

# **Research Councils' Pension Schemes**

Annual report and accounts 2025–2026



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## **Annual report and accounts 2025–2026**

Presented to Parliament pursuant to Paragraphs 14(5) and 15(6) of  
Schedule 9 to the Higher Education and Research Act 2017

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# Report of the Manager

## Statutory background

- 1 These Research Councils' Pension Scheme (RCPS) statements have been prepared in accordance with the relevant provisions of the 2025-26 Government Financial Reporting Manual (FReM, published at [www.financial-reporting.gov.uk](http://www.financial-reporting.gov.uk)) issued by HM Treasury.
- 2 The RCPS is an unfunded pension scheme operating by analogy to the Principal Civil Service Pension Scheme (PCSPS). Payments from the Scheme are funded on a pay-as-you-go basis by current employees' and employers' pension scheme contributions, with the difference between these contributions and the RCPS expenditure financed by Grant-in-Aid provided by the Department for Science, Innovation and Technology (DSIT).

## Management of the Scheme

- 3 The RCPS is administered by Joint Superannuation Services (JSS), part of UK Research and Innovation (UKRI). The RCPS Management Board acts as trustee of the Scheme and comprises representatives of the main participating employers along with a Trade Union representative. The RCPS Management Board is accountable to the Accounting Officer. The Accounting Officer for the Scheme is designated by the Accounting Officer of DSIT.

## Description of pension schemes

- 4 The Nuvos scheme section commenced on 30 July 2007. Nuvos is a career average pension scheme, which together with the Partnership Pension Account, forms the pension options open to new starters since 30 July 2007. However, members who have a history of membership of the Classic, Classic Plus or Premium schemes may be allowed to rejoin their former arrangement depending on the time that has elapsed since they left their former employment and the terms they left under.
- 5 A Partnership Pension Account was made available to new staff from 1 October 2002. This is a defined contribution stakeholder scheme. The employers pay an age-related contribution to the employee's chosen pension provider, and an additional 0.8% of pensionable pay to the RCPS to cover death in service and ill health benefits. The Partnership scheme liability or funding does not form part of the RCPS accounts.
- 6 A summary of the different scheme sections is set out below:

| Scheme Section                 | Open From - To                                                | Accrual Rate                                                                                                                                                                             | Normal Scheme Pension Age |
|--------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Classic<br>(Final salary)      | 1 Apr 1994 – 30 Sep 2002                                      | $\frac{1}{60}$ th of final salary, plus lump sum of $\frac{3}{60}$ th of final salary                                                                                                    | 60                        |
| Classic Plus<br>(Final salary) | 1 Oct 2002 (existing members only, never open to new members) | $\frac{1}{60}$ th of final salary, plus lump sum of $\frac{3}{60}$ ths of final salary (service to 30 September 2002)<br>$\frac{1}{60}$ th of final salary (service from 1 October 2002) | 60                        |
| Premium<br>(Final Salary)      | 1 Oct 2002 – 29 July 2007                                     | $\frac{1}{60}$ th of final salary; optional lump sum                                                                                                                                     | 60                        |
| Nuvos<br>(Career average)      | 30 Jul 2007                                                   | 2.3% of each year's pensionable earnings adjusted for inflation; optional lump sum                                                                                                       | 65                        |

- 7 The employee contribution rates and calculation methods are analogous to the PCSPS rates. For the period 1 April 2025 to 31 March 2026 the rates and annualised earning brackets were as follows:

| <b>Annualised pensionable earnings</b> | <b>Member Contribution Rate (%)</b> |
|----------------------------------------|-------------------------------------|
| Up to £34,799                          | 4.60                                |
| £34,800 - £56,000                      | 5.45                                |
| £56,001 - £150,000                     | 7.35                                |
| £150,001 and above                     | 8.05                                |

- 8 The Scheme operates on a pay-as-you-go basis and is principally funded by employer and employee contributions from the participating organisations. The employer contribution rate has been 26.0% since 1 April 2010. The previous rate of 21.3% was payable from 1 April 2008 until 31 March 2010. Any annual shortfall between cash outgoings and cash contribution received is met by Grant-in-Aid received through the responsible authority for the Scheme; DSIT.

### **Pension increases**

- 9 Pensions are increased in accordance with the Pensions (Increase) Act 1971 and the Social Security Pensions Act 1975, with annual increases being determined by the prevailing Pensions (Increase) Order. The increase is applied on the first Monday after 6 April each year. In April 2025 pensions in pay were increased by 1.7% and by 3.8% in April 2026.
- 10 Members of the RCPS who leave service before the normal pension age are given a Preserved Pension award, provided they have at least two years' service or have previously transferred in benefits from another pension arrangement. Preserved pensions are uprated annually in line with the provisions of the Pensions (Increase) Act 1971. Preserved members may also transfer their pension benefits to other pension arrangements.

### **Eligible staff**

- 11 All employees of the Participating Employers (paragraph 15), apart from staff on zero-hour contracts, were eligible to join the Nuvos scheme or pay into a Partnership Pension Account. Staff not eligible for RCPS membership are automatically enrolled into an alternative qualifying pension scheme by their employer.

### **Information for members**

- 12 The JSS website (<https://jsspensions.nerc.ac.uk>) gives more information about the scheme and its benefit entitlements.

### **Auditors**

- 13 The accounts of the RCPS are audited by the Comptroller and Auditor General in accordance with section 9 of the Higher Education and Research Act 2017. The audit fee payable is £66,182 (2024-25: £65,923).
- 14 No non-audit work was performed by the auditors on behalf of the RCPS during the year.

### **Participating employers**

- 15 During 2025-26 the following employers had active members enrolled in the RCPS:

- Diamond Light Source
- Moredun Research Institute
- Scotland's Rural College
- UK Research and Innovation (UKRI)
- UK Shared Business Services Ltd

- 16 The following organisations participate in the RCPS as Admitted Bodies. These are organisations participating in the RCPS following a transfer of staff from a main RCPS participating employer, under HM Treasury Fair Deal for staff transfers principles, and which had active members enrolled in the Scheme during 2025-26:

- The Pirbright Institute
- Rothamsted Research
- The Rothamsted Centre for Research and Enterprise
- Babraham Institute
- Babraham Bioscience Technologies Ltd
- John Innes Centre
- Earlham Institute
- Norwich Bioscience Institute Partnership
- Quadram Institute Bioscience
- National Oceanography Centre
- UK Centre of Ecology & Hydrology
- Plymouth Marine Laboratory
- Innovate UK Business Connect

### Actuarial valuation

- 17 In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM normally requires the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years. Formal actuarial valuations are used to determine the contribution rates.
- 18 The RCPS Management Board commissioned the scheme actuary, the Government Actuary's Department (GAD), to undertake an actuarial valuation as at 31 March 2022, the previous valuation was as at 31 March 2018. The 2022 valuation reflected HMT 2023 Valuation Directions, including changes to the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate announced in the Spring 2023 Budget, and demographic assumptions based on Office for National Statistics (ONS) mortality and population projections as well as scheme specific factors and assumptions proposed by GAD and approved by the RCPS Management Board. GAD completed the 2022 valuation in 2024 and the RCPS Management Board agreed the current employer contribution rate of 26.0% shall be maintained, which remained in place for the 2025-26 accounting period.

