To: Chief Executives  
At: All Employing Authorities  

Dear Colleague  

**NILGOSC Covenant Check Exercise**  

As part of its risk management strategy, NILGOSC is currently seeking to carry out a covenant check exercise with respect to all employing authorities participating in the pension scheme.  

This exercise will assess the strength and reliability of each employing authority to help determine if there is any risk that an employer may not be able to meet its pension liabilities. It will therefore help mitigate the risk of an employer’s pension liabilities being spread across the other employers in the scheme.  

To enable this exercise to be completed, it is essential that you complete and return the attached Employer Update Form which was previously sent to you for completion in June 2013, along with a copy of your latest audited accounts. Please return the required information by e-mail to janice.higgins@nilgosc.org.uk by **Friday 29 November 2013**. If you have already completed and returned the form and your latest accounts there is no requirement to re-submit this information.  

This information will enable NILGOSC to assess and respond to any indications of an employer’s inability to meet its pension liabilities and to continue to participate in the scheme, therefore reducing the likelihood of these liabilities being spread across the other employers in the scheme.  

A monitoring system will be put in place once this initial exercise has been completed and thereafter regular communication will be issued to each employing authority to ensure the information that NILGOSC holds is up to date.  

In accordance with your Admission Agreement, it is important that you alert NILGOSC to any of the following as soon as you are aware they are to take place:  

1. Change in company structure, including takeovers and mergers  
2. Change in nature of business or constitution  
3. Change in funding basis  
4. Change with respect to the guarantor in place for pension liabilities  
5. Change in membership, including restructuring and outsourcing  
6. Change to employee terms and conditions  
7. Any other event that may affect continued participation in the fund
If you are aware of any significant events as noted in points 1-7 above, please communicate the relevant information by e-mail to both myself at janice.higgins@nilgosc.org.uk and Ruth Stewart, Employer Liaison Officer, at ruth.stewart@nilgosc.org.uk.

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

Yours sincerely

Janice Higgins
Finance Manager

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