

**Health and Social Care
Pension Scheme Statement 2025-26
For the year ended 31 March 2026**

Laid before the Northern Ireland Assembly under section 10(4) of the Government
Resources and Accounts Act (Northern Ireland) 2001
by the Department of Finance
on 2 July 2026



© Crown Copyright 2026

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit:

www.nationalarchives.gov.uk/doc/open-government-licence/version/3/

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

This publication is available at

[Annual Reports and Accounts | Department of Health \(health-ni.gov.uk\)](#)

Any enquiries regarding this publication should be sent to

financial.accountingunit@health-ni.gov.uk

Health and Social Care Pension Scheme Statement for the year ended 31 March 2026

CONTENTS	PAGE
A) Accountability Report	
a. Report of the Managers	2
b. Report of the Actuary	9
c. Statement of the Accounting Officer's Responsibilities	16
d. Governance Statement	17
e. Statement of Outturn against Assembly Supply and Related Notes	22
f. Other Assembly Accountability Disclosures	27
g. The Certificate and Report of the Comptroller and Auditor General	28
B) Financial Statements	
a. Statement of Comprehensive Net Expenditure	33
b. Statement of Financial Position	34
c. Statement of Changes in Taxpayers' Equity	35
d. Statement of Cash Flows	36
e. Notes to the financial statements	37

A) ACCOUNTABILITY REPORT

REPORT OF THE MANAGERS

Background to the Scheme

Statutory basis for the Scheme

The Health and Social Care (HSC) Pension Scheme (“the Scheme”) is an unfunded occupational scheme, which is open to all HSC employees and employees of other approved organisations.

The Scheme provides pensions in varying circumstances for employees of participating employers. The Scheme receives contributions from employees and employers to defray the costs of pensions and other benefits payable.

Scheme provisions are governed by the following regulations:

- The Health and Personal Social Services (Superannuation) Regulations (Northern Ireland) 1995, as amended
- The Health and Social Care (Pension Scheme) Regulations (Northern Ireland) 2008, as amended
- The Health and Social Care Pension Scheme Regulations (Northern Ireland) 2015, as amended
- The Health and Personal Social Services (Compensation for Premature Retirement) Regulations (Northern Ireland) 1983, as amended
- The Health and Personal Social Services (Superannuation) (Additional Voluntary Contributions) Regulations (Northern Ireland) 1999, as amended

On 1 April 2008 a section of the HSC Pension Scheme was introduced for new members (the 2008 Section). Most members of the Pension Scheme who joined prior to 1 April 2008 remained in the old section (the 1995 Section). New joiners, between 1 April 2008 and 31 March 2015, became members of the 2008 Section.

On 1 April 2015 a career average scheme was introduced for new members and members of the 1995 Section and 2008 Section who were more than 13 years and 5 months from their normal retirement age on 1 April 2012.

Under the McCloud remedy, from 1 April 2022 all members belong to the 2015 scheme for future accrual. Benefits held by members from the previous schemes are unchanged and retain their final salary link until retirement. Under the remedy all affected members who had already moved to the 2015 scheme will be returned to their legacy scheme for the period from 1 April 2015 to 31 March 2022 – when they claim their benefits they will have a choice of legacy/new scheme benefits for this period.

Eligibility to join the Scheme

The employers of HSC Pension Scheme members are classified as Employing Authorities or Direction Bodies. Employing Authorities are defined in the Regulations and their staff have automatic entry to the Scheme. Non-HSC employers can apply for Direction Body status in order that their staff may join the Scheme provided they meet specific criteria.

Main features of the Scheme, including benefits and how they are funded

The HSC Pension Scheme (1995 and 2008 Sections) was a final salary scheme.

Members of the 1995 Section receive a pension of 1/80th of the best of the last three year's pensionable pay for each year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon 1.4% of total pensionable earnings over the relevant pensionable service. The lump sum is normally three times the annual pension payment.

Members of the 2008 Section receive a pension of 1/60th of the average of the best three consecutive year's pensionable pay in the last ten for each year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon 1.87% of total pensionable earnings over the relevant pensionable service. There is no automatic lump sum entitlement; however, members can choose to receive a lump sum which may be a maximum of 25% of the value of their fund at retirement.

The 2015 Scheme is a Career Average Revalued Earnings (CARE) Scheme, with benefits based on a proportion of pensionable earnings each year. The pension is built up at a rate of 1/54th of each year's pensionable earnings. Active members accrued pension benefits are revalued in line with the Consumer Prices Index plus 1.5%. There is no automatic lump sum entitlement, however members can choose to receive a lump sum by giving up some of their accrued pension.

Management of the Scheme

From 1 April 2009 the HSC Pension Service, part of the Business Services Organisation (BSO), has been responsible for the administration of the HSC Pension Scheme.

The Scheme is managed by the Department of Health, which is responsible for Scheme legislation.

HSC employers are required to comply with Scheme Regulations, including submission of pension data to the HSC Pension Service.

Contributions

Employers' contributions to the Scheme are determined by the Scheme Actuary (the Government Actuary's Department) and are a percentage rate of the member's pensionable earnings. The percentage rates payable are reviewed as part of the periodical actuarial review which takes place at least every 4 years.

Employee contributions to the Scheme are calculated on pensionable earnings, against tiers which from November 2022 are based on the Agenda for Change (AfC) pay scales. These pay bands were previously uplifted annually in line with AfC pay awards. A legislative change was made in 2024/25 so that employee contributions are increased annually, automatically by CPI from the previous September. Where the AfC pay award is higher than the CPI figure, legislation is required to further update the member contribution structure. This ensures the 'better off' test is applied, whereby thresholds are uplifted by the higher of CPI and the AfC award.

Key developments in year

Legislative changes were required to update aspects of the HSC Pension Scheme, including the definition of overtime for pension purposes, how member contributions are calculated where pay is reduced, and the reporting period for GP pensionable profits. These changes have no financial impacts.

From 1 April 2025, banding thresholds were increased in line with inflation (CPI) at 1.7%, as required under existing arrangements. However, the 2025/26 AfC pay award was higher, at 3.6%. As a result, legislation was needed to further increase the banding thresholds to match the AfC pay award. Because the 2025/26 AfC pay award was agreed later than planned, the revised banding increases apply retrospectively from 1 April 2025. There have been no changes to members contributions rates. The changes only affect the pay bands, to ensure that members do not move into a higher contribution rate because of a pay award.

Scheme Changes – Legislative Changes 2025-26

The below amending legislation was introduced for the year 2025-26:

- The Health and Social Care Pension Schemes (Amendment No. 2) Regulations (Northern Ireland) 2025 (SR 2025/100).
- The Health and Social Care Pension Scheme (Member Contributions) (Amendment) Regulations (Northern Ireland) 2026 (SR 2026/16).

2024 Actuarial Valuation

The 2024 actuarial valuation of the HSC Pension Scheme is currently underway and will determine employer contribution rates for the period 1 April 2027 to 31 March 2031. The outcome of the valuation will inform future employer contribution requirements for employers.

Annual Allowance

The pension flexibilities introduced from 1 April 2024 remain available to eligible members. No significant changes to the legislative framework or operation of these flexibilities occurred during 2025-26.

The annual allowance for Scheme members remains unchanged at £60,000.

McCloud

The HSC Pension Scheme continues to implement the legislative requirements arising from the McCloud remedy. Eligible members affected by the remedy period (1 April 2015 to 31 March 2022) will receive a choice between legacy and reformed scheme benefits for that period. During 2025-26, work continued to identify affected members, calculate revised benefit entitlements and prepare remedy choice statements and associated member communications.

