



HM Revenue  
& Customs

# Great Britain National Insurance Fund Account

For the year ended 31 March 2025



HM Revenue  
& Customs

# Great Britain National Insurance Fund Account 2024 to 2025

Presented to Parliament pursuant to Section 161(2) of the  
Social Security Administration Act 1992

Ordered by the House of Commons to be printed  
27 November 2025



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# 1. Accounting Officer's foreword

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## 1.1. Introduction

The National Insurance Fund (NIF) holds National Insurance contributions (NICs), paid by employees, employers, and the self-employed. Voluntary contributions are also paid into the Fund. Receipts paid into the NIF are kept separate from all other revenue raised by national taxes and are mainly used to pay social security benefits such as contributory benefits and the State Pension.

The NIF Account presents the receipts and payments for the financial year, as well as the balance on the Fund at the end of the year.

NICs also help to finance the National Health Service (NHS). NICs are paid into the NIF net of money allocated to the NHS.

## 1.2. Basis for the preparation of the NIF Account

The HM Treasury Accounts Direction (section 7), issued under Section 161(2) of the Social Security Administration Act 1992, requires HM Revenue and Customs (HMRC) to prepare a yearly statement of the transactions of the NIF. The Account is prepared on a receipts and payments basis, with values recognised as set out in the Notes to the Account 5.1.3 and 5.1.4 and follows all relevant accounting and disclosure requirements given in [Managing Public Money](#) and other guidance issued by HM Treasury.

The Account is prepared on a going concern basis.

## 1.3. Statutory background

The National Insurance Act 1946 and National Assistance Act 1948 established the modern welfare state that continues today. As an important part of that, the NIF funds the State Pension as well as certain unemployment benefits, employment support benefits and other benefits in situations where individuals meet the contributory and other qualifying conditions.

Section 161(1) of the Social Security Administration Act 1992, as amended by the Social Security Contributions (Transfer of Functions, etc) Act 1999, moved the management of the NIF from the Contributions Agency (overseen by the then Department of Social Security) to the management of the Inland Revenue (now HMRC).

Under Section 162(1) of the Social Security Administration Act 1992, NICs received by HMRC are paid into the NIF after deducting the appropriate NHS allocation (note 5.2). Section 162(6) provides that HMRC is required to consult with the Government Actuary's Department (GAD) to determine the appropriate apportionment, which is approved by HM Treasury.

The Commissioners for the Reduction of the National Debt (CRND) are responsible, in accordance with Section 161(3) of the Social Security Administration Act 1992, for the investments of the National Insurance Fund Investment Account (NIFIA). They are authorised to invest in accordance with directions given by HM Treasury and in line with the Memorandum of Understanding between HMRC and CRND.

Under Section 163 of the Social Security Administration Act 1992, benefits due under the National Insurance scheme are payable out of the NIF. The funds required for meeting the cost of these benefits are mainly provided from NICs paid by employed earners, their employers and the self-employed. The Social Security Contributions and Benefits Act 1992 sets out the conditions governing entitlement to most benefits and the basis for assessing liability to pay NICs.

In accordance with Section 88(3) of the Northern Ireland Act 1998, the Joint Authority (the Secretary of State, the Northern Ireland Minister having responsibility for social security and the Chancellor of the Exchequer) directs HMRC in making transfers between the Great Britain and Northern Ireland NIFs in order to maintain parity of balances. These transfers are made in consultation with GAD. The Joint Authority has agreed that, as far as possible, the relative balances in the Great Britain and Northern Ireland Funds should reflect the relative populations aged 16 and over, as shown in the latest Office for National Statistics (ONS) population estimates. This means that currently, the Northern Ireland balance is intended to be maintained at 2.75% of the joint balances of the 2 Funds. The system of parity payments acts as a safeguard against serious imbalances between the Great Britain and Northern Ireland Funds.

In addition, the Social Security Act 1993 allows for money provided by Parliament to be paid into the NIF via a Treasury Grant if HM Treasury considers it expedient to do so. Current practice is to aim to maintain the level of the Fund at a working balance of at least one sixth (16.7%) of projected annual benefit expenditure.

The amounts paid out of and received into the NIF, and the resulting balance on the Fund depend on legislation, which is the responsibility of HM Treasury Ministers and the Secretary of State for Work and Pensions. In setting contribution rates, HM Treasury Ministers are required to consider changes in the general level of earnings (Section 141 of the Social Security Administration Act 1992), the balance on the Fund and payments expected to be made from it in the future (Section 143 of the Social Security Administration Act 1992). In addition, both demographic and economic changes can affect amounts received and paid out, and therefore the overall balance on the Fund.

GAD is required under Sections 142(1), 144(1), 147(2), 150(8), 150A(5) and 151A(6) of the Social Security Administration Act 1992 to report on the likely effect on the NIF of the government's annual benefits up-rating and contributions re-rating orders. These reports are laid before Parliament and debated alongside the relevant orders. GAD is also required, under Section 166 of the Act, to review the operation of the Great Britain NIF at least every 5 years. The latest [Quinquennial Review of the National Insurance Fund](#) had an effective date of April 2020 and was laid before Parliament on 17 March 2022. GAD is currently working on the next Quinquennial Review which will have an effective date of 1 April 2025.

## 1.4. Operational responsibilities

HMRC is responsible for collecting NICs and recording them against individuals' contribution records, which determine entitlement to social security benefits payable from the NIF. As Accounting Officer for the NIF, I am responsible for the control and management of the Fund.

The Department for Work and Pensions (DWP) has overall responsibility for the award and payment of most benefits payable from the NIF, including those relating to retirement, bereavement, contributory Jobseeker's Allowance (JSA) and contributory Employment and Support Allowance (ESA). Entitlement to benefits is determined by the claimant satisfying qualifying conditions. For Statutory Maternity Pay, employers reduce the amount of NICs paid to HMRC by the amount of the Statutory Maternity Pay that they are able to recover. Subsequently, DWP pays over to HMRC an amount to compensate the NIF for this shortfall in contributions, as estimated by GAD.

For Statutory Adoption Pay, Statutory Paternity Pay, Statutory Shared Parental Pay and Statutory Parental Bereavement Pay, employers reduce the amount of NICs paid to HMRC by the amounts of these benefits that they are able to recover. The Department for Business and Trade (DBT) pays over to HMRC an amount to compensate the NIF for this shortfall in contributions, as estimated by GAD. Throughout 2024 to 2025, DBT was responsible for making Redundancy Payments Service (RPS) awards. The Insolvency Service, an executive agency of DBT, handled the payment of awards and collection of receipts.