### Changes and events during 2025-26

- 19 The Cabinet Office introduced a new Civil Service pension scheme in April 2015, called Alpha, which is in addition to the Principal Civil Service Pension Scheme (PCSPS) arrangements comprising the Classic, Classic Plus, Premium and Nuvos Scheme sections. Alpha entirely replaced the PCSPS by 2022 for all future accruals. The RCPS is by-analogy to the PCSPS. The RCPS is not permitted to operate by-analogy to Alpha.
- 20 The RCPS has been working with the Government since 2015 to develop and agree reforms, where all RCPS members, pensioners and preserved members will transfer to the Civil Service Pension Scheme (CSPS) arrangements managed under contract to the Cabinet Office. The transfer was initially set for 1 October 2026. This has been delayed partly due to administration challenges within the CSPS. A new transfer date is expected to be published by the end of July 2026. In the interim, new entrants have been and will continue to be automatically enrolled into the Nuvos section of the RCPS with an option to switch to a Partnership Pension Account. There are two employers actively enrolling new staff into the RCPS; Diamond Light Source and UK Shared Business Services Ltd (UKSBS).

- 21 The Department for Work and Pensions (DWP) Pension Dashboard Programme (PDP) will allow individuals to view information about their pensions, including the State Pension, in one place online. All pension schemes with more than 100 relevant members are required to connect to the Dashboard system by 31 October 2026. The RCPS Management Board agreed the RCPS will connect in October 2025 in line with other public service pension schemes. JSS contracted with Heywood Ltd as the Integrated Service Provider (ISP) and implemented the RCPS' connection to the dashboard ecosystem in August 2025, ahead of the October deadline. Although the RCPS is connected the Dashboard Available Point has not been confirmed by the PDP.

### Looking forward

- 22 UKRI and JSS are continuing to work closely with DSIT and Cabinet Office on the reform and transfer of the RCPS, including working with UK SBS as the RCPS pensioner payroll provider, as well as liaising with the CSPS administrator. A RCPS Reform Project Board was established in 2025 to oversee the transfer. During June and July 2026 plans and impact assessments will continue to be developed to inform a new reform timeline, which requires Cabinet Office and the HM Treasury Ministerial approval. A new transfer date is anticipated to be shared at the end of July 2026. RCPS Annual Accounts will continue to be prepared until the Scheme closes.

### Review of the financial statements

- 23 Net expenditure was £195.9 million in 2025-26 compared to £189.3 million in 2024-25.
- 24 Income was £84.5 million in 2025-26 compared to £84.2 million for 2024-25.
- 25 In 2025-26 the pension liability decreased by £205 million from £4,207 million to £4,002 million. This is mainly due to:
- Changes in financial assumptions underlying the present value of the Schemes' liabilities, which decreases the liability by £302 million.
  - There are also experience gains arising on the Schemes' liability of £29 million which is an increase to the schemes' liability.

A full breakdown of the movement in the pension schemes' liability can be found in note 15.10 of the accounts.

### Freestanding Additional Voluntary Contributions

- 26 Members in service are entitled to make additional voluntary contributions (AVCs) under contracts between the employee and Scottish Widows or Standard Life, to secure additional pension benefits on a money purchase basis. Participating members each receive an annual statement of their contributions and investments directly from their AVC provider. Employee contributions are paid directly by the Participating Employer and accordingly contributions and AVC investments are not included in these accounts. No new AVC arrangements were permitted after August 2018, although existing arrangements held by members were able to continue.

### Events after the reporting period

- 27 No reportable events occurred after the Reporting Period and before the Comptroller and Auditor General certified these accounts. The financial statements do not reflect events after this date.

## RCPS Membership Report

|                                                            | 31 March 2026<br>No. | 31 March 2025<br>No. |
|------------------------------------------------------------|----------------------|----------------------|
| <b>New Schemes*</b>                                        |                      |                      |
| Current members in service                                 | 4,897                | 5,067                |
| Pensions in payment                                        | 12,234               | 11,793               |
| Preserved (Deferred) pensions                              | 8,137                | 8,471                |
| <b>Total</b>                                               | <b>25,268</b>        | 25,331               |
| <b>Old Schemes*</b>                                        |                      |                      |
| Pensions in payment                                        | 3,901                | 4,003                |
| Preserved (Deferred) pensions                              | 188                  | 252                  |
| <b>Total</b>                                               | <b>4,089</b>         | 4,255                |
| <b>GRAND TOTAL</b>                                         | <b>29,357</b>        | 29,586               |
| Members in service at 1 April                              | 5,067                | 5,297                |
| Adjustment resulting from changes notified in current year | (8)                  | (23)                 |
| Adjusted figure for 1 April                                | 5,059                | 5,274                |
| New members in year                                        | 245                  | 270                  |
| Leavers and retirements in year                            | (407)                | (477)                |
| <b>Members in service at 31 March</b>                      | <b>4,897</b>         | 5,067                |
| <b>Current members in service by scheme</b>                |                      |                      |
| Classic Scheme                                             | 805                  | 921                  |
| Classic Plus Scheme                                        | 88                   | 96                   |
| Premium Scheme                                             | 775                  | 831                  |
| Nuvos Scheme                                               | 3,229                | 3,219                |
| <b>Members in service at 31 March</b>                      | <b>4,897</b>         | 5,067                |
| Holders of Partnership Pension Accounts                    | 105                  | 97                   |

\* 'New scheme' is the RCPS, 'Old Schemes' are SERC, AFRC, ESRC and NERC Superannuation Schemes, which were combined to form the RCPS in 1994. Membership is reported this way to be consistent with prior reporting.

- 28 UKSBS and Diamond Light Source are the only participating employers enrolling all new staff into the RCPS. New entrants to the RCPS decreased by 9%; down from 270 in 2024-25 to 245 in 2025-26. Active membership decreased by 3% from 1 April 2025 to 31 March 2026.
- 29 The number of pensions in payment has increased by 2% and preserved (deferred) members decreased by 5%. Total scheme membership as at 31 March 2026 has decreased by 1% to 29,357, compared to 29,586 as at 31 March 2025.

## Accounting Officer, Manager, Administrator, Advisers and Employers

### Accounting Officer:

Professor Dame Ottoline Leyser until 28 June 2025

Interim Accounting Officer: Siobhan Peters, Chief Finance Officer from 30 June 2025 to 20 August 2025

Professor Sir Ian Chapman, CEO from 20 August 2025

UK Research and Innovation (UKRI), Polaris House, North Star Avenue, Swindon, SN2 1UY

### Scheme Manager and Administrator:

Joint Superannuation Services (JSS), Polaris House, North Star Avenue, Swindon, SN2 1UY

<https://jsspensions.nerc.ac.uk>

Any enquiries concerning the operation of the RCPS should be addressed to JSS.

