP	(961,022)	14,573	-	14,573
9	USD	94,796	JPY	(14,714,980)	1,613	(7)	1,606
259	USD	696,488	OTHER	(692,494,275)	9,977	(2,913)	7,064
Total					**37,039**	**(68,652)**	**(31,613)**

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 2026 £'000	% of Net Assets	Market Value 31 March 2025 £'000	% of Net Assets
Legal & General – Over 5y Index-Linked Gilts	1,674,166	14.14%	854,047	7.80%
Legal & General - Low Carbon Transition Developed Markets Equity Index Fund	1,402,581	11.84%	1,226,101	11.20%
Legal & General - Low Carbon Transition Developed Markets Equity Index Fund - GBP Hedged	1,331,922	11.25%	1,130,725	10.32%
Legal & General – Sterling Liquidity Fund	78,253	0.66%	841,613	7.68%

Employer-Related Investments

The Scheme had no employer-related investments as at 31 March 2026 or 31 March 2025.

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.

9. Financial assets (continued)

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

			2025/26			2024/25
	Utmost Life	**Prudential**	**Total**	Utmost Life	Prudential	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Value at start of year	**101**	**36,101**	**36,202**	149	32,682	32,831
Contributions invested	**-**	**9,632**	**9,632**	38	9,311	9,349
Sales of investments	**(15)**	**(7,017)**	**(7,032)**	(94)	(7,647)	(7,741)
Change in market value	**8**	**4,407**	**4,415**	8	1,755	1,763
Value at end of year	**94**	**43,123**	**43,217**	101	36,101	36,202

10. Investment property

	2025/26	2024/25
	£'000	£'000
Fair Value		
At start of year	691,180	591,995
Additions	52,698	101,563
Sales	(57,965)	(4,547)
Gains/(Losses) arising from changes in fair values	902	2,169
At end of year	686,815	691,180

The investment properties were valued as at 31 March 2026 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 2026 are appropriate for financial statement purposes.

NILGOSC received net rental income of £41.7m (2024/25: £35.7m) 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.

10. Investment property (continued)

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

	2025/26	2024/25
	£'000	£'000
Not later than one year	**43,427**	37,987
Later than one year and not later than five years	**139,336**	120,979
Later than five years	**205,311**	176,741
	388,074	335,707

11. Investment management expenses

	2025/26	2024/25
	£'000	£'000
Administration, management and custody	**33,923**	31,107
Performance measurement services	**46**	46
Other advisory fees	**339**	310
Transaction costs and trading expenses	**2,558**	3,605
	36,866	35,068

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 are in place for one of NILGOSC's investment managers – there was no performance related fee due in 2025/26 in respect of this investment manager (2024/25: 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
Cost	
At 1 April 2025	**1,513**
Additions	**40**
Disposals	**-**
At 31 March 2026	**1,553**
Amortisation	
At 1 April 2025	**1,042**
Charge for the year	**169**
Amortisation on disposals	**-**
At 31 March 2026	**1,211**
Net book value	
At 31 March 2025	**471**
At 31 March 2026	**342**
Cost	
At 1 April 2024	**1,602**
Additions	**59**
Disposals	**(148)**
At 31 March 2025	**1,513**
Amortisation	
At 1 April 2024	**1,052**
Charge for the year	**138**
Amortisation on disposals	**(148)**
At 31 March 2025	**1,042**
Net book value	
At 31 March 2024	**550**
At 31 March 2025	**471**