Membership statistics

HSC Pension Scheme Membership Statistics 2025-2026		
Active Members		
	Total active members at 1 April 2025	93,673
	Retrospective adjustment (note 1)	(1,735)
Add:	New Entrants	13,560
	Total joiners	11,825
Less:	Retirements	(3,271)
	Members who have taken partial retirement	(16)
	Members with options pending	(4,629)
	Members moving to other statuses	(458)
	Death in service	(36)
	Total leavers/death in service	(8,410)
	Total active members at 31 March 2026	97,088
Deferred Members		
	Total deferred members at 1 April 2025	11,174
Add	Retrospective adjustment (note 1)	823
	Members leaving active membership with deferred pension rights	9
	Total new deferred and unclaimed benefits	831
Less	Members taking up deferred pension rights	(438)
	Members taking a refund of contributions during year	(71)
	Death of member	(14)
	Total removed from deferred population	(523)
	Total deferred members at 31 March 2026	11,483
Undecided Leavers		
	Total undecided leavers at 1 April 2025	31,918
Add	Adjustment for McCloud ruling and other legislative changes (note 2)	140,544
	Members joining and leaving the scheme in year	1,360
	Members who were active and have left/opted out of the scheme	4,629
	New undecided leavers	146,533
Less	Refunds/Transfers	(2,103)
	Members retiring from other statuses	(14)
	Retirements	(35)
	Deaths	(19)
	Total removed from undecided leaver population	(2,171)
	Total undecided leavers at 31 March 2026	176,280
Pensioners in payment (including Compensation Scheme)		
	Total pensions in payment at 1 April 2025	46,912
Add	Retrospective adjustment (note 1)	791
	Members retiring from active	3,271
	Members retiring from deferred	438
	Members retiring from other statuses	59
	New pensioner benefits into payment	4,559
Less	Deaths / Cessations	(956)
	Total pensioner benefits ceased in the year	(956)
	Total pensions in payment at 31 March 2026	50,515
Dependants in Payment		
	Total pensions in payment at 1 April 2025	4,712
Add	Retrospective adjustment (note 1)	103
	Dependants retiring	338
	New benefits into payment	441
Less	Deaths/ Cessations	(242)
	Total benefits ceased in the year	(242)
	Total pensions in payment at 31 March 2026	4,911

Membership Data Notes

The figures reflect the membership statistics based on employment records recorded at the relevant reporting date, rather than unique individuals. Each employment record is reported independently; accordingly, individual members may have multiple employments represented within the membership figures.

Note 1: The retrospective adjustments across all membership categories reflect updates made to member records after the prior year end and subsequent to the original data extract used in preparing the membership statistics for the FY24-25 financial statements. For pension schemes of this scale, a degree of adjustment to opening membership balances is expected, typically arising from timing differences in the processing of pension events and the receipt of notifications from participating employers. These adjustments are driven by the significant volume of data routinely submitted by employers to the pension administration systems on a monthly, quarterly and annual basis. Any errors identified within these submissions are corrected on a retrospective basis and may therefore impact previously reported periods.

Note 2: There is a significant increase in undecided leavers compared to last year which has resulted in an in-year change driven by a number of factors such as McCloud related rollback activities and annual allowance changes, which have resulted in the creation of additional, separate employment records for individual members.

Financial position as at 31 March 2026

The movements in the Scheme during the year are summarised in the Statement of Comprehensive Net Expenditure. Net expenditure for the year is £784,183k. Income mainly comprises contributions from employers of £741,424k and employee contributions of £324,871k (Note 3). Other receipts include transfers in of £7,262k from other schemes (Note 4).

The charge to the Statement of Comprehensive Net Expenditure recognises the movements in the scheme liability. This comprises the current service cost of £790,000k, enhancements £174k, transfers in of £7,262k and interest on scheme liabilities of £1,060,000k.

The Scheme liability at 31 March 2026 was £19,800,000k compared with £20,530,000k at 31 March 2025. The change of £730,000k is primarily due to an increase in the discount rate and a reduction in expectations for long-term pay increases.

Disclosure of information to auditor

The Principal Accounting Officer, Permanent Secretary of the Department of Health, has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Scheme's auditor is aware of such information. So far as he is aware, there is no relevant audit information of which the Scheme's auditor is unaware.

Events after the reporting period

There were no events that require amendment to this statement after the reporting period.

Information for members

Further information about the Scheme, and its sections, can be found on the HSC Pensions website www.hscpensions.hscni.net which is accessible to all members and employers.

Additional Voluntary Contributions (AVCs), Free-Standing Additional Voluntary Contributions (FSAVCs) and Stakeholder Pensions

The Pension Scheme has continued to offer a range of in-house top up money purchase AVC and Stakeholder Pension facilities from Standard Life and an AVC only facility from Utmost Life and Pensions.

The names and addresses of the Scheme's:

Accounting Officer:	Mr M Farrar Permanent Secretary Department of Health Castle Buildings Stormont Estate Belfast BT4 3SQ
Administrator:	Business Services Organisation Orchard House 40 Foyle Street Derry County Londonderry BT48 6AT
Actuary:	Government Actuary's Department Finlaison House 15-17 Furnival Street London EC4A 1AB
Legal Advisers:	Departmental Solicitors Office Victoria Hall 12 May Street Belfast BT1 4NL Legal Department Business Services Organisation Headquarters 2 Franklin Street Belfast BT2 8DQ
Auditor:	Northern Ireland Audit Office 106 University Street Belfast BT7 1EU
Bankers:	Danske Bank Donegall Square West Belfast BT1 6JS

Employers:

Principal employers:

Health and Social Care Trusts

Health and Social Care Bodies

Additional bodies permitted to join:

General Practitioners

Staff employed by General Medical Practitioners

Direction Bodies

GP Federations

Contact for enquiries and complaints

Any enquiries or complaints about the HSC Pension Scheme should be addressed to:

Mr M Bradley
The Scheme Administrator
HSC Pension Service
Orchard House
40 Foyle Street
Derry/Londonderry
BT48 6AT

REPORT OF THE ACTUARY

Introduction

This statement has been prepared by the GAD at the request of the Department of Health (DoH). It provides a summary of GAD's assessment of the scheme liability in respect of the HSC Pension Scheme as at 31 March 2026, and the movement in the scheme liability over the year 2025-26, prepared in accordance with the requirements of Chapter 12 of the 2025-26 version of the Financial Reporting Manual.

The HSC Pension Scheme is a defined benefit scheme providing pension and lump sum benefits on retirement, death and resignation. The scheme is wholly unfunded. We are not aware of any informal practices operated within the scheme which lead to a constructive obligation.

The assessment has been carried out by calculating the liability as at 31 March 2020 based on the data provided as at 31 March 2020 and rolling forward that liability to 31 March 2026.

Membership data

Tables A to C summarise the principal membership data as at 31 March 2020 used to prepare this statement.

Table A – Active members

	Number thousands	Total pensionable pay* (p.a.) £ million
Males	14.4	548.3
Females	55.8	1,589.5
Total	70.2	2,137.8

* Pensionable pay is the actual figure.

Table B – Deferred members

	Number thousands	Total deferred pension* (p.a.) £ millions
Males	4.5	15.4
Females	16.0	36.2
Total	20.5	51.6

* Pension amounts include the pension increase granted in April 2020.

Table C – Pensions in payment

	Number thousands	Annual pension* (p.a.) £ million
Males	7.1	141.2
Females	25.4	217.9
Spouses & dependants	3.3	19.0
Total	35.8	378.1

* Pension amounts include the pension increase granted in April 2020.

Methodology

The present value of the liabilities as at 31 March 2026 has been determined using the Projected Unit Credit Method (PUCM), with allowance for expected future pay increases in respect of active members, and the demographic and financial assumptions applying as at 31 March 2026. The current service cost (expressed as a percentage of pensionable pay) in respect of accruing costs in the year ended 31 March 2026 was determined using the PUCM and the demographic and financial assumptions applicable at the start of the year, that is, those adopted as at 31 March 2025 in the 2024-25 accounts.

This statement takes into account the benefits normally provided under the scheme, including age retirement benefits, ill-health retirement benefits and benefits applicable following the death of the member. It does not include the cost of injury benefits (in excess of ill-health benefits). It does not include premature retirement and redundancy benefits in respect of current active members, although the assessment of liabilities includes pensions already in payment in respect of such cases.

Financial assumptions

The principal financial assumptions adopted to prepare this statement are shown in Table D.

Table D – Principal financial assumptions

Assumption	31 March 2026 p.a.	31 March 2025 p.a.
Nominal discount rate	5.60%	5.15%
Rate of increase in CPI inflation (informing increases to pensions in payment, deferred pensions and CARE revaluation)	2.55%	2.65%
Rate of general pay increases	3.30%	3.40%
Rate of short-term general pay increase	n/a	n/a
Real discount rate in excess of:		
CPI Inflation	2.95%	2.40%
Long-term pay increases	2.20%	1.65%
Expected return on assets	n/a	n/a

The assumptions for the discount rate and pension increases are specified by HM Treasury in the PES (2025) 09, dated 4 December 2025, and remain unchanged for these accounts. The PES assumptions reflect market conditions at the previous 30 November and are typically not amended for any changes between November and the accounting date.