JSS is part of UKRI. UK Shared Business Services Ltd (UK SBS) provides payroll, finance and HR services to JSS and UKRI.

### Actuary:

Sandra Bell, Chief Actuary, Government Actuary's Department,  
15-17 Furnival Street, London, EC4A 1AB

The Government Actuary's Department (GAD) is the appointed actuary for the RCPS.

### Bankers:

The Royal Bank of Scotland,  
2nd Floor 280 Bishopsgate, London, EC2M 4RB

### Auditors:

Comptroller and Auditor General,  
National Audit Office, 157-197 Buckingham Palace Road, Victoria, London, SW1W 9SP

### Participating Employers:

UK Research and Innovation (UKRI)

Polaris House, North Star Avenue, Swindon, SN2 1UY

<https://www.ukri.org/>

UK Shared Business Services Ltd (UKSBS)

Polaris House, North Star Avenue, Swindon, SN2 1UY

<https://www.uksbs.co.uk>

Diamond Light Source

Diamond House, Harwell Science and Innovation Campus, Didcot, Oxfordshire, OX11 0DE

<https://www.diamond.ac.uk/>

Moredun Research Institute

Pentlands Science Park, Bush Loan, Penicuik, Midlothian, EH26 0PZ

<https://www.moredun.org.uk/>

Scotland's Rural College

Kings Buildings, West Mains Road, Edinburgh, EH9 3JG

<https://www.sruc.ac.uk/>



### Professor Sir Ian Chapman

UK Research and Innovation Chief Executive and RCPS Accounting Officer

7 July 2026

# Statement by the Actuary

## Introduction

1. This statement has been prepared by the Government Actuary's Department (GAD) at the request of the JSS (the RCPS scheme manager). It provides a summary of GAD's assessment of the scheme liability in respect of the Research Councils' Pension Schemes (RCPS) 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.
2. The RCPS is a defined benefit scheme providing pension and lump sum benefits on retirement, death and resignation. The scheme is wholly unfunded. I am not aware of any informal practices operated within the scheme which lead to a constructive obligation.
3. The assessment has been carried out by calculating the liability as at 31 March 2022 based on the data provided as at 31 March 2022 and rolling forward that liability to 31 March 2026.

## Membership data

4. Tables A to C summarise the principal membership data as at 31 March 2022 used to prepare this statement.

**Table A – Active members**

|              | Number       | Total pensionable pay* (p.a.)<br>£ million |
|--------------|--------------|--------------------------------------------|
| Males        | 3,506        | 154.6                                      |
| Females      | 2,442        | 88.1                                       |
| <b>Total</b> | <b>5,948</b> | <b>242.7</b>                               |

\* Pensionable pay is the actual figure.

**Table B – Deferred members**

|              | Number       | Total deferred pension* (p.a.)<br>£ million |
|--------------|--------------|---------------------------------------------|
| Males        | 5,076        | 23.5                                        |
| Females      | 4,822        | 17.9                                        |
| <b>Total</b> | <b>9,898</b> | <b>41.4</b>                                 |

\* Pension amounts include the pension increase granted in April 2022.

**Table C – Pensions in payment**

|                      | Number        | Annual pension* (p.a.)<br>£ million |
|----------------------|---------------|-------------------------------------|
| Males                | 7,620         | 107.4                               |
| Females              | 5,355         | 31.9                                |
| Spouses & dependants | 2,204         | 13.7                                |
| <b>Total</b>         | <b>15,179</b> | <b>153.0</b>                        |

\* Pension amounts include the pension increase granted in April 2022.

## Methodology

5. 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.
6. 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

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

**Table D – Principal financial assumptions**

| <b>Assumption</b>                                                                                                      | <b>31 March 2026<br/>p.a.</b> | <b>31 March 2025<br/>p.a.</b> |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| 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%                         |
| 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                           |

8. The assumptions for the discount rate and pension increases are specified by HM Treasury in the PES (2025) 09, dated 4 December 2025. 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.
9. The long-term salary assumption is set by the RCPS scheme manager, 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 reflects the Office for Budget Responsibility's short-term projections of UK earnings growth (relative to CPI inflation) and historic average earnings growth.
10. The assessment of the liabilities allows for the known pension increases up to and including April 2026.
11. 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**

12. Table E summarises the mortality assumptions adopted to prepare this statement, which were derived from the specific experience of the scheme membership, and other relevant sources. 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**

| <b>Baseline mortality</b>     | <b>Standard table<sup>1</sup></b> | <b>Adjustment</b> |
|-------------------------------|-----------------------------------|-------------------|
| <b>Males</b>                  |                                   |                   |
| Retirements in normal health  | S3NMA                             | 93%               |
| Current ill-health pensioners | S3IMA                             | 100%              |
| Future ill-health pensioners  | S3IMA                             | 100%              |
| Dependants                    | S3NMA                             | 100%              |
| <b>Females</b>                |                                   |                   |
| Retirements in normal health  | S3NFA_M                           | 107%              |
| Current ill-health pensioners | S3IFA                             | 100%              |
| Future ill-health pensioners  | S3IFA                             | 100%              |
| Dependants                    | S3DFA                             | 86%               |

13. 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 2022 funding valuation of the scheme. Note that the accounts as at 31 March 2025 were also based on the assumptions adopted for the 2022 valuation.
14. 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.
15. The scheme's actuarial factors<sup>2</sup> were updated in 2023-24 and remain in force. Consistent to the accounts calculations as at 31 March 2025, these have been allowed for in the calculating the accounting position as at 31 March 2026.
16. Our advice on the selection of assumptions can be found in our assumptions and methodology report dated 13 March 2026.

**Liabilities**

17. 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 paragraphs 4 to 17. 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<sup>3</sup>. This approach is consistent with last year.

<sup>1</sup> From the 'S3' series of standard tables published by the CMI and based on the experience of self-administered pension schemes. Separate tables are available based on experience of members split by sex, retirement type and pension amount band.

<sup>2</sup> <https://www.gov.uk/government/news/updated-actuarial-factors>

<sup>3</sup> Refer to Appendix B.

**Table F – Statement of Financial Position**

|                                   | <b>31 March 2026</b><br><b>£ million</b> | <b>31 March 2025</b><br><b>£ million</b> |
|-----------------------------------|------------------------------------------|------------------------------------------|
| Total market value of assets      | nil                                      | nil                                      |
| Value of liabilities              | 4,002                                    | 4,210                                    |
| Surplus/(Deficit)                 | (4,002)                                  | (4,210)                                  |
| of which recoverable by employers | n/a                                      | n/a                                      |

**Accruing costs**

18. The cost of benefits accrued in the year ended 31 March 2026 (the current service cost) is assessed as 26.0% of pensionable pay.
19. 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. Members contributed between 4.6% and 8.05% of pensionable pay, depending on the level of their pay. The actual employer contribution rate was determined as part of an actuarial 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**

|                                                  | <b>2025-26</b><br><b>% of pay</b> | <b>2024-25</b><br><b>% of pay</b> |
|--------------------------------------------------|-----------------------------------|-----------------------------------|
| Employer contributions <sup>4</sup>              | 26.0%                             | 26.0%                             |
| Employee contributions (average)                 | 7.0%                              | 6.8%                              |
| Total contributions                              | <b>33.0%</b>                      | <b>32.8%</b>                      |
| Current service cost (expressed as a percentage) | <b>26.0%</b>                      | <b>25.8%</b>                      |

20. 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.
21. The pensionable payroll for the financial year 2025-26 was £251 million (derived from contributions payable by employers over the year). Based on this information, the accruing cost of pensions in 2025-26 (at 26.0% of pay) is assessed to be £65 million.
22. 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.
23. I am not aware of any events that have led to a significant settlement or curtailment gain or loss over 2025-26.
24. We have prepared the scheme cost estimates for the year 2026/27 on the basis that the scheme remains open for the full year to 31 March 2027. We are aware that discussions on a potential transfer of RCPS to the Civil Service Pension Scheme are ongoing. This is not expected to impact the liabilities disclosed as at 31 March 2026 but could impact the benefits accrued over 2026/27, if the scheme closed before 31 March 2027.