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
Cost			
At 1 April 2025	1,050	531	**1,581**
Revaluation	-	-	**-**
Additions	136	36	**172**
Disposals	(136)	(29)	**(165)**
At 31 March 2026	**1,050**	**538**	**1,588**
Depreciation			
At 1 April 2025	-	394	**394**
Charge for the year	42	69	**111**
Revaluation Adjustment	(42)	-	**(42)**
Depreciation on disposals	-	(29)	**(29)**
At 31 March 2026	**-**	**434**	**434**
Net book value			
At 31 March 2025	1,050	137	**1,187**
At 31 March 2026	**1,050**	**104**	**1,154**
Cost			
At 1 April 2024	1,075	484	**1,559**
Revaluation	(25)	-	**(25)**
Additions	21	118	**139**
Disposals	(21)	(71)	**(92)**
At 31 March 2025	**1,050**	**531**	**1,581**
Depreciation			
At 1 April 2024	-	386	**386**
Charge for the year	42	79	**121**
Revaluation Adjustment	(42)	-	**(42)**
Depreciation on disposals	-	(71)	**(71)**
At 31 March 2025	**-**	**394**	**394**
Net book value			
At 31 March 2024	1,075	98	**1,173**
At 31 March 2025	**1,050**	**137**	**1,187**

The property was valued as at 31 March 2026 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

	2025/26 £'000	2024/25 £'000
At 1 April 2025	-	-
Revaluation during the year	-	-
Refurbishment disposal	-	-
At 31 March 2026	-	-

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 2025/26 there is a loss arising from the revaluation of Templeton House as at 31 March 2026 which is included in Administration expenses (note 7).

15. Trade and other receivables

	2025/26 £'000	2024/25 £'000
Receivables and other current assets *	**25,435**	20,439
VAT and other receivables	-	-
Less: Provision for impairment of receivables	**(584)**	(602)
Receivables and other current assets-net	**24,851**	19,837
Pension contributions due **	**32,967**	31,342
Prepayments and accrued income	**10,270**	9,091
	68,088	60,270

* Receivables and other current assets include rental debt.

** All contributions due to the Scheme relate to the month of March 2026 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.

	2025/26	2024/25
	£'000	£'000
At 1 April	**14,181**	10,819
Net change in cash balances	**(699)**	3,362
	13,482	14,181
The following balances at 31 March were held at:		
Commercial banks and cash in hand	**13,482**	14,181
	13,482	14,181

17. Trade and other payables

	2025/26	2024/25
	£'000	£'000
Trade payables and other current liabilities	**557**	56
Unpaid benefits	**13,746**	13,148
Social security and other taxes	**5,806**	4,616
Accruals and deferred income	**19,496**	18,058
	39,605	35,878

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 2025, 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's Administering Authority, the 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.

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 2026 NILGOSC, in its capacity as a participating employer, had 90 active members (2024/25: 88), 90 deferred members (2024/25: 89) and 38 pensioners (2024/25: 36) in the Scheme.

18. Retirement benefit obligations (continued)

Net defined benefit liability

	2025/26 £'000	2024/25 £'000
Fair value of assets	**21,437**	19,533
Present value of funded defined benefit obligation	**(15,195)**	(14,029)
Effect of net asset ceiling	**(6,242)**	(5,504)
Net defined benefit liability	**-**	-

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	**47%**
Deferred pensioners	**16%**
Pensioners	**37%**

The estimated duration of the Fund's liabilities is 17.8 years.

Financial assumptions

A full actuarial valuation of the NILGOSC defined benefit scheme was carried out as at 31 March 2025. 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 2026. 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.

	2025/26 %	2024/25 %
Rate of increases in salaries	**4.3**	4.0
Discount rate	**6.2**	5.8
Inflation (CPI) / Pension increase rate	**2.8**	2.5

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.

18. Retirement benefit obligations (continued)

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 2025 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:

	2025/26 Years	2024/25 Years
Retiring today:		
Males	**22.0**	21.6
Females	**25.3**	24.5
Retiring in 20 years:		
Males	**22.3**	22.2
Females	**25.6**	25.2

The next funding valuation of the Scheme is due to be carried out as at 31 March 2028.