## 1.5. Financial performance

The National Insurance scheme is financed on a pay as you go basis with contribution rates set at a level broadly necessary to meet the expected benefits expenditure in that year, after taking into account any other payments and receipts, and to maintain a working balance. Changes in contribution levels, in response to the needs of the Fund, take time to implement, therefore a working balance is necessary as the NIF has no borrowing powers. The NIF is obligated under legislation to fund any future identified underpayments or overpayments. This would include providing funds to satisfy provisions as they are settled in government departments that administer payments on behalf of the Fund.

The minimum working balance required to be held for 2024 to 2025 was estimated at £24.2 billion, representing 16.7% of estimated benefit expenditure, as stated in the report on the [Social Security Benefits Up-rating Order](#) published by GAD in January 2025. HM Treasury Ministers made provision for a Treasury Grant for 2024 to 2025 of up to 5% of the estimated benefit payments, which can be requested if required. The balance of the Fund at 31 March 2025 was £79.3 billion and was above the estimated minimum requirement throughout the year. Therefore, no Treasury Grant was required in 2024 to 2025.

However, the fund balance reduced by £7.1 billion, from £86.4 billion at 31 March 2024. In 2024 to 2025, NICs revenue reduced compared to the same period last year mainly due to a reduction in some employee rates. Additionally, benefits were uprated, resulting in an increase in benefit payments.

The report on the Up-rating Order published by GAD in January 2025 projected an increase in the balance of the Fund in the year ending 31 March 2026. It also projected that no Treasury Grant is likely to be required in that year in order to maintain the Fund above the targeted minimum balance of 16.7% of benefit expenditure. However, as a contingency, under Section 2(2) of the Social Security Act 1993 (c.3), HM Treasury Ministers have made provision for a Treasury Grant for 2025 to 2026 of up to 5% of estimated benefit payments. This equates to a provisional facility of £7.4 billion.

## 1.6. Audit

The Comptroller and Auditor General is required under Section 161(2) of the Social Security Administration Act 1992 to examine and certify the NIF Account and to lay copies of it, together with his report, before Parliament.

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

The audit fee for 2024 to 2025 was £153,500 (£149,000 in 2023 to 2024) and will be included in the 2025 to 2026 Account. No non-audit services were undertaken in 2024 to 2025.

## 1.7. Accounting Officer's responsibilities

As Chief Executive and First Permanent Secretary of HMRC, I am the Accounting Officer for the NIF, appointed by HM Treasury with effect from 6 April 2025. As Accounting Officer for the NIF, I am responsible for:

- maintaining proper accounting records
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

- 
- preparing financial statements, which properly present, in accordance with the Social Security Administration Act 1992 and with directions made by HM Treasury
  - preparing the Accounting Officer's foreword, in accordance with the Social Security Administration Act 1992 and with directions made by HM Treasury
  - ensuring that an appropriate system of internal control is in place to ensure that the expenditure and income presented in the financial statements have been applied to the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them

As Accounting Officer, I am also responsible for ensuring compliance with HM Treasury's Managing Public Money, safeguarding the assets of the Fund and for the prevention and detection of fraud, error, and non-compliance with law or regulations.

In preparing this account, I am required to ensure suitable accounting policies have been applied on a consistent basis and that judgements and estimates have been made on a reasonable basis. Many of the activities relating to the transactions of the NIF are carried out by other government departments and agencies. I receive letters of assurance from them as detailed in section 2.3 of the Governance Statement.

As Accounting Officer, I confirm this Account is fair, balanced and understandable. I take personal responsibility for this Account and the judgements required for determining that it is fair, balanced and understandable.



**John-Paul Marks**

Accounting Officer

19 November 2025

# 2. Governance Statement

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## 2.1. Purpose of the Governance Statement

This Governance Statement sets out the governance and risk management arrangements for the NIF. It applies to the financial year 1 April 2024 to 31 March 2025 and up to the date of signing of the NIF Account.

## 2.2. Scope of responsibility

As Accounting Officer for the NIF, I have responsibility for ensuring its risks are effectively managed across HMRC and for safeguarding the public funds contained within it, for which I am personally responsible as the departmental Accounting Officer in accordance with the responsibilities assigned to me in Managing Public Money. Accordingly, I ensure that risk management operates at all levels in HMRC, from operational decision making on individual cases, through to the identification and mitigation of strategic level risks in our departmental Risks and Issues Register.

While HMRC has overall responsibility for the control and management of the Fund (which includes allocation of funds to other departments with NIF responsibilities and the collection of NICs), DWP is responsible for the control and management of benefit payments. The Insolvency Service, an executive agency of DBT, is responsible for the control and management of RPS awards covered by the Fund and the collection of related receipts.

I receive letters of assurance from the Accounting Officer of DWP approved by their Departmental Audit and Risk Assurance Committee and from the Accounting Officer of DBT approved by the Insolvency Service's Accounting Officer and Audit and Risk Assurance Committee, which gives me confidence that they have sufficient governance arrangements in place and highlight any significant risks that may impact on their control and management of NIF-related activities. Governance arrangements are outlined in their respective Governance Statements and published within the [2024 to 2025 DWP Annual Report and Accounts \(AR&A\)](#) and the [2024 to 2025 Insolvency Service Annual Report and Accounts \(AR&A\)](#).

HMRC has produced a full Governance Statement setting out details of its compliance with the Corporate Governance in Central Government Departments: Code of Good Practice; the role of the Board and committees within HMRC, along with risks to HMRC's performance and how these have been managed. This includes disclosures relating to issues outside of the scope of work relating to the NIF. The Governance Statement is included in the published [2024 to 2025 HMRC Annual Report and Accounts \(AR&A\)](#).

Operational Excellence (OE), a directorate within HMRC's Customer Services Group, is responsible for overseeing the control and management of NICs processes. The Director of OE holds overall accountability for these processes. The Joint Management Board (JMB) is chaired by the Deputy Director responsible for NICs, Pay As You Earn (PAYE), Self Assessment (SA) and Construction Industry Scheme (CIS). It provides an escalation route and forum where process matters including risks and issues can be discussed by a wider HMRC stakeholder group, which includes the Deputy Director of NICs Policy, International, and Student Finance.

The National Insurance Fund Accounting Board (NIFAB), chaired by HMRC's Head of Tax Accounts Production, provides a forum and network for key stakeholders, including from HMRC, DWP and the Insolvency Service, to work collaboratively to drive NIF policy, strategy, planning, risk and change management, and to monitor effective Fund administration.

Both the JMB and the NIFAB sit below and help support the Board and committee structures described in the 2024 to 2025 HMRC AR&A.

## 2.3. Risks to the NIF and how these are managed

Control and management of NIF risks are consistent with the overarching Governance Statements published in the respective 2024 to 2025 AR&As for HMRC, DWP and DBT.

NIF specific risks are regularly reviewed by the NIFAB, and no significant risks have been identified for 2024 to 2025. However, the matters noted below are included to reflect disclosures made by DWP and DBT on issues that were reported previously.