The long-term salary assumption is set by DoH, having taken actuarial advice, and is intended to be an average over the future careers of scheme members, with a recognition that increases in any particular year may be lower or higher than the assumption. The assumption allows for a reduction in our view of the long-term salary increases as well as lower short-term forecasts from the Office for Budget Responsibility (relative to CPI inflation).

The assessment of the liabilities allows for the known pension increases up to and including April 2026.

Additionally, for the accounts as at 31 March 2026, allowance has been made for known inflation experience up to March 2026 to inform, in part, the pension increase that is expected to apply in April 2027. This is consistent with the approach taken for the accounts as at 31 March 2025.

Demographic assumptions

Table E summarises the mortality assumptions adopted to prepare this statement, which were derived from the specific experience of the scheme membership and the corresponding experience of the NHS Pension Scheme (England and Wales). The table refers to the standard mortality tables prepared by the Continuous Mortality Investigation (part of the Actuarial Profession) known as the ‘S3 tables’ with the percentage adjustments to those tables derived with reference to scheme experience.

Table E – Post-retirement mortality assumptions

Baseline mortality	Standard table	Adjustment
Males		
Retirements in normal health	S3NMA	91%
Current ill-health pensioners	S3IMA	134%
Future ill-health pensioners	S3IMA	134%
Dependants	S3DMA	82%
Females		
Retirements in normal health	S3NFA	103%
Current ill-health pensioners	S3IFA	134%
Future ill-health pensioners	S3IFA	134%
Dependants	S3DFA	89%

These assumptions in Table E above, and the other demographic assumptions such as commutation and family statistics, are in line with those adopted for the 31 March 2020 funding valuation of the scheme. Note that the accounts as at 31 March 2025 were also based on the assumptions adopted for the 2020 valuation.

Mortality improvements are assumed to be in line with the 2022-based projections for the United Kingdom published by the ONS in January 2025. This is the same approach taken as per the 2024-25 accounts. ONS is expected to publish 2024-based projections in April 2026. However, these population projections will require detailed review before adoption. As such, these projections will not be used in the 31 March 2026 accounts.

A review of scheme factors was triggered on 19 May 2026 following the announcement of the methodology and rate of the SCAPE discount rate which will be used for the 31 March 2024 valuations. At the balance sheet date the previous factors were still in force, and the review and implementation of the factors is taking place during 2026-27. We have made no allowance for any possible updates to the scheme factors, after the reporting date, where a change would not be expected to have a material impact on the disclosed liabilities.

Our advice on the selection of assumptions can be found in our assumptions and methodology report dated 2 March 2026.

Liabilities

Table F summarises the assessed value as at 31 March 2026 of benefits accrued under the scheme prior to this date based on the data, methodology and assumptions described in this report. The corresponding figures for the previous year are shown for comparison. The liabilities at 31 March 2025 and 2026 both include an allowance for the higher cost of benefits accrued under McCloud. This approach is consistent with last year.

Table F – Statement of Financial Position

	31 March 2026	31 March 2025
	£ 000	£ 000
Total market value of assets	Nil	Nil
Value of liabilities	19,800,000	20,530,000
Surplus/(Deficit)	(19,800,000)	(20,530,000)
of which recoverable by employers	n/a	n/a

Accruing costs

The cost of benefits accrued in the year ended 31 March 2026 (the current service cost) is assessed as 24.7% of pensionable pay.

For the avoidance of doubt, the actual rate of contributions payable by employers and employees is not the same as the current service cost assessed for the accounts. A current service cost below (or above) the total contribution rate does not indicate that employers and employees have collectively paid contributions more (or less) than the costs of benefits accrued during the year. Members contributed between 5.2% and 12.7% of pensionable pay, depending on the level of their pay. The actual employer contribution rate was determined as part of a funding valuation using different assumptions. Table G shows the employer and employee contributions during the year 2025-26 as a percentage of pensionable pay and compares the total contributions with the current service cost assessed for the 2025-26 accounts

Table G – Contribution rate

	2025-26	2024-25
	% of pay	% of pay
Employer contributions	23.2%	23.2%
Employee contributions (average)	10.2%	9.6%
Total contributions	33.4%	32.8%
Current service cost (expressed as a % of pay)	24.7%	24.3%

HSC Pension Scheme Statement 2025-26

The key difference between the assumptions used for funding valuations and accounts is the discount rate, although price inflation and salary increases are also determined differently. The discount rate for accounts is set each year by HM Treasury to reflect the requirements of the accounting standard IAS 19.

The pensionable payroll for the financial year 2025-26 was £3,195,772k (derived from contributions payable by employers over the year). Based on this information, the accruing cost of pensions in 2025-26 (at 24.7% of pay) is assessed to be £790,000k.

Past service costs arise when an employer undertakes to provide a different level of benefits than previously promised. I am not aware of any other events that have led to a significant past service cost over 2025-26.

I am not aware of any events that have led to a significant settlement or curtailment gain or loss over 2025-26.

Sensitivity analysis

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty I have been asked to indicate the approximate effects on the actuarial liability as at 31 March 2026 of changes to the most significant actuarial assumptions.

The most significant financial assumptions are the discount rate, general earnings increases and inflationary increases (currently based on CPI). A key demographic assumption is pensioner mortality.

Table H shows the indicative effects on the total liability as at 31 March 2026 of changes to these assumptions (rounded to the nearest 0.5%).

Table H – Sensitivity to significant assumptions

Change in assumption	Approximate effect on total liability		
Financial assumptions			
(i) discount rate*:	+0.5% p.a.	- 8.0%	- £1.6 billion
(ii) (long-term) earnings increase*:	+0.5% p.a.	+ 1.0%	+ £0.2 billion
(iii) inflationary (CPI) increases*:	+0.5% p.a.	+ 8.0%	+ £1.6 billion
Demographic assumptions			
(iv) additional 1 year increase in life expectancy at retirement		+ 3.0%	+ £0.6 billion

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability.

The discount rate sensitivity shown implies a scheme duration of c.18 years as at the underlying data extract date.

Covid-19 and climate change

COVID-19 and climate change are areas where there remains significant uncertainty, which could affect both future economic and demographic experience. In line with previous years, the assumptions used in the preparation of the 2025-26 Resource Accounts allow for the current impacts of COVID-19 and climate change to the extent that they are reflected in the market data used to set or derive assumptions.

The 2022-based population projections consider COVID-19 as a mortality shock event, applying an appropriate short-term adjustment rather than projecting its effects forward. Death rates from COVID-19 in excess of that already allowed for in the mortality assumptions and reflected in the membership data would emerge as an experience gain in future years' accounts.

Greg Donaldson FIA C.Act

**Chartered Actuary
Government Actuary's Department**

22 May 2026

STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance has directed the HSC Pension Scheme to prepare for each financial year financial statements 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 Scheme at the year end and of the net resource outturn, Statement of Financial Position and cash flows for the financial year. The financial statements are required to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Assembly or material transactions that have not conformed to the authorities that govern them. In addition, the financial statements must be prepared so as to ensure that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme Rules and the recommendations of the Actuary.

In preparing these 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 of Finance 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; and
- Confirm that the HSC Pension Scheme Statement as a whole is fair, balanced and understandable and take personal responsibility for the HSC Pension Scheme Statement and the judgements required for determining that it is fair, balanced and understandable.

The Department of Finance has appointed the Permanent Head of the Department as Accounting Officer for the HSC Pension Scheme. 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 assets of the pension scheme are set out in the Accounting Officers' Memorandum issued by the Department of Finance and published in *Managing Public Money Northern Ireland*.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that HSC Pension Scheme's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

GOVERNANCE STATEMENT

Introduction

This statement is given in respect of the Health and Social Care Pension Scheme (HSC Pension Scheme) Statement for 2025/26. It outlines the governance framework and system of internal control for the administration of the Scheme and assurance is provided to support me in my role as Accounting Officer.

As Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the effective administration of HSC Pension Scheme, including accurate calculation and payment of benefits and the proper receipt of contributions. I also have responsibility for safeguarding public funds in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland (MPMNI).