The major categories of assets as a percentage of total plan assets are:

	2025/26 %	2024/25 %
Equities	**43.1**	41.3
Bonds	**25.5**	19.6
Multi Asset Credit	**13.2**	13.0
Property	**9.7**	9.5
Cash	**2.7**	10.7
Other	**5.8**	5.9

Analysis of amounts recognised in the Fund Account

	2025/26 £'000	2024/25 £'000
Operating cost		
Current service cost	**406**	617
Total	**406**	617
Finance cost		
Interest on net defined benefit asset	**(338)**	(111)
Interest on unrecognised asset	**319**	96
Total	**(19)**	(15)

18. Retirement benefit obligations (continued)

	2025/26 £'000	2024/25 £'000
Remeasurement gains and losses		
Return on plan assets (in excess of)/below that recognised in net interest	**(336)**	205
Actuarial (gains) due to change in financial assumptions	**(246)**	(3,443)
Actuarial losses/(gains) due to changes in demographic assumptions	**140**	(128)
Actuarial losses due to liability experience	**299**	25
Unrecognised asset – Effect of net asset ceiling	**419**	3,409
Net losses/(gains)	**276**	68

Changes in fair value of the scheme assets are as follows:

	2025/26 £'000	2024/25 £'000
Fair value of scheme assets at start of year	**19,533**	18,287
Interest income on assets	**1,145**	891
Contributions by members	**236**	237
Contributions by the employer	**663**	670
Benefits paid	**(476)**	(347)
Re-measurement gains/(losses) on assets	**336**	(205)
Fair value of scheme assets at end of year	**21,437**	19,533

The actual return on assets is as follows:

	2025/26 £'000	2024/25 £'000
Interest income on assets	**1,145**	891
Re-measurement gains/(losses) on assets	**336**	(205)
Actual return on assets	**1,481**	686

18. Retirement benefit obligations (continued)

Changes in the present value of retirement benefit obligations are as follows:

	2025/26	2024/25
	£'000	£'000
Present value of obligations at start of year	**14,029**	16,288
Current service cost	**406**	617
Interest cost	**807**	780
Contributions by members	**236**	237
Benefits paid	**(476)**	(347)
Actuarial (gains) on liabilities – change in financial assumptions	**(246)**	(3,443)
Actuarial losses/(gains) on liabilities – change in demographic assumptions	**140**	(128)
Actuarial losses on liabilities – experience adjustment	**299**	25
Present value of defined benefit obligation at end of year	**15,195**	14,029

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 2026 and 31 March 2025. In each case only the assumption stated is altered; all other assumptions remain the same.

Discount rate assumption

	2025/26		2024/25	
Adjustment to discount rate	**+0.1% p.a.**	**-0.1% p.a.**	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	**14,921**	**15,469**	13,762	14,296
% change in present value of total obligation	**-1.8%**	**1.8%**	-1.9%	1.9%
Projected service cost (£000's)	**403**	**448**	371	414
Approximate % change in projected service cost	**-5.1%**	**5.3%**	-5.4%	5.5%

Rate of general increase in salaries

	2025/26		2024/25	
Adjustment to salary increase rate	**+0.1% p.a.**	**-0.1% p.a.**	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	**15,225**	**15,165**	14,071	13,987
% change in present value of total obligation	**0.2%**	**-0.2%**	0.3%	-0.3%
Projected service cost (£000's)	**425**	**425**	392	392
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

	2025/26		2024/25	
Adjustment to pension increase rate	**+0.1% p.a.**	**-0.1% p.a.**	+0.1% p.a.	-0.1% p.a.
Present value of total obligation (£000's)	**15,438**	**14,952**	14,253	13,805
% change in present value of total obligation	**1.6%**	**-1.6%**	1.6%	-1.6%
Projected service cost (£000's)	**448**	**403**	414	371
Approximate % change in projected service cost	**5.3%**	**-5.1%**	5.5%	-5.4%

Post retirement mortality assumption

	2025/26		2024/25	
Adjustment to mortality age rating assumption	**-1 year**	**+ 1 year**	-1 year	+ 1 year
Present value of total obligation (£000's)	**15,529**	**14,846**	14,352	13,706
% change in present value of total obligation	**2.2%**	**-2.3%**	2.3%	-2.3%
Projected service cost (£000's)	**440**	**409**	407	377
Approximate % change in projected service cost	**3.6%**	**-3.7%**	3.9%	-3.9%

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.