### **Matters on which I have received assurance**

A letter of assurance has been received from DBT, which has been approved by the Insolvency Service Audit and Risk Assurance Committee. It contains details about the governance arrangements and its risk control framework. It has given me confidence that there are no significant risks or control issues in the management of RPS awards and the collection of related receipts that impact the Great Britain NIF for 2024 to 2025.

There are risks associated with National Insurance records. When an individual retires, any errors in the contributions record can directly affect their pension entitlements. Issues have emerged in the past few years, however these have not materially impacted the NIF Account as it is prepared on a receipts and payments basis. We have implemented measures to enhance the management of these records and mitigate associated risks.

In 2023 to 2024, the Chief Finance Officer of HMRC and the Finance Director General of DWP jointly commissioned internal audits to evaluate the robustness of the framework underpinning the accuracy of National Insurance records. The audits identified weaknesses in cross-departmental ownership, assurance, and accountability for data integrity. Since then, both HMRC and DWP have worked closely together to strengthen the integrity of National Insurance records. A senior joint oversight group is in place to monitor progress against audit recommendations and ensure effective cross-departmental accountability. 12 actions were identified, all of which were completed by August 2025. This collaborative approach has improved data quality, clarified responsibilities across the 2 departments, and driven forward more effective working practices.

DWP has provided a letter of assurance that has been approved by its Departmental Audit and Risk Assurance Committee. It contains details about its capacity to handle risk and its risk control framework. Throughout 2024 to 2025, risks to the NIF for which DWP remains primarily accountable were reviewed and managed within DWP, and updates were regularly shared with HMRC and other key stakeholders through attendance at the NIFAB. The following matters were noted regarding DWP's management of activities financed by the NIF:

### **Underpayment of State Pension - Legal Entitlements and Administrative Practice (LEAP) exercise**

The State Pension LEAP exercise was established by DWP in 2021 to identify where State Pension underpayments may have occurred. Despite the scale and complexity of the task, DWP has completed the exercise as planned. A small number of cases remain open, pending further information from pensioners or third parties, and are being progressed through business-as-usual processes. Between January 2021 and March 2025, 130,948 underpayments were identified, with £805 million repaid. Current estimates of the total arrears due is £906 million to 135,000 pensioners (2023-24 estimate: £970 million to 133,000 pensioners). DWP has recognised a provision of £92 million in their 2024 to 2025 AR&A and expects to close the remaining cases by the end of 2026.

### Underpayment of State Pension - Home Responsibilities Protection (HRP)

A separate issue also causing underpayment of State Pension was identified in 2021 to 2022 in connection with HRP. DWP's annual fraud and error exercise identified administrative discrepancies in the recording of HRP on some customers' National Insurance records, resulting in State Pension errors. In response, the government launched a dedicated correction exercise involving both HMRC and DWP. Despite extensive communications, a low number of people applied to correct their missing HRP. Following significant operational effort, DWP and HMRC jointly decided to conclude the exercise in April 2025, after which any remaining cases will be managed through business-as-usual processes. Due to the low response rate, HMRC's Internal Audit team completed an assurance review and made 5 recommendations. 2 have been completed and the remaining 3 are expected to be completed by March 2026. Between January 2024 and March 2025, 21,878 claimant records were reviewed by DWP and 12,379 underpayments identified, with total arrears paid of approximately £104 million. DWP has recognised a provision of £30 million in their 2024 to 2025 AR&A, though the final value remains subject to change as outstanding cases are resolved.

### Fraud and error

A full review of State Pension has been undertaken by DWP in 2024 to 2025, which checks for fraud, claimant error, and official error. The NIF benefit expenditure overpayment rate for 2024 to 2025 was 0.3% (£370 million) which comprised of the following: fraud (0.1%/£90 million) and error (0.2%/£280 million). The NIF overpayment rate in 2023 to 2024 was 0.3%. The NIF benefit expenditure underpayment rate for 2024 to 2025 was 0.3% (£490 million) comprised fraud (nil%) and error (0.3%/£490 million). The NIF underpayment rate in 2023 to 2024 was 0.4%.

Although the Comptroller and Auditor General has qualified his opinion on the regularity of benefit expenditure administered by DWP due to the levels of fraud and error, State Pension is excluded from the qualification. This is because the Comptroller and Auditor General views the level of State Pension overpayments and underpayments as immaterial in the context of the £137.4 billion of State Pension expenditure in DWP's 2024 to 2025 AR&A. This exclusion, and the generally lower rates of fraud and error found in contributory benefits paid for by the NIF, leads me to agree with DWP and the Comptroller and Auditor General that this issue is not a material risk to the NIF. Additional fraud and error information is provided in section 6.3 and a summary of the DWP position for reducing the overall level of fraud and error can be found in the 2024 to 2025 DWP AR&A.

## 2.4. Review of effectiveness

A number of specific sources inform and contribute to my review of effectiveness including:

- individual annual Governance Statements from members of HMRC's Executive Committee (ExCom) setting out the control framework arrangements (governance, risk management, assurance, process and data management) in their business areas
- the review that underpins the production of the Great Britain NIF Governance Statement including letters of assurance from DWP and DBT
- the annual opinion of the Director of Internal Audit, regarding the effectiveness of the framework for governance, risk management and internal control
- any matters identified by the National Audit Office through its audit work, including broader observations relating to HMRC's responsibilities for assessing and collecting NICs

Taking all of these into account, I am confident that the risks related to the NIF are being identified and effectively managed.

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## 2.5. Conclusion

Accordingly, based on the review I have outlined above, I conclude that in material respects there is an effective system of governance, risk management and internal control that supports the Fund's aims and objectives.



**John-Paul Marks**  
Accounting Officer  
19 November 2025

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

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## Opinion on financial statements

I certify that I have audited the financial statements of the Great Britain National Insurance Fund for the year ended 31 March 2025 under the Social Security Administration Act 1992.

The financial statements comprise the Great Britain National Insurance Fund's:

- Receipts and Payments Account, including Statement of Balances; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and the Social Security Administration Act 1992.

In my opinion, the financial statements:

- properly present the Great Britain National Insurance Fund's receipts and payments for the year ended 31 March 2025; and
- have been properly prepared in accordance with the Social Security Administration Act 1992 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament 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 (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Great Britain National Insurance Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Great Britain National Insurance Fund's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Great Britain National Insurance Fund'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.

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

The going concern basis of accounting for the Great Britain National Insurance Fund is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## Other information

The other information comprises information included in the Accounting Officer's Foreword, Governance Statement, Other Financial Information, Accounts Direction and Glossary, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

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 information given in the Accounting Officer's Foreword and Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the Great Britain National Insurance Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Accounting Officer's Foreword and Governance Statement.