Roles and responsibilities

The governance of the HSC Pension Scheme is supported by clearly defined roles and responsibilities:

Department of Health

The Department of Health is the sponsoring department for the HSC Pension Scheme and has overall responsibility for policy and legislative oversight. The Department works with the Scheme Manager to ensure the Scheme operates within the relevant statutory framework.

Health and Social Care Pension Scheme Manager (Business Services Organisation)

BSO acts as both Scheme Manager and Scheme Administrator for the HSC Pension Scheme in accordance with the Public Service Pensions Act (Northern Ireland) 2014. In its role as Scheme Manager, BSO is responsible for the overall governance, management and administration of the Scheme, including financial stewardship, statutory and regulatory compliance, and the maintenance of an effective system of internal control.

In its administrative role, the HSC Pension Service within BSO is responsible for day-to-day operation of the Scheme, including the accurate calculation and payment of benefits, maintenance of member records, processing of contributions and the application of operational controls and procedures to support the effective delivery of the Scheme.

Health and Social Care Pension Board

The HSC Pension Board provides oversight and assurance on the administration of the Scheme. Its role includes assisting the Scheme Manager in securing compliance with Scheme regulations and other legislative requirements, monitoring the effectiveness of governance and internal controls, and overseeing key risk areas including data quality, administration performance and regulatory compliance.

The HSC Pension Board consists of 12 members, with an equal number of employer representatives and member representatives. The Board met on three occasions during 2025-26.

Health and Social Care Scheme Advisory Board

The Scheme Manager is supported by a Scheme Advisory Board, comprising of members and employer representatives. The Board provides advice on the effective governance, administration and cost control of the Scheme, including consideration of actuarial valuations and proposed scheme changes. While the Board does not make decisions, its advice informs the Scheme Manager in meeting statutory duties and ensuring that the Scheme operates in a transparent, fair and sustainable manner for both members and employers.

Departmental Audit and Risk Assurance Committee (DARAC)

The Departmental Audit and Risk Assurance Committee provides independent advice and assurance to the Accounting Officer on the adequacy and effectiveness of governance, risk management and internal control, including those relevant to HSC Pension Scheme. DARAC reviews the Scheme’s annual report and accounts and, based on the assurance provided, recommends them to the Accounting Officer for approval.

DARAC membership and attendance for the meetings held are set out in the table below.

DARAC Members 2025-26		No. of Meetings Attended
J McCooe	NED and Chair of DARAC	5/5
A Magowan	NED and DARAC Member	5/5
L McGuinness	Director, Department for Economy: External Member	4/5
L Watson	Director, Department for Economy: External Member	2/5

Risk Management

Risk management for the Scheme is underpinned by a formal risk register, which captures the principal risks to the effective administration and sustainability of the Scheme, including data quality, administration performance, regulatory compliance and financial stewardship, together with associated controls and mitigating actions. The risk register is reviewed regularly by management and monitored through established governance arrangements, including oversight by the HSC Pension Board. This provides assurance to the Accounting Officer that key risks are identified, assessed and managed.

The system of internal governance has been in place in the Department for the year ending 31 March 2026 and continues up to the date of approval of the Annual Report and Accounts. This accords with DoF guidance.

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 and performance management arrangements. Within BSO, the risk management process is formally recorded and evidenced through the maintenance of Corporate Risk and Assurance Reports, the Corporate Risk Register, Corporate Issue Register, and service-level risk and issue registers.

Risk identification is undertaken at multiple levels across the Scheme, including operational, financial and strategic activities. Risks are identified through formal processes, including review of business operations, consideration of internal and external audit findings, and assessment of changes in the external environment. Emerging risks are identified through horizon scanning and formal escalation processes from operational management.

Identified risks are evaluated using a consistent and documented risk assessment methodology, which considers both the likelihood and impact of risks materialising. Risks are formally recorded within a central risk register, which is subject to regular review and update to reflect the current risk environment.

The principal risks facing the Scheme are derived from this process and are subject to enhanced monitoring and regular scrutiny. These risks are linked, where appropriate, to relevant disclosures within the Departmental Performance Report.

Defined governance structures are in place to support effective oversight and control of risk. Responsibility for managing risks rests with individuals, groups and the Board, in line with their defined roles and responsibilities, with governance provided through established oversight provided through established governance forums including the HSC Pension Board and the DARC. The Corporate Risk and Assurance Report is reviewed on a monthly basis by the Executive Leadership Team, with regular oversight provided by the Governance and Audit Committee. In addition, the report is presented to the BSO Board on a quarterly basis to strengthen oversight and support effective risk management, in line with the BSO Risk Management Strategy 2025–29.

These bodies review the risk profile on a regular basis, challenge risk assessments, and monitor the effectiveness of mitigating actions.

The Scheme operates a formal escalation framework; whereby significant or deteriorating risks are escalated to senior management and the Accounting Officer as appropriate. This ensures that emerging issues are identified promptly and that mitigating actions are implemented in a timely manner.

This structured approach ensures that risks are actively managed and that the Scheme maintains a clear and up-to-date understanding of its principal and emerging risks throughout the reporting period.

During 2025–26, HSC Pension Service carried out data cleansing activities in preparation for the 2024 scheme valuation. There were also changes to the scheme which included rollback for the McCloud Remedy and other legislative changes. These amendments resulted in changes to the membership data which were subject to review and validation by the Scheme Administrator to ensure completeness and accuracy. This was driven by several factors, including:

- The existence of three separate schemes
- Members holding multiple statuses
- Partial retirement arrangements
- “Retire and return” cases

The Scheme recognises the importance of data quality in supporting actuarial valuations and financial reporting and has enhanced controls around data reconciliation and monitoring. Ongoing work is being undertaken to further strengthen data integrity and reporting processes.

Fraud

The Scheme operates a zero-tolerance approach to fraud and maintains a robust framework of preventative and detective controls to mitigate fraud risk, particularly in relation to pension payments and data integrity. These controls include segregation of duties, validation and reconciliation processes, management oversight and clearly defined escalation procedures.

An Anti-Fraud Policy and Fraud Response Plan are in place, setting out the Scheme’s approach to preventing, detecting and responding to fraud, as well as staff responsibilities and the actions to be taken in the event of suspected or confirmed fraud, whether internal or external. Fraud awareness is promoted through mandatory training for all staff, and the policy framework is kept under regular review.

A designated Fraud Liaison Officer supports fraud prevention activity by promoting awareness, coordinating investigations in conjunction with the counter-fraud function and providing advice on reporting arrangements. Arrangements are in place for the confidential reporting, investigation and escalation of suspected fraud, supported by a bespoke whistleblowing policy.

There are certain scenarios within HSC Pension Service where overpayments can occur. HSC Pension Service are duty bound to seek recovery of loss of public funds, whatever the circumstances may be regarding the reason for the overpayment. Overpayments can arise because of a number of reasons such as:

- Death
- Revision of pension
- Manual / system error
- Fraud

HSC Pension Service will investigate each overpayment and take every course of reasonable action to recover the overpayment.

Undecided leavers

In 2015 new legislation was introduced to the HSC Pension Scheme under SR 2015/120 – The Health and Social Care Pension Scheme Regulations (Northern Ireland) 2015. This legislation amended the rules in relation to deferred members where they have left the scheme and not returned. If members are not deferred they are held as members options pending or undecided leavers. Although this was a legislation change in 2015, members who worked beyond March 2015 were due to be deferred in 2020. Limitations of the system meant that HSC Pension Service was unable to process affected members due to the McCloud remedy.

Deferred members have not been completed due to system capabilities and complexities of McCloud and these are due to be processed in 2026/27 year. Prior to 2015, this was completed after twelve months but is now completed after five years. This has also had an impact on the pensioner statistics. Any retrospective adjustment reflects the impact of the change in legislation as well as natural changes due to reporting timescales.

BSO Internal Audit

BSO Internal Audit is a centralised service, providing an internal audit service to DoH ALBs namely HSC organisations and the Northern Ireland Fire and Rescue Service (NIFRS). The Department reviews the BSO Head of Internal Audit's (HIA's) mid year assurance report and the HIA's Annual Report which includes the HIA's overall opinion on the adequacy and effectiveness of each of the ALB's framework of governance, risk management and control, together with any recommendations for improvement. The BSO HIA's overall opinion in relation to BSO in 2025/26 was satisfactory assurance.