Asset Volatility	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.
Changes in Bond Yield	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.
Inflation Risk	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.
Life Expectancy	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.
Exiting Employers	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 2027 is £564k.

19. Risks arising from financial instruments

Market risk	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 Advisors, Fund Managers and Fund Actuary.
Currency risk	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.
Interest rate risk	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.
Credit risk	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 2026 is disclosed in Note 8, Investment Income on Page 105.
Liquidity risk	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 2026 was £8,725m (31 March 2025: £8,192m). 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 higher than expected. This has led to a gain on assets over the accounting period and an improvement in the balance sheet position.

Financial assumptions

A full actuarial valuation of the NILGOSC defined benefit scheme was carried out as at 31 March 2025. There has been a change to the financial assumptions at the total Fund level over the period. The discount rate has increased by 0.4%, the CPI inflation assumption has increased by 0.3% and the salary increase assumption has also increased by 0.3% which has resulted in a more positive balance sheet position than if the financial assumptions had remained as they were at the start of the period.

	31 March 2026 %	31 March 2025 %
Rate of increases in salaries	**4.3**	4.0
Discount rate	**6.2**	5.8
Inflation / Pension increase rate	**2.8**	2.5

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 2025 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:

	2025/26 Years	2024/25 Years
Retiring today		
Males	**22.0**	21.6
Females	**25.3**	24.5
Retiring in 20 years		
Males	**22.3**	22.2
Females	**25.6**	25.2

The net assets available for benefits are £11,843m giving a surplus of £3,119m when compared to the actuarial present value of promised retirement benefits of £8,725m calculated on an IAS 19 basis.

Details of the funding position of the Scheme are included in the Actuarial Statement on pages 130 to 131.

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, and this 'interim' solution has continued to be extended.

The retirement benefit obligation provides for an indefinite extension of the solution in the estimates included in note 18.

Public Sector Pension – Injury to Feelings Claims

NILGOSC is a named Respondent in a class action affecting employers across the public sector. This is an extremely complex case with potential implications for NILGOSC and the wider public sector. However, given the complexities, the cases are still at an early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of any liability cannot be provided.

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.

The Pension Scheme Act 2026 (which become law on 29 April 2026), introduced a legislative remedy allowing trustees to instruct their scheme actuary to retrospectively validate these historic amendments, provided the change wouldn't have caused the scheme to fail the statutory contracting-out test. Further guidance is expected for LGPS schemes from government bodies, however the new legislation is thought to significantly reduce the risk of unquantifiable contingent liabilities by providing a streamlined statutory fix.

23. Contractual commitments

Outstanding capital commitments (investments) at 31 March 2026 totalled £159m (31 March 2025: £196m). 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 £232m (31 March 2025: £285m) of which £217m (2025: £265m) 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 page 80.

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 2026.

25. Post Balance Sheet Events

There have been no significant events since 31 March 2026.

The Financial Statements were authorised for issue by the Accounting Officer on 7 September 2026.



STATEMENT OF THE ACTUARY FOR YEAR ENDED 31 MARCH 2026

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 latest actuarial valuation of the Scheme was completed as at 31 March 2025 by Aon, in accordance with Regulation 68 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014 and the funding principles set out in the Scheme's Funding Strategy Statement. The results of the valuation are set out in Aon's report dated 30 March 2026 (the "actuarial valuation report") which is available at the following address: https://nilgosc.org.uk/about-us/scheme-administration/actuarial-valuations/