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 by the Great Britain National Insurance Fund or returns adequate for my audit have not been received from third parties; 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 HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Accounting Officer's responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Great Britain National Insurance Fund from whom the auditor determines it necessary to obtain audit evidence;
- 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;
- preparing financial statements and Accounting Officer's Foreword, Governance Statement and Other Financial Information which are in accordance with the applicable financial reporting framework; and
- assessing the Great Britain National Insurance Fund'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 Great Britain National Insurance Fund 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 Social Security Administration Act 1992.

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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Great Britain National Insurance Fund's accounting policies;
- inquired of management, the Great Britain National Insurance Fund's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Great Britain National Insurance Fund's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Great Britain National Insurance Fund's controls relating to the Great Britain National Insurance Fund's compliance with the Social Security Administration Act 1992 and Managing Public Money.
- inquired of management, the Great Britain National Insurance Fund's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team and the relevant internal specialists on IT audit, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Great Britain National Insurance Fund for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and benefits expenditure. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the Great Britain National Insurance Fund's framework of authority and other legal and regulatory frameworks in which the Great Britain National Insurance Fund operates, I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Great Britain National Insurance Fund. The key laws and regulations I considered in this context included the Social Security Administration Act 1992, Managing Public Money and relevant benefits and pensions legislation.

## Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

## Other auditor's responsibilities

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**25 November 2025**

National Audit Office  
157-197 Buckingham Palace Road  
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# 4. Receipts and payments account

Prepared in accordance with Section 161(2) of the Social Security Administration Act 1992.

For the year ended 31 March	Notes	2025 £000	2024 £000
<b>Receipts</b>			
National Insurance contributions	5.2	130,901,352	138,649,520
Income from NIF Investment Account	5.3	4,158,579	3,881,306
Compensation for statutory pay	5.4	3,173,000	2,969,000
Redundancy receipts	5.5	29,224	29,634
State Scheme Premiums	5.6	–	1
Personal pension receipts	5.7	–	8
		<b>138,262,155</b>	<b>145,529,469</b>
<i>Less</i>			
<b>Payments</b>			
Benefit payments	5.8	(143,197,101)	(129,827,870)
Administrative costs	5.9	(856,212)	(491,201)
Transfers to Northern Ireland NIF	5.10	(690,900)	(672,856)
Redundancy payments	5.5	(487,120)	(494,374)
Other payments	5.11	(101,100)	(110,493)
		<b>(145,332,433)</b>	<b>(131,596,794)</b>
Receipts less payments		<b>(7,070,278)</b>	<b>13,932,675</b>

## Statement of balances

As at 31 March	Notes	2025 £000	2024 £000
Opening balance		86,418,788	72,486,113
Receipts less payments		(7,070,278)	13,932,675
<b>Balance as at 31 March</b>	5.12	<b>79,348,510</b>	<b>86,418,788</b>



**John-Paul Marks**  
Accounting Officer  
19 November 2025

The Notes to the Account form part of this account.

# 5. Notes to the Account

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Notes to the Account provide additional information and accounting conventions to explain a particular feature of the financial statements. The notes which follow will also provide explanations and additional disclosure to assist readers' understanding and interpretation of the financial statements.

## 5.1. Statement of accounting policies

### 5.1.1. Basis of preparation of the Account

This Account has been prepared in accordance with Section 161(2) of the Social Security Administration Act 1992. It has been prepared on a receipts and payments basis in a form directed by HM Treasury, shown on section 7 of this Account and the policies outlined below.

### 5.1.2. Net accounting

NICs, State Scheme Premiums, personal pensions and benefit payments are all shown net of refunds or recoveries.

An allocation for the NHS is paid over by HMRC before the contributions are paid into the NIF and therefore the NICs in the NIF are shown net of the NHS element (note 5.2).

### 5.1.3. Receipts recognition

#### NICs

The Account shows NICs received by HMRC during the year. Contributions are recognised in the relevant accounting period.

The contributions are collected and administered on a UK-wide basis for Great Britain and Northern Ireland, and HMRC is required to allocate the total contributions between the 2 Funds. A scan of the National Insurance and Pay As You Earn Service (NPS) is used to extract postcode data of taxpayers to estimate the ratio of individuals living in each area who have paid NICs. HMRC then applies this ratio, rounded to the nearest 0.1%, to the UK-wide receipts figures to split the contributions between the 2 Funds.

The amounts received are after recoveries by employers of amounts due in respect of any Statutory Maternity Pay, Statutory Adoption Pay, Statutory Paternity Pay, Statutory Shared Parental Pay, Statutory Parental Bereavement Pay and Statutory Neonatal Pay made to their employees, and after deduction of contributions allocated to the NHS.

Employers are responsible for calculating their own and their employees' contributions. National Insurance records are subject to examination by HMRC. These checks and other checks on contributors may result in additional receipts or repayments in future years in respect of contribution liabilities for 2024 to 2025.

#### Class 1 NICs

Almost all amounts received in respect of Class 1 NICs are captured via the monthly PAYE process by the Real Time Information (RTI) system. There is a small degree of estimation involved in this process where the exact split between Income Tax and NICs receipts cannot be identified.

#### Class 1A and 1B NICs

All amounts received in respect of Class 1A and 1B NICs are recorded on the Enterprise Tax Management Platform (ETMP) and are separately identifiable.

## **Class 2 and Class 4 NICs**

Class 2 and Class 4 NICs are mostly collected via Self Assessment. The collection of receipts for Income Tax, Class 2 and Class 4 NICs through Self Assessment involves long time lags. Receipts in any one year will relate to payments on account for that year and the settlement of liabilities for previous years. Self Assessment receipts are allocated between Income Tax, Class 2, Class 4 NICs, and Capital Gains Tax using estimates based on an annual analysis of individuals' records in the Self Assessment system. From April 2024, the legal requirement for self-employed individuals to pay Class 2 NICs was removed. However, Class 2 NICs can still be paid voluntarily or where exceptions apply.

## **NICs received outside of the RTI PAYE and Self Assessment processes**

A small amount of NICs are received each year outside of the RTI PAYE and Self Assessment processes. These are mostly Class 3 voluntary contributions, but also include Class 2 and other NICs classes. The class breakdown for these cash receipts is estimated using a scan of records held on NPS.

## **Income from NIF Investment Account**

In 2024 to 2025, the NIFIA was entirely invested in the Debt Management Account, which pays a rate equal to the Bank of England's Bank Rate. Interest on this investment is accrued daily and paid on a monthly basis. Interest is received by the NIF in the month following that in which it is earned and recognised on a cash basis.

## **Compensation for statutory pay**

Compensation payments for employer recoveries of Statutory Maternity Pay, Statutory Paternity Pay, Statutory Shared Parental Pay, Statutory Adoption Pay and Statutory Parental Bereavement Pay receipts are recognised in the NIF when those payments are received from DWP and DBT. GAD estimates the value based on the actual amount recovered in the previous financial year, excluding abatements.