During 2025/26 the Scheme was not subject to internal audit review. The Scheme was last reviewed in 2024/25 when Satisfactory assurance was provided in relation to HSC Pension Payments and Limited assurance was provided in relation to BACS Payment File Management, Validation of Pensions in Payment for Recipients Not Domiciled in Northern Ireland and Business Continuity Arrangements. In BSO Internal Audit's 2025/26 year-end follow up on the implementation of Priority 1 and 2 recommendations, all Priority 1 and Priority 2 recommendations made in the 2024/25 HSC Pension Scheme report were fully implemented.

Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I am responsible for reviewing the effectiveness of the system of internal governance for the HSC Pension Scheme. This review is informed by assurance from internal audit, oversight provided by the HSC Pension Board, management assurances from the Scheme Administrator, and the findings of external audit.

Internal Governance Divergences Prior Year Issues

There are no control issues carried forward to report upon.

Internal Control Divergences arising in 2025/26

No new control issues were identified in 2025/26.

Ministerial Directions

No Ministerial directions were received during the year.

Conclusion

Based on this review, I am satisfied that the HSC Pension Scheme has effective governance and control arrangements in place to support proper administration of the Scheme and the safeguarding of public funds during the year.

Mike Farrar
Accounting Officer for the Health and Social Care Pension Scheme

STATEMENT OF OUTTURN AGAINST ASSEMBLY SUPPLY (AUDITED)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Health and Social Care Pension Scheme to prepare a Statement of Outturn against Assembly Supply (SOAS) and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The SOAS contain a summary table, detailing performance against the control limits that the Assembly has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly reconcile to cash spent) and administration.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (SOAS 1); a reconciliation of Outturn to Net Expenditure in the Statement of Comprehensive Net Expenditure (SOCNE), to tie the SOAS to the financial statements (SOAS 2); a reconciliation of Net Resource Outturn to Net Cash Requirement (SOAS 3); and an analysis of income payable to the Consolidated Fund (SOAS 4).

Summary tables – mirror Part II and III of the Estimates

Summary table, 2025-26, all figures presented in £000

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate, saving / (excess)		Prior Year Outturn Total, 2024-25
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	
Annual Managed Expenditure										
Resource	SOAS 1.1	784,183	-	784,183	1,118,675	-	1,118,675	334,492	334,492	732,137
Total Budget Expenditure		784,183	-	784,183	1,118,675	-	1,118,675	334,492	334,492	732,137

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Net Cash requirement 2025-26, all figures presented in £000

Item	Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total, 2024-25
Net Cash requirement	SOAS 3	(342,525)	(169,356)	173,169	(270,773)

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Administration Costs 2025-26, all figures presented in £000

Item	Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total, 2024-25
Administration Costs	SOAS 1.1	-	-	-	-

Administration costs are not a separate voted limit and a breach of the administration budget will not result in an excess vote.

Notes to the Statement of Outturn against Assembly Supply, 2025-26 (£000)

SOAS 1. Outturn detail, by Estimate Line

SOAS 1.1 Analysis of resource outturn by Estimate line, all figures presented in £000

Type of spend (Resource)	Resource outturn							Estimate			Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total, – 2024-25
	Administration			Programme			Total	Total	Virements*	Total inc. virements		
	Gross	Income	Net	Gross	Income	Net						
Spending in Annually Managed Expenditure (AME) Voted Expenditure 1 – Health and Social Care Pension Scheme	-	-	-	1,857,442	(1,073,259)	784,183	784,183	1,118,675	-	1,118,675	334,492	732,137
Total resource	-	-	-	1,857,442	(1,073,259)	784,183	784,183	1,118,675	-	1,118,675	334,492	732,137

*Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

SOAS 2. Reconciliation of outturn to net expenditure

Item	Note	Outturn total 2025-26 £000	Prior Year Outturn Total, 2024-25 £000
Total Resource Outturn	SOAS 1.1	784,183	732,137
Net Expenditure in Consolidated Statement of Comprehensive Net Expenditure	SOCNE	784,183	732,137

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net expenditure, linking the SOAS to the financial statements.

SOAS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

Item	Note	Outturn total £000	Estimate £000	Outturn vs Estimate, Saving / (excess) £000
Total Resource outturn	SOAS 1.1	784,183	1,118,675	334,582
<i>Adjustments to remove non-cash items:</i>				
New provisions and adjustments to previous provisions	16	(1,857,436)	(2,063,300)	(205,864)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables	12	(39,035)	50,000	89,035
(Increase)/decrease in payables	14	(743)	5,000	5,742
Use of Provisions	16	770,505	720,269	(50,236)
Net cash requirement		(342,525)	(169,356)	173,259

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the resource outturn to the net cash requirement.

SOAS 4. Amounts of Income to the Consolidated Fund

SOAS 4.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics).

Item	Note	Outturn total 2025-26 £000		Prior Year 2024-25 £000	
		Accruals	<i>Cash Basis</i>	Accruals	<i>Cash Basis</i>
Excess cash surrenderable to the Consolidated Fund	13	-	342,525	-	<i>270,773</i>
Total amount payable to the Consolidated Fund		-	342,525	-	<i>270,773</i>

This surplus cash was due to a net negative net cash requirement position as set out in the Estimates, and as bodies are not allowed to hold more cash than they need the surplus cash was surrendered to the Consolidated Fund. The negative amount was Voted by the Assembly in the Estimates Part II: Resource to cash reconciliation and so is not required to be shown separately in the Estimates Part III: Note C Analysis of Consolidated Fund Extra Receipts.

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

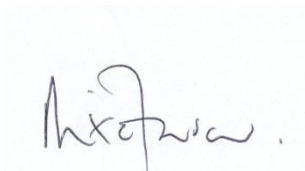
Losses and Special Payments (Audited)

Losses Statement

	2025-26	2024-25
Total number of losses	214	97
Total value of losses (£000)	11	1
Details of losses over £300,000	-	-

Special Payments

	2025-26	2024-25
Total number of special payments	-	23
Total value of special payments (£000)	-	91
Details of special payments over £300,000	-	-



Mike Farrar
Accounting Officer

29 June 2026

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of Department of Health: Health and Social Care Pension Scheme (the Scheme) for the year ended 31 March 2026 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes including significant accounting policies. The financial reporting framework that has been applied in the preparation of the combined financial statements is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual (FReM).

I have also audited the Statement of Outturn against Assembly Supply, and the related notes and 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 its combined net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2026 and shows that those totals have not been exceeded; and
- the income and expenditure 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 the Scheme 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 the Scheme's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

HSC Pension Scheme Statement 2025-26

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 the Scheme 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 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 Accounting Officer is 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 the Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 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 Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- 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 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, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

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 regulation, 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 the Government Resources and Accounts Act (Northern Ireland) 2001;
- making enquires of management and those charged with governance on the Scheme's compliance with laws and regulations;

- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following area: 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;
- 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 Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the income and expenditure 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.

Department of Health

HSC Pension Scheme Statement 2025-26

Report

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

1 July 2026

B) FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2026

	Note	2025-26	2024-25
		£000	£000
Income			
Contributions receivable	3	1,066,464	1,007,921
Transfers in	4	7,262	12,250
Other pension income	5	-	655
		1,073,726	1,020,826
Expenditure			
Service cost	6	(790,000)	(750,000)
Enhancements	7	(174)	(710)
Transfers in	8	(7,262)	(12,250)
Pension financing cost	9	(1,060,000)	(990,000)
Other expenditure	10	(473)	(3)
		(1,857,909)	(1,752,963)
Net Expenditure		(784,183)	(732,137)
Other Comprehensive Net Expenditure			
Pension re-measurements:			
Actuarial gain /(loss)	16.4	1,816,933	(184,132)
Total Comprehensive Net Income/(Expenditure) for the year		1,032,750	(916,269)

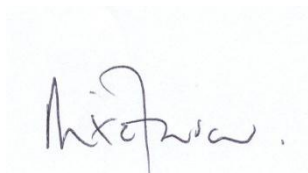
Notes 1 to 20 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2026

	Note	2025-26	2024-25
		£000	£000
Current assets			
Receivables	12	91,589	130,624
Cash and cash equivalents	13	342,525	270,773
Total current assets		434,114	401,397
Current liabilities			
Payables (within 12 months)	14	(360,300)	(287,805)
Total current liabilities		(360,300)	(287,805)
Net current assets, excluding pension liability		73,814	113,592
Pension liability	16.1	(19,799,997)	(20,530,000)
Net liabilities, including pension liabilities		(19,726,183)	(20,416,408)
Taxpayers' equity			
General fund		(19,726,183)	(20,416,408)
		(19,726,183)	(20,416,408)

Notes 1 to 20 form part of these financial statements.