Actuarial Position

1. The actuarial valuation as at 31 March 2025 showed that the funding level of the Scheme had increased since the previous valuation with the market value of the Scheme's assets as at 31 March 2025 (of £10,952.0M) covering 119% of the liabilities.
2. The overall future service contribution rate was assessed to be 17.1% of pensionable pay. The future service rate is the employers' overall share of the cost of benefits being earned in the future.
3. The valuation also assessed each individual employer's (or group of employers') position separately. 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, recovery/amortisation periods and treatment of surplus as agreed with the Committee and set out in the Funding Strategy Statement, reflecting the employers' circumstances.
4. Total contributions payable by all employers over the three years to 31 March 2029 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£)
2026	15.3%	21,000
2027	15.3%	21,800
2028	15.3%	22,600

Certain employers who are in surplus in excess of 115% are paying contributions below their share of the cost of benefits being earned in the future. Whilst the overall Scheme has a surplus, additional monetary contributions are payable for individual employers assessed to have a deficit.

Assumptions and method

5. 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 contribution rates were as follows:

Discount rate for periods in service	4.7% p.a.
Discount rate for periods after leaving service	
Main employer group and subsumption body funding target *	4.7% p.a.
Intermediate funding target	4.5% p.a.
Ongoing orphan funding target	4.3% p.a.
Rate of pay increases	3.6% p.a.
Rate of increase to pension accounts	2.1% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.1% 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, 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 5.0% p.a. and 2.95% p.a. respectively.

6. The assets were valued at market value.
7. The key demographic assumption was the allowance made for longevity. The post-retirement mortality assumption adopted for the actuarial valuation was based on an analysis of the Scheme's pensioner mortality experience and a membership postcode analysis, and included an allowance for future improvements. Full details (including the other demographic assumptions) are set out in the actuarial valuation report.

The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	21.7	25.1
Current active members aged 45 at the valuation date	22.1	25.4

Final comments

8. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2025. As such the results do not make allowance for changes which have occurred after the valuation date. The Committee monitors the funding position on a regular basis via funding updates from the actuary.
9. The actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2026 to 31 March 2029 were signed on 30 March 2026. 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 Scheme as at 31 March 2028 in accordance with Regulation 68 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014.
10. 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 following the Regulations. The review for the 2025 valuation has not yet been completed.
11. This Statement has been prepared by the actuary to the Scheme, Aon, for inclusion in the accounts of the Scheme. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2025. 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 actuarial valuation report which details fully the context and limitations of the actuarial valuation.
12. Aon does not accept any responsibility or liability to any party other than our client, the Committee, in respect of this Statement.

Aon Solutions UK Limited

May 2026

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Appendices

ANNUAL EQUALITY STATEMENT YEAR ENDED 31 MARCH 2026

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 2025/26 and the equality agenda continues to be promoted and supported by the most senior levels of the organisation.

The NILGOSC Corporate Plan for 2025/26 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 2025/26 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 2025 – 31 March 2026 were progressed during the year, as set out below:

- At 31 March 2026 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.
- There were 61 alternative communications issued between 1 April 2025 – 31 March 2026. All requests for alternative communication were successfully completed. The majority of the requests relate to large print, with 23 requests for translations during the period.
- NILGOSC remains committed to providing all its digital content in an accessible format. Software was procured in the year which actively monitors NILGOSC's website for accessibility.
- NILGOSC has continued with its reconnection programme, 52.19% of members previously registered to our online portal have moved across to the new online portal. 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.
- 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 2025 – 31 March 2026. 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. Three policies were screened during 2025/26 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**

Copies of the Equality Scheme and this Annual Equality Statement are also available on the internet at **www.nilgosc.org.uk/equality-scheme**.

ANNUAL REPORT OF THE AUDIT AND RISK ASSURANCE COMMITTEE FOR YEAR ENDED 31 MARCH 2026

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 2026.