## **Redundancy receipts**

The Insolvency Service, an agency of DBT, administers payment of RPS awards to eligible recipients. In doing so, it also recovers money from employers and those payments are recognised in the NIF when received from the agency. This is received by the NIF in the month following that in which it is recovered.

### **5.1.4. Payments recognition**

#### **Benefit payments**

DWP administers most of the contribution-based benefit payments that are financed from the NIF. The payment of these benefits is recognised in the NIF Account in the accounting period in which the benefit is paid to the claimant by the administering department.

HMRC administers payment of Guardian's Allowance to eligible recipients. The Guardian's Allowance payments that are recognised in the NIF Account reflect the funding that is paid from the NIF to reimburse HMRC for the payments that the department has made.

#### **Administrative costs**

The costs related to services provided to the NIF are recognised on the date the amount is paid either directly to the service providers or reimbursed to HMRC by the NIF.

### **Transfers to Northern Ireland Fund**

To ensure the balance of the Northern Ireland and Great Britain Funds reflect, as far as practicable, the relative sizes of the populations aged 16 and over, regular transfers are made between the Great Britain and Northern Ireland Funds. The parity payments are based on estimates provided by GAD using the latest population estimates published by the ONS and are recognised in the accounting period when they are paid.

### **Redundancy payments**

The Insolvency Service, an agency of DBT, administers payment of RPS awards to eligible recipients. The RPS awards that are recognised in the NIF Account reflect the funding that is paid from the NIF to reimburse the Insolvency Service for the payments that the agency has made.

## 5.2. National Insurance contributions

For the year ended 31 March Contributions - breakdown by class	2025 £000	2024 £000
Class 1 (employed earners)	125,719,357	133,968,708
Class 1A	1,242,955	1,242,005
Class 1B	321,949	424,641
Class 2 (self-employed flat rate)	380,235	323,266
Class 3 (voluntary contributions)	645,958	318,725
Class 4 (self-employed earnings related)	2,590,898	2,372,175
<b>Total</b>	<b>130,901,352</b>	<b>138,649,520</b>

Different groups of people pay different classes of contributions. These can be summarised as follows:

**Class 1** contributions comprise 2 parts: primary contributions payable by employees which are approximately 30% of the total Class 1 figure, and secondary contributions payable by employers, which are approximately 70%. In 2024 to 2025, Class 1 contributions were lower than in 2023 to 2024. This was mainly due to a reduction in employee rates from 10% to 8%.

**Class 1A** contributions are paid by employers on most benefits-in-kind (BIKs) provided to employees and on termination awards above £30,000 per annum. Employers pay Class 1A contributions on BIKs in July of the following tax year and on termination awards to HMRC via the PAYE scheme with their Income Tax and Class 1 contributions.

**Class 1B** contributions are paid by employers where they have entered into a PAYE settlement agreement for tax enabling them to settle their Income Tax and NICs liability in a lump sum after the end of the tax year.

**Class 2** flat rate weekly contributions are paid by self-employed persons. From 6 April 2024, there is no longer any Class 2 liability. Class 2 NICs at the weekly flat rate can still be paid voluntarily where entitlement arises or exceptions apply.

**Class 3** voluntary flat rate contributions are paid to maintain contributors' National Insurance records to qualify for certain benefits and/or State Pension.

**Class 4** contributions are paid by self-employed persons on their profits.

### NHS allocation

The NHS allocation is paid over by HMRC to the NHS before any contributions are paid into the NIF and so the figures shown are net of this NHS allocation. The NHS allocation was £34.8 billion in 2024 to 2025 (£33.5 billion in 2023 to 2024) and forms part of the total NHS funding.

The NHS allocation is based on GAD's estimates made in December 2023 and revised in December 2024 for the year 2024 to 2025. The allocation is estimated in accordance with the requirements set out in Section 162(5) of the Social Security Administration Act 1992.

## 5.3. Income from NIF Investment Account

For the year ended 31 March	2025 £000	2024 £000
Interest received	4,158,579	3,881,306

By virtue of SI 1978 No. 1839, surplus funds paid over to the NIFIA may be invested by CRND in any manner specified in paragraphs 1, 2, 3, 8, 9 and 9A of Part II of Schedule 1 to the Trustee Investments Act 1961. In practice, this means exposure is limited to UK government or government-guaranteed instruments and/or cash deposits.

In 2024 to 2025, as in the previous year, the NIFIA was entirely invested in the Debt Management Account, which pays a rate equal to the Bank of England's Bank Rate (also known as the 'base rate'). Investments in the Debt Management Account allow instant access to funds as well as capital protection, an investment approach deemed by HMRC and CRND as best suited to the needs and risk appetite of the Fund. The Debt Management Account is an Exchequer Fund, which is owned by HM Treasury, and carries the full guarantee of the UK government.

Interest on investment is accrued daily and paid on a monthly basis. Therefore, interest is received in the following month of which it is earned. During 2023 to 2024, the base rate increased from 4.25% to 5.25% over the course of the year. For the financial year 2024 to 2025, the rate incrementally decreased from 5.25% to 4.50% by 31 March 2025.

The interest received is also placed on deposit with the NIFIA.

The value of the monies held in the NIFIA at 31 March 2025 decreased to £78.2 billion from £87.7 billion at 31 March 2024 (note 5.12).

Despite a reduction in the overall fund balance and a decline in interest rates towards the latter part of the year, interest received has increased over the reporting period. This is due to a higher balance at the beginning of the year combined with higher interest rates.

## 5.4. Compensation for statutory pay

For the year ended 31 March	2025 £000	2024 £000
Statutory Maternity Pay	3,054,000	2,881,000
Statutory Adoption Pay, Statutory Paternity Pay, Statutory Shared Parental Pay and Statutory Parental Bereavement Pay	119,000	88,000
<b>Total</b>	<b>3,173,000</b>	<b>2,969,000</b>

The government compensates the NIF for loss of revenue due to contribution receipts being reduced by employers recovering Statutory Maternity Pay, Statutory Adoption Pay, Statutory Paternity Pay, Statutory Shared Parental Pay and Statutory Parental Bereavement Pay. The compensation is drawn down from the Consolidated Fund and then paid over to the NIF by DWP and DBT, as the NIF has no facility to do so. The amounts paid over are based on estimates produced by GAD in accordance with Section 1(5) of the Social Security Contributions and Benefit Act 1992 using information on past recoveries taken from systems administered by HMRC.

**Compensation for Statutory Maternity Pay** is paid to NIF by DWP.

**Compensation for Statutory Adoption Pay, Statutory Paternity Pay, Statutory Shared Parental Pay and Statutory Parental Bereavement Pay** is paid to NIF by DBT.