<sup>4</sup> This includes employer contributions of 0.3% of pay in respect of expenses.

### Sensitivity analysis

25. 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.
26. 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.
27. 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. | -6.5%                                 | - £260 million |
| (ii) (long-term) earnings increase*                                | +0.5% p.a. | +0.5%                                 | + £20 million  |
| (iii) inflationary (CPI) increases*                                | +0.5% p.a. | +6.5%                                 | + £260 million |
| Demographic assumptions                                            |            |                                       |                |
| (iv) additional one year increase in life expectancy at retirement |            | +3.5%                                 | + £140 million |

*\* 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.15 years.*

### Covid-19 and climate change

28. 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.
29. 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.

### Memet Pekacar FFA C.ACT

Chartered Actuary

Government Actuary's Department

12 June 2026

# Statement of Accounting Officer's Responsibilities

Under the Higher Education and Research Act 2017, the Secretary of State for Department for Science, Innovation and Technology (DSIT) with the consent of HM Treasury, has directed the Research Councils' Pension Scheme (the Scheme) to prepare a statement of accounts for the year ended 31 March 2026 in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the situation of the Scheme and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

The combined financial statements must give a true and fair view of the state of affairs at 31 March 2026 and of the net resource outturn, changes in taxpayers' equity and cash flows for the financial year then ended. The financial statements are required to provide disclosure of any material expenditure or income which has not been applied to the purposes intended by Parliament, or material transactions which have not conformed to the authorities which govern them. The financial statements must be prepared so as to ensure the contributions payable to the Scheme during the year have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

Siobhan Peters, UKRI's Chief Finance Officer (CFO), concluded her transition period as interim Accounting Officer (AO) in August 2025. Upon the completion of this period, I, Professor Sir Ian Chapman, Chief Executive Officer (CEO), assumed the responsibilities of AO for the 2025–26 Annual Report and Accounts.

As UKRI's AO, in preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

- observe the Accounts Direction issued by the Secretary for State, 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 the Annual Report and Accounts as a whole are fair, balanced and understandable; and I take personal responsibility for the Annual Report and Accounts and the judgements required for determining all reasonable steps have been taken to ensure the Annual Report and Accounts as a whole are fair, balanced and understandable.

Parts of this report relate to a period when a previous interim AO was in post. I have therefore obtained assurance from the interim AO in the preparation of the Annual Report and Accounts. The responsibilities of an AO, including responsibility for the propriety and regularity of the public finances for which the AO is answerable, are set out in Managing Public Money published by HM Treasury.

As AO, 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 UKRI's auditors are aware of that information. So, as far as I am aware, there is no relevant audit information of which the auditors are unaware.

# Governance Statement by the Accounting Officer

## 1. Scope of responsibility

The Governance Statement, for which I take personal responsibility, gives a clear understanding of the dynamics of the RCPS, its governance, risk and internal control arrangements, and how successfully it coped with the challenges and opportunities presented in the year.

The statement explains how the RCPS has maintained a sound system of governance and internal control which supports the achievement of RCPS policies, aims and objectives, whilst safeguarding public funds and the RCPS assets. I am also accountable for ensuring the RCPS is administered prudently and economically, and resources are applied in accordance with HM Treasury's Managing Public Money guidance and with the responsibilities assigned to me by DSIT.

DSIT's responsibilities in respect of the RCPS are detailed in the Statement of Intent. This sets out the Grant-in-Aid funding requirement, DSIT's role as sponsor, its responsibilities under the Public Service Pension Act 2013 and its duty to appoint an Accounting Officer.

## 2. Governance Framework

In my role as Accounting Officer for the RCPS, I am supported by the UKRI Board and its Audit, Risk and Assurance Committee, the Nominations and Remuneration Committee, the Executive Team within UKRI, and the RCPS Management Board.

### 2.1 UKRI Audit, Risk and Assurance Committee (ARAC)

The role of ARAC is to support the UKRI Board and myself as Accounting Officer. It monitors the extent to which adequate controls are in place to ensure compliance with relevant codes and regulation and focuses on the risks to our organisation's ability to achieve its objectives. It ensures our approach to assurance meets organisational need. To do this the Committee constructively, yet firmly, reviews and challenges the reports of management as well as those of our internal and external auditors, with a particular focus on governance, understanding of risks, the related control environment and the integrity of our financial statements.

Meetings are attended by the National Audit Office (NAO) and the Government Internal Audit Agency (GIAA) and a representative from DSIT. To build mutual understanding, a member of the DSIT Audit Committee has observed UKRI ARAC meetings on two occasions this year and the UKRI ARAC Chair is part of the network of audit committee chairs for arms-length public bodies sponsored by DSIT.

ARAC worked closely with management in the review of the Annual Report and Accounts of UKRI, the Medical Research Council Pension Scheme and the Research Councils' Pension Scheme, ensuring appropriate accounting policies and judgements have been scrutinised.

Information on membership and attendance at meetings for the UKRI ARAC can be found in the UKRI Annual Report and Accounts (<https://www.ukri.org/about-us/who-we-are/annual-report-and-accounts/>).

### 2.2 UKRI Nominations and Remuneration Committee

The UKRI Nominations and Remuneration Committee (NomCo) is chaired by the UKRI Board Chair, Sir Andrew Mackenzie. I attend as CEO, with the UKRI CFO and Chief People Officer (CPO) invited as attendees without decision-making powers.

NomCo met five times during the year. It reports to and supports the UKRI Board by:

- maintaining oversight of senior leadership succession plans, appointments and awards
- determining the performance-related pay of the executive members of the Board
- providing assurance of UKRI remuneration policy to the Board
- providing assurance of UKRI performance-related policy and pay to the Board
- providing assurance of UKRI pension schemes and their governance to the Board

- maintaining oversight of the Board and Executive Committee effectiveness reviews
- maintaining oversight of the completion of annual appraisals for non-executive board members and senior executives

The NomCo oversees and provides assurance to the UKRI Board regarding pensions governance, ratifying strategic decisions relating to the RCPS and other pension schemes within UKRI's remit.