Mike Farrar
Accounting Officer

29 June 2026

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2026

	Note	General Fund	
		2025-26	2024-25
		£000	£000
Balance at 1 April		(20,416,408)	(19,229,366)
Excess cash receipts payable to the Consolidated Fund	13	(342,525)	(270,773)
Comprehensive Net Expenditure for the year		(784,183)	(732,137)
Actuarial (gain)/(loss)	16.4	1,816,933	(184,132)
Net change in Taxpayers' Equity		690,225	(1,187,042)
Balance at 31 March		(19,726,183)	(20,416,408)

Notes 1 to 20 form part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2026

		2025-26	2024-25
	Note	£000	£000
Cash flows from operating activities			
Net expenditure for the year		(784,183)	(732,137)
Adjustments for non-cash transactions:			
Decrease/(Increase) in receivables related to supply	12	39,093	(56,389)
Increase in receivables not related to supply	12	(59)	(294)
Increase in payables	14	743	3,725
Increase in pension provision	16.1	1,850,000	1,740,000
Increase in pension provision - enhancements and transfers in	16.1	7,436	12,960
Use of provisions - pension liability	16.2	(765,039)	(688,892)
Use of provisions - refunds and transfers	16.3	(5,466)	(8,200)
Net cash Inflow from Operating Activities		342,525	270,773
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		342,525	270,773
Payments of amounts due to the Consolidated Fund		(270,773)	(237,102)
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		71,752	33,671
Cash and cash equivalents at the beginning of the period	13	270,773	237,102
Cash and cash equivalents at the end of the period	13	342,525	270,773

Notes 1 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation of the Health and Social Care Pension Scheme financial statements

The financial statements of the Health and Social Care Pension Scheme (“the Scheme”) have been prepared in accordance with the relevant provisions of the 2025-26 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector. IAS 19 *Employee Benefits* and IAS 26 *Accounting and Reporting by Retirement Benefit Plans* are of particular relevance to these statements.

In addition to the primary statements prepared under International Financial Reporting Standards, as adapted or interpreted for the public sector, the FReM also requires the Scheme to prepare an additional statement - a Statement of Outturn against Assembly Supply. This statement, and its supporting notes, show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 HSC Pension Scheme

The Scheme is an unfunded, defined benefit pay-as-you-go occupational pension scheme which is operated by the Business Services Organisation on behalf of the Department of Health and is open to all HSC employees and employees of other approved organisations.

Contributions to the Scheme by employers and employees are set at rates determined by the Scheme’s Actuary and approved by the Department of Health. The contributions fund payments made by the Scheme. The administrative expenses associated with the operation of the Scheme are borne largely by the Business Services Organisation (BSO) and costs relating to pensioners are charged to the Scheme. This information is reported in their financial statements.

The financial statements of the Scheme show the financial position of the Scheme at the year end and the income and expenditure during the year. The Statement of Financial Position shows the unfunded net liabilities of the Scheme; the Statement of Comprehensive Net Expenditure shows, amongst other things, factors contributing to the change in the net liability analysed between the pension cost, enhancements and transfers in, and the interest on the Scheme liability. Further information about the actuarial position of the Scheme is dealt with in the Report of the Actuary, and the Scheme financial statements should be read in conjunction with that Report.

The financial statements also have regard to the Health and Personal Social Services (Superannuation) Regulations (Northern Ireland) 1995 as amended, the Health and Social Care (Pension Scheme) Regulations (Northern Ireland) 2008 as amended, The Health and Social Care Pension Scheme Regulations (Northern Ireland) 2015 as amended and the Health and Personal Social Services (Compensation for Premature Retirement) Regulations 1983 as amended.

2. Statement of accounting policies

The accounting policies contained in the FReM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate in the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the Scheme for the purpose of giving a true and fair view has been selected. The accounting policies adopted have been applied consistently in dealing with items considered material in relation to the Scheme's financial statements.

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.2 Contributions receivable

Employers' normal pension contributions are accounted for on an accruals basis. Employers' special pension and compensation contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of such an agreement, on a cash basis.

Employees' pension contributions and amounts received in respect of the purchase of added years are accounted for on an accruals basis. The associated increase in the Scheme liability is recognised as expenditure. Neither Additional Voluntary Contributions (AVCs) (refer to Note 11) nor payments to providers of Stakeholder Pensions are brought into account in these financial statements.

2.3 Pre-funding of contributions from employing bodies

Amounts receivable from employing bodies to reduce or extinguish their liabilities in respect of future payment of benefits arising from the early retirement of their employees are accounted for on an accruals basis.

2.4 Transfers in and out

Transfers in, in respect of individual members, are normally accounted for as income and expenditure (representing the associated increase in the Scheme liability) on a cash basis.

2.5 Other income

Other income, including Contributions Equivalent Premium (CEP) and refunds of pension overpayments, are accounted for on an accruals basis.

Contributions Equivalent Premium income relates to the refund of National Insurance Contributions from the Contributions Agency relating to members who left the Scheme but subsequently returned to the Scheme before the end of their 13-month disqualifying period.

Other income includes refunds of gratuities, pension overpayments, final pay control and miscellaneous income. Pension overpayments can arise as a result of Pensioner error, Departmental error or Exchequer loss.

2.6 Current service cost

The current service cost is the increase in the present value of the Scheme liabilities arising from current members' service in the current period and is recognised in the Statement of Comprehensive Net Expenditure. The current service cost is based on a standard contribution rate of 24.7% of pensionable pay, as determined at the start of 2025-26.

2.7 Past service cost

The past service cost is the increase in the period in the present value of the Scheme liabilities arising from current members' past service in the current period and is recognised in the Statement of Comprehensive Net Expenditure.

2.8 Interest on Scheme liabilities

The interest cost is the increase during the year in the present value of the Scheme liabilities because the benefits are one year closer to settlement and is recognised in the Statement of Comprehensive Net Expenditure. The cost is based on the nominal discount rate applicable at 1 April 2025, being 5.15%.

2.9 Other expenditure

Other expenditure includes final pay control charges and it is accounted for on an accruals basis. CEP payments relate to National Insurance Contributions due to the Contributions Agency in respect of members who have left the Scheme.

2.10 Scheme Liability

Provision is made for liabilities to pay pensions and other benefits in the future. The pension liability is measured on an actuarial basis using the projected unit credit method and is discounted at the rate applicable at 31 March 2026 being 5.60% nominal discount rate. The Scheme applies assumptions for the discount rate and the rate of inflation as prescribed by HM Treasury.

Full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years in accordance with the requirements of the FReM. In the intervening periods the actuary reviews the most recent actuarial valuation at the reporting period date and updates it to reflect current conditions. FReM stipulates that approximate actuarial assessments in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for reporting purposes.

The pension liability included in these financial statements has been calculated utilising membership data as at 31 March 2020 and demographic assumptions in line with those for the 2020 funding valuation. Membership data has subsequently been rolled forward using cashflows as a proxy for membership movements through to 31 March 2026. These assumptions represent significant judgements on behalf of the Scheme. Whilst this approach is reasonable and provides an appropriate basis for IAS 19 valuation purposes in accordance with FReM requirements, it introduces some degree of uncertainty.

It should therefore be recognised the results for the IAS 19 valuation at 31 March 2026 included in these financial statements may differ from those that would emerge following a full actuarial valuation based on actual membership data at 31 March 2026.

2.11 Pension benefits payable

Pension benefits payable are accounted for as a decrease in the Scheme liability on an accruals basis.

2.12 Pension payments to those retiring at their normal retirement age

Where a retiring member of the pension scheme has no choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for as a decrease in the Scheme liability on an accruals basis.

Where a retiring member of the pension scheme has a choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the transaction is accounted for as a decrease in the Scheme liability on a cash basis.