## 5.5. Redundancy payments and receipts

For the year ended 31 March	2025 £000	2024 £000
Redundancy payments	487,120	494,374
Redundancy receipts	(29,224)	(29,634)
<b>Total</b>	<b>457,896</b>	<b>464,740</b>

The Insolvency Service, an agency of DBT, administers the RPS which ensures that employees who have been made redundant receive their statutory redundancy entitlement where their employers are unable to make such payments, usually because of insolvency. In doing so, the scheme also protects the taxpayers' interests by ensuring that it does not make payments which can and should be made by the employers themselves.

**Redundancy payments:** Section 182 of the Employment Rights Act 1996 provides the statutory basis for the NIF to make redundancy payments to employees who have been made redundant but whose former employers are unable to make appropriate redundancy payments.

**Redundancy receipts** represent amounts recovered from employers.

## 5.6. State Scheme Premiums

For the year ended 31 March	2025 £000	2024 £000
State Scheme Premiums	-	1

State Scheme Premiums are payable to the Fund in respect of employed persons who cease to be covered, in certain specified circumstances, by contracted-out pension schemes. The premiums buy back the persons' additional pension entitlement in the Additional State Pension scheme.

Although the system of contracting out ended in April 2016, Contributions Equivalent Premiums continued to be payable until April 2019. In addition, a contracted-out scheme reconciliation exercise was carried out within HMRC with tax bills being generated and also some refunds sent out where appropriate, including legacy pension schemes, which resulted in a small amount of receipts being received in 2023 to 2024. No further receipts are anticipated.

## 5.7. Personal pension receipts

For the year ended 31 March	2025 £000	2024 £000
Personal pension receipts	-	8

The Pension Scheme Act 1993, supplemented by the Pensions Act 1995, entitled employed earners with a personal pension to have a 'minimum contribution' paid to their plan from the NIF. In April 2012, all contracted-out defined contribution-based schemes were abolished and any other contracted-out defined benefit based schemes came to an end in April 2016 resulting in the reduction of the contributory entitlement.

Although all contracting-out schemes have ended, there are still queries being dealt with which resulted in a small amount of receipts being received in 2023 to 2024. No further receipts are anticipated.

## 5.8. Benefit payments

For the year ended 31 March	2025 £000	2024 £000
State Pension	136,924,327	123,809,641
Employment and Support Allowance (contributory)	5,156,050	4,904,586
Maternity Allowance	402,358	412,379
Bereavement benefits	360,593	408,075
Jobseeker's Allowance (contributory)	222,760	166,726
Christmas Bonus	130,221	127,858
Guardian's Allowance	4,183	4,090
Incapacity Benefit	(3,391)	(5,485)
<b>Total</b>	<b>143,197,101</b>	<b>129,827,870</b>

**State Pension** is for people who have reached State Pension age and is based on NICs paid, treated as paid or credited.

The State Pension age is currently 66 and is in the process of increasing:

- under the Pensions Act 2014 the State Pension age for men and women will increase from 66 to 67 between 2026 and 2028
- under the Pensions Act 2007 the State Pension age for men and women will increase from 67 to 68 between 2044 and 2046

Since 2018, public finance forecasts assume that State Pension age will rise to 68 between 2037 and 2039. This assumption followed on from the 2017 State Pension Age Review where the then government accepted a recommendation by the independent report that State Pension age should increase to age 68 between 2037 and 2039.

Under Section 27 of the Pensions Act 2014, the Secretary of State has a statutory duty to periodically review whether the existing rules about State Pension age are appropriate. To date, 2 statutory reviews have been completed. The government announced the launch of the third review of State Pension age in July 2025. This review will consider whether the rules around pensionable age are appropriate, based on the latest life expectancy data and other evidence.

**Employment and Support Allowance (contributory)**: also known as New Style ESA, this benefit supports individuals who are unable to work due to illness or disability. It provides both financial assistance and employment support depending on the claimant's circumstances. New Style ESA can be claimed on its own or alongside Universal Credit. Eligibility is based on having paid, or been credited with, sufficient NICs in the relevant tax years.

**Maternity Allowance** is paid for up to 39 weeks at a standard weekly rate, dependent upon earnings, to a person who is not entitled to Statutory Maternity Pay. It is payable from a maximum of 11 weeks before the expected week of childbirth and is subject to qualifying conditions.

**Bereavement benefits** are based on the NICs paid by the deceased spouse or cohabiting partner. They consist of: Bereavement Allowance, which is a regular payment for 52 weeks; Bereavement Payment, which is a lump sum

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payment; and Widowed Parent's Allowance which is a regular payment while the customer has dependent children for whom they receive (or could receive) Child Benefit.

Bereavement Support was introduced 6 April 2017 and will eventually replace the other bereavement benefits by combining lump sums and regular payments into one benefit. Bereavement Support is payable for 18 months and there are 2 rates of lump sum and weekly payments dependent on whether the customer has a dependent child for whom they receive (or could receive) Child Benefit.

Retrospective claims were allowable in the 12 month period from when the Remedial Order came into effect on 09 February 2023. Further claims were accepted until November 2024, but with reduced entitlement.

**Jobseeker's Allowance (contributory)**: also known as New Style JSA, this benefit is designed to support people who are unemployed but capable of working, available for work, and actively seeking employment. It provides financial assistance while the claimant looks for a job and can be claimed either on its own or alongside Universal Credit. Eligibility is based on having paid, or been credited with, sufficient NICs in the relevant tax years.

**Christmas Bonus** is a tax-free payment of £10 paid to people in receipt of a qualifying benefit during the relevant week, normally the first full week in December.

**Guardian's Allowance**, administered by HMRC, is payable to eligible people bringing up a child because one or both of the parents have died.

**Incapacity Benefit** is paid at 3 different rates, dependent on age and term of incapacity, to a person who has paid NICs and whose Statutory Sick Pay has ended or is not applicable. It has been replaced by ESA for new claims from October 2008. The benefit recoveries from claimants paying back overpayments exceeded the value of the small number of existing claims.

All benefit recoveries (including compensation payments) are offset against benefit payments and therefore included in this note. Recoveries for those benefits which are no longer in existence are offset against an appropriate best fit current benefit.

For administrative convenience, as well as paying Great Britain pensioners living abroad, DWP pays State Pension and bereavement benefits on behalf of Northern Ireland pensioners living abroad. However, the costs for these Northern Ireland overseas NIF payments are charged back to DfC, so the cost is ultimately borne by the Northern Ireland NIF and not included in the figures above.

For details of fraud and error in benefit payments, refer to section 6.3.