### 2.3 RCPS Management Board

The RCPS Management Board (Board) acts as trustee of the scheme, is responsible for ensuring the scheme rules are adhered to, ensures the scheme is operated according to legislation, has oversight of reform planning and implementation, and ensures the scheme is administered efficiently and effectively by JSS. The Board is also responsible for reviewing these Accounts and Reporting.

The Board's Terms of Reference are available at <https://jsspensions.nerc.ac.uk/governance/index.asp>.

The Board comprises representatives from participating employers and a Trade Union representative. The Board is ordinarily chaired by the UKRI Chief People Officer (CPO), who may choose to delegate the responsibility to an alternative appropriate senior person. The role of Chair was delegated to Tanya Robinson, UKRI Associate Director of Reward until October 2025. In October John Arnott, Strategy Director of UKSBS and RCPS Management Board member, took on the role as Chair on an interim basis on behalf of the UKRI CPO.

The Board met four times during 2025-26. Formal minutes of the meetings are recorded and made available to the auditors. Board members and their attendance at those meetings were:

| Board Member   | Organisation/Role           | Attendance |
|----------------|-----------------------------|------------|
| Tanya Robinson | UKRI                        | 2/2        |
| John Arnott    | UKSBS                       | 3/4        |
| Angela Stead   | UKRI                        | 4/4        |
| Laura Dance    | UKRI                        | 1/4        |
| Andrea Ward    | Diamond Light Source        | 2/4        |
| Andrew Aitken  | Diamond Light Source        | 3/4        |
| Caroline Bee   | UKSBS                       | 1/1        |
| George Ryall   | Prospect Trade Union (UKRI) | 4/4        |

Laura Dance, UKRI Chief Operating Officer, joined the Board in May 2025. Caroline Bee, UKSBS Finance Director, joined the Board in December 2025 replacing Claire Hargreaves whose membership ended in June 2025. Andrew Aitken, Diamond Light Source, attends in Andrea Ward's absence.

The Head of JSS presents a report to the Board at each meeting highlighting the operational effectiveness of JSS and its administration of the scheme, risks and issues which may emerge or change the profile, information concerning upcoming legislative, and regulatory and policy changes. The Board is also provided with reports on scheme financing, data protection, fraud, and progress with major activities, including reform progress and planning.

The Board reviews the reports and information provided at board meetings. It has noted the information provided is acceptable and of sufficient quality to enable members to carry out their duties as noted in their Terms of Reference. Decisions and actions are recorded formally and progress with actions is reviewed at each meeting.

Board members are required to complete The Pension Regulators Public Service Pension Toolkit. A Declaration of Interests register is also held and reviewed annually for all Board attendees.

### 2.4 RCPS Reform Project Board

The RCPS Reform Project Board was formally established in October 2025. The purpose of the Board is to provide governance, oversight, risk management and strategic direction for the delivery of the RCPS Reform Programme, ensuring the scheme's closure and the successful transition of all members, employers, and pensioners to the CSPS in line with statutory and Government policy requirements. The Board is chaired by John Arnott, Chief Strategy and People Officer of UKSBS and RCPS Management Board Member as requested by the UKRI Chief People Officer. The Board also comprises representatives from all participating employers, UKRI senior HR, UKRI Communications, RCPS Management Board, JSS and UKSBS.

The Board met five times during 2025-26. The Project Team provide updates to the UKRI Executive Committee, UKRI Nomco, RCPS Management Board, DSIT, HMT and Cabinet Office.

### 2.5 Joint Superannuation Services (JSS)

The RCPS is administered by JSS, which operates as a unit hosted within the HR function of UKRI. JSS staff are contractually employed by UKRI.

## 3. Risk Management

### 3.1 Capacity to handle risk

As Accounting Officer, I have overall responsibility for ensuring there is an effective system of risk management, internal control and assurance in place within UKRI and the RCPS for meeting all relevant statutory requirements, and for ensuring adherence to guidance.

### 3.2 Risk management framework

The system of internal control is designed to manage risk to an appropriate and proportionate level in line with UKRI's and RCPS's approved risk appetite, in order to achieve policies, aims and objectives. RCPS and UKRI have a robust risk management framework designed to support informed decision-making concerning those risks that have the potential to impact our ability to achieve our objectives.

The framework provides a consistent approach to identifying, assessing and mitigating enterprise risks through implementing and monitoring controls and actions to reduce risk to levels which the organisation is willing to accept in pursuit of its objectives. The UKRI Risk Management Framework includes a risk management policy, strategy and risk appetite statement.

Risk management practices comply with the requirements of the five principles as set out in HM Government's Orange Book. Our practices and approaches are in turn supported by UKRI's central team of qualified risk Business Partners to embed effective risk management across UKRI. The risk and assurance management system provides an integrated and dynamic view of UKRI and RCPS risks, issues, assurance framework, policies and control environment.

The task of reviewing the RCPS risk management register is delegated to the Chair of the RCPS Management Board and Head of JSS. The Head of JSS regularly reviews the risk management register during the year with UKRI Risk business partners. The RCPS Management Board formally considers and agrees the registered risks, with a focus on ensuring appropriate mitigating actions are being taken to manage risk in line with the RCPS risk appetite. RCPS specific risks are included within UKRI's central risk and assurance management system.

An internal audit takes place biennially. Until 2023 these were carried out by the Government Internal Audit Agency (GIAA). In 2024 an internal review was undertaken by the UKRI Management Assurance Team, with agreement from the RCPS Management Board and the Head of JSS. The 2024 review focused on pension payments, with the audit beginning in July and completing in January 2025, the overall audit opinion was Substantial Assurance. The next internal review is due during 2026-27.

The activities of UKRI Management Assurance, and GIAA in respect of the RCPS, are reviewed by ARAC and the scope of the internal audit plan for the coming year, which is based on the overall assessment of

risk, is agreed. The ARAC reviews the RCPS Annual Report and Accounts, and the NAO Audit Report on the RCPS, and plays a pivotal role in evaluating and reviewing the evidence supporting the Accounting Officer's assurance statement on internal control.

## 4. System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the policies, aims and objectives of the RCPS, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and effectively.

### 4.1 Regularity and propriety

UKRI and the RCPS are committed to establishing and applying appropriate regularity and propriety standards, including embedding appropriate cultures and behaviours, they do not tolerate any form of fraud, bribery or corruption.

The key components in this regard are UKRI's:

- Counter Fraud and Bribery policy and arrangements
- Gifts and Hospitality policy
- Whistleblowing policy
- Complaints policy
- Declarations of Interest policy

I confirm that for 2025-26:

Neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the regulatory requirements as set out in Managing Public Money:

- There were no novel, contentious or repercussive transactions;
- There have been no instances of fraud identified within UKRI, the RCPS or UK SBS which materially impacted on the RCPS;
- There were no whistleblowing cases concerning the RCPS; and
- There were no breaches of delegation identified within the RCPS.

### 4.2 Register of interests

UKRI and the RCPS recognise the importance of transparency in maintaining effective governance and complying with the Seven Principles of Public Life. Declaring interests supports transparency and demonstrates the integrity of UKRI's business and employees by providing assurance that any potential conflicts are considered and managed effectively.