2.13 Pension payments to and on account of leavers before their normal retirement age

Where a member leaving the Scheme before normal retirement age is entitled only to a refund of contributions, the transaction is accounted for as a decrease in the Scheme liability on an accruals basis.

Where a member leaving the Scheme before normal retirement age has the option of receiving a refund of contributions or a deferred pension, the transaction is accounted for as a decrease in the Scheme liability on a cash basis.

2.14 Lump sums payable on death in service

Lump sum payments payable on death in service are accounted for on a cash basis. They are funded through the normal pension contributions and are a charge on the pension provision.

2.15 Actuarial gains/losses

Actuarial gains and losses, arising from any new valuation and from updating the latest actuarial valuation to reflect the conditions at the Statement of Financial Position date, are recognised in the Statement of Comprehensive Net Expenditure for the year.

2.16 Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) are deducted from employees' salaries and are paid over directly by the employing organisations to the approved AVC providers. Details on AVCs are at note 11 to the financial statements.

2.17 Administration expenses

The administrative expenses associated with the operation of the Scheme are borne largely by the Business Services Organisation (BSO) and costs relating to pensioners are charged to the Scheme.

2.18 Cash and cash equivalents

Cash and cash equivalents represent cash balances held at bank as adjusted for any outstanding payments and receipts that have yet to be processed through the account.

2.19 Currency and rounding

The functional currency is sterling and all figures are rounded to the nearest thousand pounds. Totals may not sum on occasion due to rounding.

2.20 Impending application of standards adopted during 2025-26 and accounting standards not yet effective

The Scheme has reviewed:

- accounting standards, interpretations and amendments to published standards and FReM;
- accounting standards, interpretations and amendments to published standards not yet effective; and
- financial reporting - future developments.

The following accounting standards have been issued but have not been applied by the Scheme in these financial statements:

IFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 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 without 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 the 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.

The Scheme concludes that these are not expected to have a significant impact on the Scheme accounts going forward. The presents its accounts in line with the Illustrative Statements referred to in the FreM as adapted for bodies in Northern Ireland.

The Scheme has reviewed the accounting standards, interpretations and amendments to published standards that became effective during 2025-26 and which are relevant to its operations. The adoption of these standards has not had an impact on the financial position or results of the Scheme.

2.21 Going Concern

The Statement of Financial Position at 31 March 2026 shows net liabilities of £19.7 billion. This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grant-in-aid approved annually by the Northern Ireland Assembly, to meet the Net Cash Requirement of the Department which funds the Scheme. Under the Government Resources and Accounts Act 2001, no money may be drawn from the Fund by the Department other than that required to service the specified year or retained in excess of that need. There is no reason to believe that the future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the Scheme's financial statements for 2025-26.

3. Contributions receivable

	2025-26	2024-25
	£000	£000
Employers	741,424	712,503
Employees:		
Normal	324,871	295,382
Purchase of added years	169	36
	1,066,464	1,007,921

£765.9 million employer contributions are expected to be payable to the Scheme in 2026-27.

4. Transfers in

	2025-26	2024-25
	£000	£000
Individual transfers in from other schemes	7,262	12,250
	7,262	12,250

5. Other pension income

	2025-26	2024-25
	£000	£000
Refund of pension payments	-	4
Final Pay Control	-	651
	-	655

6. Service cost

	2025-26	2024-25
	£000	£000
Current service cost	790,000	750,000
	790,000	750,000

7. Enhancements (see also Note 16.1)

	2025-26	2024-25
	£000	£000
Employers:		
Pre-funded compensation payments	174	710
	174	710

8. Transfers in – additional liability

	2025-26	2024-25
	£000	£000
Individual transfers in from other schemes	7,262	12,250
	7,262	12,250

Amounts receivable in respect of inward transfers increase the pension liability to the same extent. This increase is reflected in the Statement of Comprehensive Net Expenditure as expenditure as part of the movement in the pension provision during the year.

9. Pension financing cost (see also Note 16.1)

	2025-26	2024-25
	£000	£000
Net interest on defined benefit liability	1,060,000	990,000
	1,060,000	990,000

10. Other pension expenditure

	2025-26	2024-25
	£000	£000
Bank Charges	6	3
Cost claim applications/ Refunds of annual allowance charges	467	-
	473	3

11. Additional Voluntary Contributions

The HSC Pension Scheme provides for employees to make Additional Voluntary Contributions (AVCs) to supplement their pension entitlements or to increase life assurance cover. Employees may arrange to have agreed sums deducted from their salaries, for onward payment to one of the approved providers, Utmost Life and Pensions (formerly Equitable Life Assurance Society) or Standard Life, or may choose to make their own arrangements by making periodic payments to an insurance company or scheme institution which offers Free Standing Additional Voluntary Contributions (FAVC) Schemes. The managers of the HSC Pension Scheme have responsibility only for the onward payment by employers of members' contributions to the Scheme's approved provider. These AVCs are not recognised in these financial statements. Members participating in the arrangement each receive an annual statement from the approved provider at 31 March each year confirming the amounts held to their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

Utmost Life and Pensions (formerly Equitable Life Assurance Society)

Employees make contributions to two schemes (W0111) and (WP111) provided by Utmost Life and Pensions.

Scheme Number W0111

Movements in the year were as follows:

	2025-26	2024-25
	£000	£000
Balance at 1 April	1,357	1,541
New investments (net of transfers/refunds)	(149)	(167)
Sales of investments to provide pension benefits	(90)	(71)
Changes in market value of investments	205	54
Balance at 31 March	1,323	1,357

Scheme Number WP111

Movements in the year were as follows:

	2025-26	2024-25
	£000	£000
Balance at 1 April	1,701	1,733
New investments (net of transfers/refunds)	(2)	(18)
Sales of investments to provide pension benefits	(184)	(95)
Changes in market value of investments	172	81
Balance at 31 March	1,687	1,701

Standard Life

Movements in the year were as follows:

	2025-26	2024-25
	£000	£000
Balance at 1 April	3,487	3,713
New investments (net of transfers/refunds)	236	154
Settlements	(550)	(534)
Changes in market value of investments	372	154
Balance at 31 March	3,545	3,487

12. Receivables - contributions due in respect of pensions

Analysis by type

	2025-26	2024-25
	£000	£000
Amounts falling due within one year:		
Pension contributions due from employers	61,966	87,095
Employees' normal contributions	26,275	38,640
Capitalised cost of enhancement to pensions payable on departure	317	332
Overpaid pensions	500	2,100
Other receivables	15	-
Sub-total	89,073	128,167
Non-supply receivables:		
Injury benefits receivable	2,516	2,457
Total amounts falling due within one year	91,589	130,624

13. Cash and cash equivalents

	2025-26	2024-25
	£000	£000
Balance at 1 April	270,773	237,102
Net change in cash balances	71,752	33,671
Balance at 31 March	342,525	270,773
The following balances at 31 March were held at:		
Commercial banks and cash in hand	342,525	270,773
Balance at 31 March	342,525	270,773

14. Payables - in respect of pensions

Analysis by type

	2025-26	2024-25
	£000	£000
Amounts falling due within one year:		
Pensions	7,031	8,401
HMRC	9,869	8,541
Other payables	875	90
Consolidated Fund Extra Receipts payable to the Consolidated Fund – excess cash receipts resources current year (Note 15)	342,525	270,773
Total amounts due within one year	360,300	287,805

15. Amounts due to the Consolidated Fund

	2025-26	2024-25
	£000	£000
Excess cash receipts surrenderable to the Consolidated Fund	342,525	270,773
	342,525	270,773
Cash and cash equivalents	342,525	270,773
	342,525	270,773

16. Pension liability

Assumptions underpinning the pension liability

The HSC Pension Scheme is an unfunded defined benefit scheme. The Government Actuary’s Department (GAD) carried out an assessment of the Scheme liabilities as at 31 March 2026. The Report of the Actuary on pages 9 to 15 sets out the scope, methodology and results of the work the actuary has carried out.

The Scheme managers together with the actuary and the auditor have signed a Memorandum of Understanding that identifies, as far as practicable, the range of information that the Scheme managers should make available to the actuary in order to meet the expected requirements of the Scheme auditor.