## 5.9. Administrative costs

For the year ended 31 March	2025 £000	2024 £000
Department for Work and Pensions	646,687	300,703
HM Revenue and Customs	159,457	141,269
HM Courts and Tribunal Service (first tier)	36,914	36,914
Insolvency Service	9,827	8,923
HM Courts and Tribunals Service (upper tribunal)	1,668	1,668
HM Passport Office (General Register Office)	920	919
Government Actuary's Department	502	581
National Audit Office - Audit Fees	149	142
Commissioners for Reduction of National Debt	79	73
Scottish Executive Justice Department	9	9
<b>Total</b>	<b>856,212</b>	<b>491,201</b>

Administrative costs relate to services directly provided to the NIF for the reasons stated below. The costs were agreed at the start of the year and paid to the respective service provider and are monitored on a regular basis.

**DWP:** administrative costs relating to the award and payment of contributory benefits on behalf of the Fund. This is based on an estimation and subsequent adjustments happen when actual costs become available. For the prior 2 years, costs have been significantly lower than in previous years due to adjustments being made to the digital cost allocation model. This year, DWP have completed a periodic review in light of changes in its operations, updates to accounting standards, and other variations in the administration of benefit payments. The adjustments and review have resulted in an increase in costs for 2024 to 2025.

**HMRC:** collection of NICs, maintenance of individual records and associated tasks.

**HM Courts and Tribunal Service (first tier):** administration, organisation, and holding of appeals in respect of National Insurance related benefits arising from decisions made by DWP.

**Insolvency Service:** administration of the RPS as required under the Employment Rights Act 1996, including the cost of disputes referred to an employment tribunal.

**HM Courts and Tribunals Service (upper tribunal):** processing of applications for leave to appeal, and for appeals on points of law from decisions of the Appeals Service in respect of National Insurance benefits.

**HM Passport Office (General Register Office):** maintenance of accurate deaths data which are made available to service DWP and HMRC requirements.

**GAD:** actuarial services relating to the NIF.

**NAO:** audit fees of the 2023 to 2024 NIF Account.

**CRND:** investment services provided to the NIF.

**Scottish Executive Justice Department:** general costs in relation to the administration of the National Insurance scheme, for example, consider and issue decisions held on applications and appeals in relation to National Insurance benefits and medical appeal tribunals in Scotland.

## 5.10. Transfers to Northern Ireland NIF

For the year ended 31 March	2025 £000	2024 £000
Payments to Northern Ireland NIF	690,900	672,856

The amount shown in this Account is in respect of financial adjustments made between the Great Britain NIF and the Northern Ireland NIF in accordance with Section 88(3) of the Northern Ireland Act 1998. Transfers between Great Britain and Northern Ireland are made so that, as far as practicable, the balance in the Northern Ireland NIF is maintained at 2.75% of the joint balance of the 2 Funds. This percentage split is based on the relative proportions of the population aged 16 and over, as shown in the most recent data published by the ONS.

The payments are based on GAD's estimates made in February 2024 and revised in January 2025 for the year 2024 to 2025. The transfers are based on the fund balances of Great Britain and Northern Ireland, which are themselves based on the differences between the levels of receipts and payments and therefore the results are subject to considerable variability year-on-year. This system of parity payments acts as a final safeguard against serious imbalances between the 2 Funds.

## 5.11. Other payments

For the year ended 31 March	2025 £000	2024 £000
Payments to Isle of Man	49,852	46,230
State Pension deferred lump sum tax payments	45,679	58,784
Statutory payments	5,569	5,479
<b>Total</b>	<b>101,100</b>	<b>110,493</b>

**Payments to the Isle of Man** (Manx Insurance Fund) relate to net settlements in respect of insured people who have paid NICs into one Fund but have received benefit from the other Fund.

**State pension deferred lump tax payments** are assessed as taxable income. Tax is deducted from the State Pension deferred lump sum every time a payment is made to a customer and is paid to HMRC monthly in arrears.

**Statutory payments** are made to recipients by HMRC where their employer has failed to make the payments required under legislation. The NIF reimburses HMRC.

## 5.12. Balance as at 31 March

As at 31 March	2025 £000	2024 £000
Monies held by the NIFIA	78,164,939	87,727,789
Funds held at bank	909	(654)
Due from other government departments	1,557,380	9,435
Due to other government departments	(374,718)	(1,317,782)
<b>Total</b>	<b>79,348,510</b>	<b>86,418,788</b>

**Monies held by the NIFIA:** CRND is responsible, in accordance with Section 161(3) of the Social Security Administration Act 1992, for the investment of the NIFIA. They are authorised to invest in accordance with directions given by HM Treasury and in line with the Memorandum of Understanding between HMRC and CRND.

**Funds held at bank:** For 2024 to 2025, uncleared payments have been removed due to a change of process. The funds held at bank are shown as negative in 2023 to 2024 due to the inclusion of uncleared payments.

**Due from/to other government departments:** These figures represent any amounts owed to or from HMRC, the Northern Ireland NIF, DWP and DBT. They arise as there is a timing difference between what is paid to and from the NIF and what is recognised in the Account, which is based on the amounts paid out or received by other government departments. The comparatively high balance (due from other government departments) in 2024 to 2025 is mainly driven by money owed to the NIF from HMRC (£1.6 billion). This is due to payment mechanism between NIF and HMRC, which is based on cashflow estimation and adjusted in the following month.

## 6. Other financial information

Details of losses, special payments and fraud and error are included below to provide further information on the Fund. This information is subject to audit. Additional information can be found in the published AR&As for HMRC and DWP.

### 6.1. Losses

For the year ended 31 March	2025		2024	
	Amount £000	No. of cases (where available)	Amount £000	No. of cases (where available)
Contribution losses	689,538	0	654,332	0
Redundancy losses	450,627	6,766	454,365	9,686
Benefit losses	83,643	225,125	49,545	131,071
<b>Total</b>	<b>1,223,808</b>	<b>231,891</b>	<b>1,158,242</b>	<b>140,757</b>

**Contribution losses** include remissions, write-offs and insolvency debts. Remissions in respect of unpaid contributions are granted when HMRC has decided not to pursue the liability, for example on the grounds of value for money or official error. Write-offs occur when there is no practical means of pursuing the liability. The figures are the estimated value of losses attributable to the NIF.

For the year ended 31 March 2025, there were 2 dissolved entities where the unrecoverable loss exceeded £10 million.

**Redundancy losses** include payments made to individuals on behalf of insolvent companies, which ultimately prove irrecoverable. Debt is recovered by Insolvency Service's RPS from dividend distributions made by the officeholders, from the sale of the assets of the insolvent company. A small part of the debt is preferential but most ranks with ordinary creditors and therefore most of the debt is irrecoverable.

**Benefit losses** include customer fraud and administrative write-offs from DWP.

### 6.2. Special payments

For the year ended 31 March	2025		2024	
	Amount £000	No. of cases	Amount £000	No. of cases
Special payments	65	1,526	103	1,828

These are ex gratia payments made to customers for the loss of statutory entitlement to a benefit or where customers have suffered a financial loss. For example, where official error has led to a customer losing entitlement to a benefit that would have been received had the error not occurred or had the case been actioned in an appropriate timescale; or actual financial loss in cases where maladministration has directly caused the customer to incur additional expenditure that would not otherwise have been incurred.