UKRI employees and all persons engaged to represent or act on behalf of UKRI, or its affiliated organisations worldwide are expected to adhere to high standards of professional and ethical conduct. They must declare any interests that could give rise to a conflict, or could reasonably be perceived as doing so, enabling UKRI to apply proportionate controls and ensure organisational decisions remain impartial and in the public interest.

Interests are recorded and assessed in line with UKRI's Declaration of Interests (DoI) Policy, using a self-service electronic portal. Additionally, the RCPS has a Register of Interest for all persons regularly attending RCPS Management Board meetings, which is reviewed annually.

### 4.3 Participation in the National Fraud Initiative

JSS participates annually in the National Fraud Initiative (NFI) Mortality Matching exercise. JSS provides pensions in payment and member data to the NFI which matches it against Department for Work and

Pensions (DWP) deceased persons records. The NFI reports matches to JSS which investigates accordingly. JSS provided pension data for 16,950 members to the NFI in July 2025 and received 66 matches, 50 of those were pensions in payment matches. All cases have been investigated and no fraud identified.

### 4.4 Fraud awareness

An ongoing programme of fraud awareness is in place in UKRI with a mandatory on-line fraud and bribery training for all UKRI, which JSS staff participate in. Additional bespoke training has been provided to teams in UKRI with higher risk profiles. This has been supplemented by monthly fraud awareness training and staff participation in events organised by DSIT Counter Fraud Expert Services (CFES) Team.

UKRI also has a Fraud Risk Assessment Working Group which meets regularly to continue the thematic review and assessment of FRA's commissioned in 2023-24. JSS is part of this group and attends FRA Working Group meetings.

## 5. Data protection and information governance

JSS maintains robust information governance arrangements to protect the personal data of RCPS members and to ensure that appropriate policies, procedures, controls, and staff training are in place to support the lawful, fair, and secure processing of personal data, in compliance with the UK GDPR and the Data Protection Act 2018. Information governance risks are reviewed regularly to ensure effective safeguards are maintained. UKRI provides mandatory data protection training to all staff, with additional training and guidance provided to JSS employees by the JSS Data Protection Manager as required. The JSS Data Protection Manager works closely with the UKRI Information Governance function and operates under the oversight of the UKRI Data Protection Officer. Throughout the year, JSS had no personal data breaches or incidents requiring notification to the Information Commissioner's Office, demonstrating effective governance and control.

## 6. Ministerial directions

There were no Ministerial directions given in 2025-26.

## 7. Assurance

### 7.1 Review of effectiveness

As AO, I am responsible for ensuring that UKRI and the RCPS maintains a sound system of governance and internal control. In 2025-26 I drew on the work of the ARAC; the RCPS Management Board; UKRI's Management Assurance outcomes; the assurance opinion provided by the AO of UKSBS, and observations made by the NAO as our external auditors in their management letter and other reports, to inform my overall assessment.

### 7.2 Executive accountability assessment

UKRI operates an integrated framework of governance, risk management and assurance that combines ongoing assessment throughout the year through risk and assurance reviews and an annual Executive Accountability Exercise to provide an assessment at year end of assurance on legal, regulatory and government standards delegations.

The framework identifies and evaluates the different sources of assurance using the three lines model, in line with The Orange Book guidance.

The Executive Accountability Exercise requires all members of the Executive Committee to provide first line assurance on the areas of their delegation. These assurances are then evaluated through second line analysis, challenge meetings and a sample-based evidence review. The outcomes were reported to the Executive Committee and Audit and Risk Assurance Committee.

The 2025-26 exercise has confirmed a majority of returns with assurance levels of high or medium ratings (33% high, 57% medium) and a minority of low assurance ratings (10% low).

There were no assessments that recorded a low level of assurance in respect of the RCPS or JSS or of areas associated with the RCPS.

### 7.3 Government Internal Audit Agency (GIAA) opinion

The GIAA Head of Internal Audit (HIA) is required by the Public Sector Internal Audit Standards to provide me with an annual internal audit opinion and report. The HIA opinion is based primarily on the outcomes of audit engagements conducted during the 2025-26 financial year but is also informed by knowledge gained from meetings with senior management, and attendance at governance forums and review of associated papers.

The HIA has provided me with an overall moderate assurance opinion of UKRI for 2025-26.

### 7.4 UK Shared Business Services Ltd (UK SBS) assurance

UKSBS is a company wholly owned by its public sector customers and shareholders: Department for Business and Trade, Department of Energy Security and Net Zero, DSIT and UKRI. The company aims to provide efficient HR and payroll, finance, procurement, and IT business services.

We receive biannual assurance reports from UKSBS on the design and effectiveness of its internal control framework, and within the UKSBS Assurance Framework the company's overall assurance status for the second half of financial year 2025-26 remains at moderate. UKSBS also receives its internal audit provision from GIAA and received moderate audit opinions in the second half of 2025-26.

### 7.5 External Audit

The RCPS and UKRI Annual Accounts are audited by the Comptroller and Auditor General.

## 8. Risks and Issues

The RCPS Management Board and the Head of JSS identify key risks and the possible threats or opportunities should these risks crystallise. They assess their probability, impact and proximity, and consider the inherent, current and target exposure levels. Existing controls and mitigation plans are reviewed alongside an indication of the current trajectory of the risk in the RCPS Risk Register.

The RCPS Management Board has oversight of the RCPS Risk Register, which was reviewed at the RCPS Management Board meetings. The RCPS Management Board ensures appropriate risks are recorded, mitigation plans are being delivered, and adequate controls are in place or planned.

As at 31 March 2026, the register had 13 risks. All had been agreed and were being monitored with effective controls and appropriate mitigation plans in place. Of the 13 risks, three were rated with a red risk score. The three red risks relate to:

- Potential risk of non-compliance with regulations governing the provision of information to members and risks to pension payments arising from the new shared services system implemented in June 2025. There are controls in place and the risk is within appetite and progress being made to resolve outstanding issues.
- Loss of staff from JSS which could affect service to employers and members during a significant period of change.
- Potential decline in the service provided supporting the JSS pension database.

Other risks relate to: GDPR data breaches or loss of personal information; the impact of the potential decline of service provided by UK SBS and its effect on the payment of pensions; new legislation or policies and their impact on core processes or resource; fraud or misappropriation of pensions; and incorrect payments. All these risks have appropriate controls and mitigation plans in place.

## **9. Conclusion**

I have considered the accounts and evidence provided by UKRI and RCPS in the production of this Governance Statement as well as independent advice and assurance provided by the organisation's ARAC.

Based on the review outlined above, I conclude UKRI and RCPS have a sound system of governance, risk management and internal control that supports their aims and objectives for 2025-26.



**Professor Sir Ian Chapman**

UK Research and Innovation Chief Executive and RCPS Accounting Officer

7 July 2026

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Research Councils' Pension Schemes ("the Schemes") for the year ended 31 March 2026 under the Higher Education and Research Act 2017.