1.2 This report provides a summary of the main areas and issues considered by the ARAC during 2025/26.

2 Constitution of the Audit & Risk Assurance Committee

2.1 At 31 March 2026 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 2025/26.

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 Chief Finance Officer, 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 2024/25 were prepared in line with changes to the FReM and relevant accounting guidance. This was presented to the ARAC on 13 August 2025. In line with DAO (DFP) 10/12 'Requirement to Complete a Governance Statement', the Chief Executive prepared his Governance Statement for 2024/25, which was considered and endorsed by the ARAC for inclusion in the 2024/25 Annual Report.

3.2 In addition to the Governance Statement, the Annual Report 2024/25 also included the Annual Report of the ARAC. On the recommendation of the ARAC, the Annual Report 2024/25 was approved by the Management Committee at its meeting on 26 August 2025 and laid before the Assembly on 12 September 2025.

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 2024/25 (RTTCWG) was presented to the ARAC on 13 August 2025.

4.3 The External Auditor advised the ARAC that there were no significant issues identified as a result of the audit and no recommendations were made. 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 2025.

4.4 The Local Government Auditor issued a clean audit opinion for the year ended 31 March 2025. There were no significant issues reported in the 2024/25 RTTCWG.

4.5 The Local Government Auditor presented its Audit Strategy 2025/26 to the ARAC at its meeting on 4 February 2026, which was subsequently approved.

5 Internal Audit

5.1 The Internal Auditor presented their draft Internal Audit Strategy for approval to the ARAC on 4 June 2025 which set out the internal audit work to be conducted for the year ahead.

5.2 The internal audit reviews conducted during 2025/26 and the assurance opinion provided in respect of each is set out in the table below:

Review	Assurance Opinion
IT systems and cybersecurity	Satisfactory
Pensions Development	Satisfactory
Communications	Satisfactory
Human Resource Management	Satisfactory
Pensions Administration	Satisfactory
Validation of service standards	N/A
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 2025/26.

5.4 The ARAC receives bi-annual reports on the progress against implementation of internal audit recommendations. These reports were provided in August 2025 and February 2026 and the ARAC noted that good progress that had been made during 2025/26.

5.5 In their Annual Assurance Report, SumerNI stated that, during the twelve month period ended 31 March 2026, 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.

6 Risk, Control and Governance

6.1 During the annual review of the risk register in April 2025, 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 added. The ARAC reviewed the risk register 2025/26 at its meeting on 4 June 2025, which was subsequently approved by the Management Committee on 17 June 2025.

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 2025/26 resulted in the increase of risk scoring for one risk and a reduction in scoring for two risks. Amendments to the wording of one risk was applied to update the scope of the risk relating to Dashboards. Some ownership changes were also made to reflect changes in staff and responsibilities.

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 2025 and 3 June 2026 before consideration by the Management Committee and sign off by the Chairperson.

6.5 The Head of Governance and HR presented an assurance map to ARAC on 4 June 2025. The assurance map was prepared following the annual risk review undertaken by SMT in April 2025. The assurance map was prepared in line with HM Treasury Assurance Frameworks (Dec 2022) and sets out key risks, services and processes, and charts assurance ratings across the three lines of defence. The assurance map was presented to ARAC as evidence of a whole system approach to assurance across the organisation.

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. One case of attempted fraud was reported to the PSNI in 2025/26. NILGOSC took part in the NFI 2024/25 data matching exercise, with the next exercise planned for Autumn 2026. 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 One concern was raised through NILGOSC's Raising Concerns Policy during 2025/26 which was found to be unsubstantiated after investigation.

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 bi-ennial 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 reviewed annually 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 two ARAC meetings held in 2025/26.