This information includes, but is not limited to, details of:

- Scheme membership, including age and gender profiles, active membership, deferred pensioners and pensioners;
- benefit structure, including details of any discretionary benefits and any proposals to amend the Scheme;
- income and expenditure, including details of expected bulk transfers into or out of the Scheme; and
- following consultation with the actuary, the key assumptions that should be used to value the Scheme liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

The key financial assumptions used by the Actuary were:

	31 Mar 26	31 Mar 25	31 Mar 24	31 Mar 23	31 Mar 22
Rate of general pay increases	3.30%	3.40%	3.55%	3.65%	4.15%
Rate of increase in pensions in payment and deferred pensions (assuming CPI inflation)	2.55%	2.65%	2.55%	2.40%	2.90%
Inflation Assumption	2.55%	2.65%	2.55%	2.40%	2.90%
Nominal discount rate	5.60%	5.15%	5.10%	4.15%	1.55%
Discount rate net of CPI inflation	2.95%	2.40%	2.45%	1.70%	(1.30)%

These key assumptions are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity or the return on corporate bonds. The actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the Scheme liabilities. However, the Scheme managers acknowledge that the valuation reported in these financial statements is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

The assumption that has the biggest impact on the amount of the reported liability is the discount rate net of price inflation. As set out in the FReM, and as required by IAS 19, the discount rate net of price inflation is based on yields on high quality corporate bonds. The rates are set out in the above table.

In accordance with IAS 19 the Scheme Managers are required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses, are included in the analysis of the pension liability below.

The key demographic assumption relates to pensioner mortality. The assumptions made are represented by the sample life expectancies set out in note 16.7.

Analysis of the provision for pension liability

	At 31 March 2026 £bn	At 31 March 2025 £bn	At 31 March 2024 £bn	At 31 March 2023 £bn	At 31 March 2022 £bn
Pensions in Payment	7.92	8.1	7.5	6.5	7.4
Deferred Pensions	0.93	1.0	1.0	1.2	1.8
Active Members (Past Service)	10.95	11.5	10.8	12.3	30.8
Total	19.8	20.6	19.3	20.0	40.0

HSC Pension Scheme Statement 2025-26

Pension scheme liabilities accrue over employees' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing the Scheme liability, the actuary must estimate the impact of several inherently uncertain variables into the future. These variables include not only the key financial assumptions noted in the table above, but also assumptions about the changes that will occur in the future in the mortality rate, the age of retirement and the age from which a pension becomes payable.

The value of the liability on the statement of financial position may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation, it is considered appropriate to increase or decrease the assumed rates of inflation or increases in salaries, without changing the discount rate, the value of the pension scheme liability will increase or decrease. The managers of the Scheme accept that, as a consequence, the valuation provided by the actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in note 16.4. The note also discloses 'experience' gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

16.1 Analysis of movements in the Scheme liability

	Note	2025-26		2024-25	
		£000	£000	£000	£000
Scheme liability at 1 April			20,529,999		19,290,000
Current service cost	6	790,000		750,000	
Pension financing cost	9	1,060,000		990,000	
Enhancements	7	174	1,850,000	710	1,740,000
Pension transfers in	8	7,262		12,250	
			7,436		12,960
Benefits payable	16.2	(765,039)		(688,892)	
Pension payments to and on account of leavers	16.3	(5,466)		(8,200)	
			(770,505)		(697,092)
Actuarial (gain)/loss	16.4		(1,816,933)		184,132
Scheme liability at 31 March			19,799,997		20,530,000

During the year ended 31 March 2026, employer contributions represented 23.2% of pensionable pay.

16.2 Analysis of benefits paid

	2025-26	2024-25
	£000	£000
Pensions or annuities to retired employees and dependents (net of recoveries or overpayments)	597,110	568,090
Commutations and lump sum benefits on retirement	163,660	116,496
Death in service benefits	4,269	4,306
Total benefits paid	765,039	688,892

16.3 Analysis of payments to and on account of leavers

	2025-26	2024-25
	£000	£000
Individual transfers to other schemes	5,466	8,200
Total payments to and on account of leavers	5,466	8,200

16.4 Analysis of actuarial gain/(loss)

	2025-26	2024-25
	£000	£000
Experience losses arising on the scheme liabilities	(93,067)	(14,132)
Changes in assumptions underlying the present value of scheme liabilities	1,910,000	(170,000)
Total actuarial gain/(loss)	1,816,933	(184,132)

The actuarial gain in 2025-26 is predominantly driven by changes in financial assumptions, in particular the increase in the discount rate, which has a significant impact in reducing the present value of scheme liabilities. This is partially offset by experience losses arising during the year. To a lesser extent, the gain also reflects reductions in expectations for future indexation (CPI inflation) and long-term pay increases.

16.5 History of experience gains / (losses)

	2025-26	2024-25	2023-24	2022-23	2021-22
	£000	£000	£000	£000	£000
Experience (losses)/gains on Scheme liabilities:					
Amount (£000)	(93,067)	(14,134)	(1,506,432)	468,204	(1,932)
Percentage of the present value of Scheme liabilities	(0.5)%	(0.1)%	(7.8)%	2.3%	0.0%
Total amount recognised in statement of Changes in Taxpayers Equity:					
Amount (£000)	1,816,933	(184,132)	1,643,568	22,278,204	(3,261,932)
Percentage of the present value of Scheme liabilities	9.2%	(0.9)%	8.5%	111.7%	(8.2)%

16.6 Sensitivity analysis

The Government Actuary has been asked to indicate the approximate effects on the actuarial liability as at 31 March 2026 of changes to the main actuarial assumptions.

The key financial assumptions are the rate of return net of price inflation and the rate of return net of salary inflation. A key demographic assumption is members' longevity. The table below indicates the order of magnitude of changes to these assumptions on the Scheme's liability:

Change in assumption	Approximate % change in the total liability	Approximate increase / (decrease) to the total liability
Discount rate increase of 0.5% per annum*	Decrease of 8.0%	(£1.6 billion)
Long term earnings increase of 0.5% per annum*	Increase of 1.0%	£0.2 billion
Pension increases of 0.5% per annum*	Increase of 8.0%	£1.6 billion
Assumed longevity increased by rating the tables assumed up by 1 year	Increase of 3.0%	£0.6 billion

*Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability.

16.7 Pensioner mortality

The following tables show the average number of years that both current and future pensioners are expected to live after retirement age, under the mortality assumptions used for the Pension Scheme Statements at 31 March 2026.

	2025-26		2024-25	
Average number of years current pensioners expected to live after retiring at age:	Men	Women	Men	Women
60	27.9	29.6	27.9	29.6
65	23.2	24.7	23.1	24.6

	2025-26		2024-25	
Average number of years future pensioners expected to live after retiring at current age:	Men	Women	Men	Women
60	29.5	30.9	29.4	30.9
65	24.6	26.1	24.5	26.0

17. Financial instruments

As the cash requirements for the Scheme are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector scheme of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Scheme's expected purchase and usage requirements and the Scheme is therefore exposed to little credit, liquidity or market risk.

18. Contingent liabilities disclosed under IAS37

AVCs

In the unlikely event of a default by one of the approved AVC providers, the Department will guarantee pension payments. This guarantee does not apply to members who make payments to institutions offering Free Standing Additional Voluntary Contributions.

GMP Equalisation and indexation

The Government published consultations on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the "interim solution" to those members who reach State Pension Age after 5 April 2021 (7 October 2020). A past service cost was recognised in 2019-20 for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP Police Pension Scheme and related schemes equalisation means that members did not receive their full entitlement. For public service pension schemes, it is expected that this ruling will be taken forward on a cross scheme basis and will require legal input. This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETVs were equalised. The scope of any liability is yet to be determined as there is currently insufficient data on historic CETVs to estimate the potential impact,

however it is anticipated to be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

No additional costs were recognised for GMP equalisation and indexation in 2025-26 (2024-25: nil).

Other Cases

There are also a number of other legal cases lodged against public sector schemes which may have implications for the HSC Pension Scheme. Given the nature of these cases and current status of proceedings, it is not possible to quantify the potential financial impact on the HSC Pension Scheme at this time.

19. Related party transactions

The Scheme falls within the ambit of the Department of Health. The department is regarded as a related party with which the Scheme has had various material transactions during the year.

In addition, the Scheme has had material transactions with other government departments, and other central government bodies whose employees are members of the Schemes.

None of the Managers of the Schemes, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

20. Events after the reporting period

There were no events that require amendment to these financial statements after the reporting period.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 1 July 2026.