The Schemes' financial statements comprise the Schemes':

- Statement of Financial Position as at 31 March 2026
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; 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 UK adopted international accounting standards

- give a true and fair view of the state of the Schemes' affairs as at 31 March 2026 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Higher Education and Research Act 2017 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, Practice Note 15 (revised) Audit of Occupational Pension Schemes in the United Kingdom 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 Schemes 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 Schemes' 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 Schemes' 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 Schemes' 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 Accountability Report, but does not include the financial statements and my auditor's certificate and report thereon. 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 Accountability Report 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 Schemes 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 by the Schemes' or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; 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 Statement of 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 Department 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, which give a true and fair view in accordance with HM Treasury directions issued under the Higher Education and Research Act 2017;
- preparing the annual report, in accordance with HM Treasury directions issued under the Higher Education and Research Act 2017; and
- assessing the Schemes' 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 Schemes' 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 Higher Education and Research Act 2017.

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 Schemes' accounting policies.
- inquired of management, the Schemes' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Schemes' policies and procedures on:
  - o identifying, evaluating and complying with laws and regulations;
  - o detecting and responding to the risks of fraud; and
  - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Schemes' controls relating to the Schemes' compliance with the Higher Education and Research Act 2017, Managing Public Money and the regulations set by The Pensions Regulator;
- inquired of management, the Schemes' head of internal audit and those charged with governance whether:
  - o they were aware of any instances of non-compliance with laws and regulations;
  - o they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal actuarial specialists, 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 Schemes for fraud and identified the greatest potential for fraud in the following areas: posting of unusual

journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Schemes' framework of authority and other legal and regulatory frameworks in which the Schemes operate. 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 Schemes. The key laws and regulations I considered in this context included the Higher Education and Research Act 2017, Managing Public Money, and regulations set by The Pensions Regulator.

I considered the control environment in place at the Schemes, the administrator and the Schemes' actuary, and how this impacted membership data, the pension liability, contributions and benefits payable.

### **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, the UKRI Audit, Risk and Assurance Committee and legal council concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and internal audit reports;
- 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 communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal actuarial specialists and remained alert to any indications of fraud or noncompliance 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 audit evidence to give reasonable assurance that the expenditure and income 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**

Date: 8 July 2026

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Statement of Comprehensive Net Expenditure for the year ended 31 March 2026

|                                                                                      | Notes | 2025-26<br>£'000 | 2024-25<br>£'000 |
|--------------------------------------------------------------------------------------|-------|------------------|------------------|
| <b>Principal arrangements Research Councils' Pension Schemes</b>                     |       |                  |                  |
| <b>Income</b>                                                                        |       |                  |                  |
| Contributions receivable                                                             | 3     | <b>83,596</b>    | 82,881           |
| Transfers in: individuals                                                            | 4     | <b>452</b>       | 675              |
| Other pension income                                                                 | 7     | <b>17</b>        | 20               |
| Recoveries                                                                           |       | <b>448</b>       | 617              |
|                                                                                      |       | <b>84,513</b>    | 84,193           |
| <b>Expenditure</b>                                                                   |       |                  |                  |
| Service cost                                                                         | 5     | <b>(65,000)</b>  | (65,000)         |
| Transfers in                                                                         | 4     | <b>(452)</b>     | (675)            |
| Enhancements                                                                         | 6     | <b>(1,000)</b>   | (1,000)          |
| Pension financing cost                                                               | 10    | <b>(213,000)</b> | (206,000)        |
| Administration costs                                                                 | 9     | <b>(970)</b>     | (857)            |
|                                                                                      |       | <b>(280,422)</b> | (273,532)        |
| <b>Net (Expenditure)</b>                                                             |       | <b>(195,909)</b> | (189,339)        |
| <b>Other Comprehensive Net Income/(Expenditure)</b>                                  |       |                  |                  |
| Actuarial gains/(losses)                                                             | 15.14 | <b>273,000</b>   | <b>(25,000)</b>  |
|                                                                                      |       | <b>273,000</b>   | <b>(25,000)</b>  |
| <b>Total Comprehensive Net Income/(Expenditure) for the year ended 31 March 2026</b> |       | <b>77,091</b>    | <b>(214,339)</b> |

All activities are regarded as continuing.

The notes on pages 31-40 form an integral part of these accounts.

# Statement of Financial Position as at 31 March 2026

|                                                        | Notes | 2025-26<br>£'000   | 2024-25<br>£'000 |
|--------------------------------------------------------|-------|--------------------|------------------|
| <b>Current assets</b>                                  |       |                    |                  |
| Receivables                                            | 12    | 8,078              | 7,585            |
| Cash and cash equivalents                              | 13    | 7,069              | 17,620           |
| <b>Total current assets</b>                            |       | <b>15,147</b>      | 25,205           |
| <b>Current liabilities</b>                             |       |                    |                  |
| Payables (amounts falling due within one year)         | 14    | (4,194)            | (4,142)          |
| <b>Net current assets, excluding pension liability</b> |       | <b>10,953</b>      | 21,063           |
| Pension liability                                      | 15.10 | (4,002,384)        | (4,206,585)      |
| <b>Net liabilities, including pension liabilities</b>  |       | <b>(3,991,431)</b> | (4,185,522)      |
| <b>Taxpayers' equity</b>                               |       |                    |                  |
| General fund                                           |       | (3,991,431)        | (4,185,522)      |



**Professor Sir Ian Chapman**

UK Research and Innovation Chief Executive and RCPS Accounting Officer

7 July 2026

The notes on pages 31-40 form an integral part of these accounts.

# Statement of Changes in Taxpayers' Equity for the year ended 31 March 2026

|                                       | Notes | <b>2025-26</b><br><b>£'000</b> | 2024-25<br>£'000          |
|---------------------------------------|-------|--------------------------------|---------------------------|
| Balance at 1 April                    |       | <b>(4,185,522)</b>             | (4,091,183)               |
| Adjustment to start of year liability |       | <b>(3,000)</b>                 | -                         |
| Grant-in-Aid: drawn down              | 16    | <b>120,000</b>                 | 120,000                   |
| Combined net outgoings                |       | <b>(195,909)</b>               | (189,339)                 |
| Actuarial gains/(losses)              | 15.14 | <b>273,000</b>                 | (25,000)                  |
| <b>Balance at 31 March</b>            |       | <b><u>(3,991,431)</u></b>      | <b><u>(4,185,522)</u></b> |

The notes on pages 31-40 form an integral part of these accounts.