### 6.3. Fraud and error in benefit payments

#### Background

The Social Security Contributions and Benefits Act 1992 and related legislation sets out the basis on which DWP calculates and pays benefits from the NIF. However, the complexity of the benefit systems and inherent risks associated with the award and payment of benefits can result in inaccurate payments being made in a proportion of the awards made.

#### Overall performance analysis

The estimated monetary amount of overpayments from the NIF due to fraud and error is £370 million in 2024 to 2025. This is equivalent to 0.3% of NIF benefit payments. The monetary value of the overpayments increased from £350 million in 2023 to 2024 to £370 million in 2024 to 2025. The estimated monetary amount of underpayments is £490 million in 2024 to 2025. This is equivalent to 0.3% of NIF benefit payments. The estimated level of underpayments decreased from £520 million in 2023 to 2024 to £490 million in 2024 to 2025.

In context, the total NIF funded benefit payments administered by DWP stand at £143.2 billion (excluding £4.2 million Guardian's Allowance which is administered by HMRC - note 5.8).

**Table 1: Estimated levels of overpayment and underpayment due to fraud and error**

Fraud/Error	Overpayment		Overpayment % of NIF benefit expenditure		Underpayment		Underpayment % of NIF benefit expenditure	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Fraud	£90m	£160m	0.1%	0.1%	£0m	£0m	0.0%	0.0%
Error	£280m	£190m	0.2%	0.1%	£490m	£520m	0.3%	0.4%
<b>Total</b>	<b>£370m</b>	<b>£350m</b>	<b>0.3%</b>	<b>0.3%</b>	<b>£490m</b>	<b>£520m</b>	<b>0.3%</b>	<b>0.4%</b>

**Table 2: Estimated levels of overpayment and underpayment due to fraud and error, by benefit**

Fraud/Error	Overpayment		Overpayment % of NIF benefit expenditure		Underpayment		Underpayment % of NIF benefit expenditure	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
State Pension	£180m	£170m	0.1%	0.1%	£430m	£470m	0.3%	0.4%
Bereavement benefits	£0m	£0m	0.1%	0.1%	£0m	£0m	0.1%	0.1%
Employment and Support Allowance (contributory)/ Incapacity Benefit	£180m	£170m	3.4%	3.4%	£60m	£50m	1.1%	1.1%
Jobseeker's Allowance (contributory)	£10m	£10m	4.6%	4.6%	£0m	£0m	1.2%	1.2%
Other	£0m	£0m	0.9%	0.9%	£0m	£0m	0.0%	0.0%
<b>Total</b>	<b>£370m</b>	<b>£350m</b>	<b>0.3%</b>	<b>0.3%</b>	<b>£490m</b>	<b>£520m</b>	<b>0.3%</b>	<b>0.4%</b>

Source: DWP National Statistics: Fraud and Error in the Benefit System (2023 to 2024 estimates and 2024 to 2025 estimates).

All monetary overpayment and underpayment figures have been rounded to the nearest £10 million.

Rows, columns and percentages may not sum due to rounding.

#### DWP methodological changes

A planned review of DWP's 'Fraud and error in the benefit system' statistics determined that the estimates previously published as claimant error underpayments should not be defined as underpayments.

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In benefit legislation, claimants are not eligible for increases in their benefit until they accurately report their circumstances and provide evidence to DWP. As the statistics feed directly into DWP's accounts and the NIF accounts, it was decided that the methodology should measure in line with the legislation.

Due to this, estimates that were previously reported as claimant error underpayments have been removed from the fraud and error estimates. This means that underpayment estimates are now for official error only. In the tables above, overpayments are due to fraud, claimant error and official error, whereas underpayments are only due to official error.

For additional information relating to fraud and error, refer to the 2024 to 2025 DWP AR&A.

# Accounts Direction given by HM Treasury in accordance with Section 161(2) of the Social Security Administration Act 1992

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1. This direction applies to HM Revenue and Customs (HMRC).
2. HMRC shall prepare a statement of the transactions on the National Insurance Fund of Great Britain for the year ended 31 March 2016, and subsequent financial years, in compliance with all relevant accounts and disclosure requirements in Managing Public Money and any other guidance issued by HM Treasury which is in force for that financial year.
3. This statement shall be prepared so as to properly present the state of affairs for the year then ended and shall comprise:
  - a. a foreword which shall state that the account has been prepared in accordance with the direction issued by HM Treasury in pursuance of Section 161(2) of the Social Security Administration Act 1992. The foreword will also include details of the following:
    - statutory background
    - operational responsibilities
    - financial performance
    - audit arrangements
    - responsibilities of the Accounting Officer
  - b. an account of receipts and payments conforming to the format shown in the Appendix.
  - c. a statement of balances conforming to the format shown in the Appendix.
  - d. such notes as may be necessary for the purpose referred to below:
    - analysis of the payments and receipts including any explanation or background that may be necessary to understand the account
    - in the note on administrative costs, the estimated costs for the current year and the adjustments for previous years separately identified
    - a statement of the securities in which the National Insurance Fund is invested by the National Debt Commissioners in accordance with Section 161(3) of the Social Security Administration Act 1992
    - details of any irregular, uncertain or special payments
  - e. disclosures of any material payments or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. The foreword and the Account shall be signed by the Accounting Officer.
5. This Accounts Direction shall be reproduced (but with the exception of the related Appendix) as an annex to the account.

6. This direction supersedes the Accounts Direction dated 12 October 2010.

**Michael Sunderland**

Acting Deputy Director, Government Financial Reporting  
Her Majesty's Treasury

3 June 2016

# Glossary

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AR&A	Annual Report and Accounts
CIS	Construction Industry Scheme
CRND	Commissioners for the Reduction of the National Debt
DBT	Department for Business and Trade
DfC	Department for Communities
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance (contributory)
ETMP	Enterprise Tax Management Platform
ExCom	Executive Committee
GAD	Government Actuary's Department
HMRC	HM Revenue and Customs
HRP	Home Responsibilities Protection
ISA UK	International Standards on Auditing (UK)
JMB	Joint Management Board
JSA	Jobseeker's Allowance (contributory)
LEAP	Legal Entitlements and Administrative Practice
NHS	National Health Service
NICs	National Insurance contributions
NIF	National Insurance Fund
NIFAB	National Insurance Fund Accounting Board
NIFIA	National Insurance Fund Investment Account
NPS	An IT system used to support the National Insurance and Pay As You Earn Service
OE	Operational Excellence
ONS	Office for National Statistics
PAYE	Pay As You Earn
RPS	Redundancy Payments Service
RTI	Real Time Information