9 Effectiveness of the Audit & Risk Assurance Committee

9.1 The ARAC met four times during 2025/26 in accordance with the planned work programme.

9.2 The following table sets out the attendance record for2025/26:

Member	Meetings Called	Meetings Attended	Attendance %
JJ Tohill	4	4	100%
Michael Rafferty	4	4	100%
Antoinette McMillen	4	3	75%
Alan Law	4	4	100%
Shane McCurdy	4	3	75%

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 At the ARAC's meeting on 3 June 2026 they reviewed the questions on the effectiveness checklist for the reporting period 1 April 2025 to 31 March 2026. 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 2025/26 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 2026, 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 2026

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

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

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

Term	Definition
Accrual rate	This is the rate at which pension benefits build up for the member e.g. 1/49th times pensionable pay for each year of membership.
Active Member	Current member of the pension scheme who is building up retirement benefits from their present job.
Active Management	A style of investment management whereby the manager seeks to add value to the fund by actively buying and selling shares.
Actuary	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.
Actuarial Valuation	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.
Additional Voluntary Contributions (AVCs)	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.
Asset Allocation	The decision as to which mix of assets to buy – for example shares, bonds, property, cash or other types of investment.
Automatic Enrolment	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.
Balanced Management	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.
Benchmark	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.
Benefit Statement	A statement showing an individual the pension benefits they have earned so far together with a forecast of what their final pension might be.
Career Average Revalued Earnings (CARE)	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.
Cohabiting Partner	Couples who live together but do not marry or enter a civil partnership.
Consumer Prices Index (CPI)	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.

Term	Definition
Contributions	The money paid by an individual or their employer into a pension fund.
Corporate Bonds	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.
Death Benefit	This may be paid to a member's dependants if the member dies. It may be a pension or a one-off payment.
Deferred Benefits	Pension benefits which are calculated at the time an individual leaves the pension scheme and are payable at a later date.
Deferred Member	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.
Defined Benefit Scheme	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.
Dependant	Someone who is dependent on a member of the pension scheme (or on a pensioner of the scheme) and derives benefits through them.
Eligible Child	A child is an eligible child of a deceased member if, at the date of death they are · The natural child of the deceased · The adopted child of the deceased · 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. Eligible children must meet one of the following conditions: · Be under age 18, or · Be aged between 18 and 22 (inclusive) and be in · 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.
Expression of Wish	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.

Term	Definition
Final Pensionable Pay	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.
Final Salary Scheme	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.
Fund Manager	A professional manager of investments often employed by a pension scheme to manage assets on their behalf.
Gilts	Bonds issued by the Government.
Guaranteed Minimum Pension (GMP)	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.
Ill-health retirement	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.
Index	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.
Index Linked Gilts	A type of investment bond where the interest payment is guaranteed to rise in line with the Retail Prices Index.
Index Tracking Fund	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.
Inflation	The general rate of increase in prices and wages over a period.
Occupational Pension Scheme	A pension scheme established by an employer to provide pension benefits to its employees on their retirement.
Opting Out	This is when an employee leaves a pension scheme or chooses not to join one. 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.

Term	Definition
Passive Management	A style of investment management where no active management is required, instead investments are made in line with an index.
Pension	A regular income paid to an individual during their retirement.
Pensions Increase	In April each year NILGOSC increases pensions to reflect rises in the cost of living.
Pensionable pay	These are the earnings used to work out a member's benefits and contributions. They might not include overtime.
Pensionable Service	The period of employment that is considered when calculating final salary pension benefits.
Retail Prices Index (RPI)	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.
Revaluation	In April each year NILGOSC will apply CARE revaluation in accordance with the Public Service Pensions Revaluation (Prices) Order (Northern Ireland).
Rule of 85	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: 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. 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. 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.
Securities	A general name for financial instruments that can be traded such as shares, stocks and bonds.
Shares	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.

Term	Definition
State Pension Age	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. The Pensions Act 2014 provides for a regular review of the State Pension Age, at least once every five years.
Stock Selection	The process of selecting which individual shares and bonds to buy and sell.
Strain on Fund	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.
Superannuation	A term used to describe contributions made to a pension scheme, particularly in the public sector.
Transfer Value	The value of an individual's accrued pension rights which may be transferred, subject to conditions, to another pension scheme to provide alternative benefits.

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ISBN NUMBER: 978-0-9957585-9-9