# Statement of Cash Flows for the year ended 31 March 2026

|                                                                     | Notes | 2025-26<br>£'000 | 2024-25<br>£'000 |
|---------------------------------------------------------------------|-------|------------------|------------------|
| <b>Cash flows from operating activities</b>                         |       |                  |                  |
| Combined net (expenditure)/income for the year                      |       | <b>(195,909)</b> | (189,339)        |
| (Increase)/Decrease in receivables principal arrangements           |       | <b>(493)</b>     | 644              |
| Increase in payables                                                |       | <b>52</b>        | 895              |
| <b>Decrease in provision for non-cash transactions</b>              |       |                  |                  |
| Current service cost                                                | 5     | <b>65,000</b>    | 65,000           |
| Interest cost                                                       | 10    | <b>213,000</b>   | 206,000          |
| Enhancements                                                        | 6     | <b>1,000</b>     | 1,000            |
| Transfers in                                                        | 4     | <b>452</b>       | 675              |
| <b>Increase in pension provision for use of pension liabilities</b> |       |                  |                  |
| Benefit payments                                                    | 15.12 | <b>(211,347)</b> | (203,108)        |
| Payments to or on account of leavers                                | 15.13 | <b>(2,306)</b>   | (979)            |
| <b>Net cash outflow from operating activities</b>                   |       | <b>(130,551)</b> | (119,212)        |
| <b>Cash flows from financing activities</b>                         |       |                  |                  |
| Grant-in-Aid                                                        | 16    | <b>120,000</b>   | 120,000          |
| <b>(Decrease)/Increase in cash and cash equivalents</b>             |       | <b>(10,551)</b>  | 788              |
| <br>                                                                |       |                  |                  |
| Cash and cash equivalents at the beginning of the period            | 13    | <b>17,620</b>    | 16,832           |
| Cash and cash equivalents at the end of the period                  | 13    | <b>7,069</b>     | 17,620           |
| <b>(Decrease)/Increase in cash and cash equivalents</b>             |       | <b>(10,551)</b>  | 788              |

The notes on pages 31-40 form an integral part of these accounts.

# Notes to the Schemes' Statements

## 1. Basis of preparation of the Schemes' statements

The Schemes' statements have been prepared in accordance with the relevant provisions of the 2025-26 Government Financial Reporting Manual (FReM), [https://assets.publishing.service.gov.uk/media/69441b8f143d960161547eb0/Government\\_Financial\\_Reporting\\_Manual\\_FReM\\_for\\_2025-26\\_published\\_December\\_2025.pdf](https://assets.publishing.service.gov.uk/media/69441b8f143d960161547eb0/Government_Financial_Reporting_Manual_FReM_for_2025-26_published_December_2025.pdf) issued by HM Treasury, which reflect the requirements of International Accounting Standard IAS 19 Employee Benefits and IAS 26 (Retirement Benefit Plans). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

These accounts show the unfunded pension liability and movements in that liability during the year. These accounts also have regard to the Higher Education and Research Act 2017.

Where the FReM permits a choice in accounting policy, the accounting policy judged to be the most appropriate to the particular circumstances of the RCPS for the purpose of giving a true and fair view have been selected. The policies adopted by the RCPS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The RCPS has been working with Government since 2015 to develop and implement reform of the Scheme, where all RCPS members, pensioners and preserved members will transfer to the Civil Service Pension Scheme and active members will, in future, accrue benefits in the CSPS Alpha scheme. The transfer was initially planned for October 2026 but has been delayed due to issues within the CSPS. Work is underway to re-plan the transfer and it is anticipated that a new transfer date will be announced during Summer 2026. Notwithstanding this anticipated transfer, a going concern basis for the preparation of these financial statements has been adopted in accordance with the FReM due to the anticipated continuation of the provision of service in the future.

### **a) Research Councils' Pension Schemes – principal arrangements**

The Schemes' financial statement summarises the transactions of the RCPS which acts as a principal. The Statement of Financial Position shows the deficit on the Scheme. The Statement of Comprehensive Net Expenditure shows, amongst other things, the movements in the liability analysed between the pension cost, enhancements and transfers in and out, and the interest on the Scheme liability. The actuarial position of the Pension Scheme is dealt with in the Report of the Actuary, and the Scheme's financial statements should be read in conjunction with that report.

### **b) Adoption of new or amended standards effective in 2025-26**

No new revised standards and interpretations have been applied by the Schemes during the year.

Changes to IFRS – new standards issued but not yet effective. In accordance with the FReM, these financial statements have not been applied.

IFRS 17: There are no material balances within the RCPS financial statements affected by the introduction of IFRS 17.

### **Future accounting standards**

IFRS 18 Presentation and Disclosure in Financial Statements was published in April 2024 and is effective for periods beginning on or after 1 January 2027. No date has been issued about adoption by the FReM as yet. This is not expected to have a material effect on RCPS.

IFRS 19 Subsidiaries without Public Accountability is effective for periods beginning on or after 1 January 2027. This is not expected to be material to RCPS. No date has been issued about adoption by the FReM as yet.

### **2. Accounting policies**

#### **a) Contributions Receivable**

Income includes contributions received and receivable from payrolls run during the year by contributing employers.

#### **b) Other pension income**

Other pension income is accounted for when the income becomes due.

#### **c) Pension cost and interest on scheme liabilities**

The pension cost, including current and past service cost and interest cost on Scheme liabilities, is calculated by the Government Actuary's Department (GAD). Payments by the Schemes are treated as a reduction in the pension liability.

#### **d) Transfers out**

Transfers out are included once notified by the person transferring and by their new pension Scheme, and the payment is due.

#### **e) Transfers in**

Transfers in are included once notified by the person transferring and agreed by their previous pension scheme administrators, and the receipt is made.

#### **f) Bulk transfers**

These relate to groups of members who are transferred under TUPE arrangements (Transfer of Undertakings (Protection of Employment) Regulations), mostly due to the closure of a site or sites, or to changes to governance arrangements in their organisation.

#### **g) Administration costs**

The Schemes pay for the Joint Superannuation Services (JSS) unit hosted by UKRI. The accrued costs of JSS are charged as an administration expense in the Schemes' Combined Statement of Comprehensive Net Expenditure. Any amounts owing to UKRI are included in payables. Any amounts owed by UKRI are included in receivables.

#### **h) Pension liability**

The movements and balance on the pension liability are calculated by the Government Actuary's Department (GAD).

Accrued payments by the Schemes are shown as reductions in the pension liability.

Actuarial gains and losses can occur for a number of reasons. These are changes to financial assumptions used from year to year, such as a change in the inflation rate used, changes in demographic assumptions, i.e. the mortality rate, changes in the methodology used, and other experience gains and losses. All information is included in the accounts in accordance with the GAD report.

Lump sums on retirement and pensions are payable from the first day of retirement.

Refunds of contributions to members leaving the service are made up of any required transfer to the state Scheme pension and income tax due, with the balance refunded to the member.

#### **i) General fund**

Grant-in-Aid is provided from Department for Science, Innovation & Technology (DSIT). The cash received is not treated as income, but credited to the Statement of Taxpayers' Equity in accordance with the FReM.

Additional grant funding required to fund bulk transfers out of the Scheme that is not met by the employers is credited to the General Fund in accordance with the FReM.

#### **j) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances.

#### **k) Pension benefits payable**

These are payments due to eligible members which arise from accrued service.

#### **l) Lump sums payable on death in service**

A death benefit lump sum is payable to whoever the Scheme member has nominated as their 'death benefit nominee' and is accounted for when due.

**m) Pension lump sums payable on retirement**

A pension lump sum is payable to the Scheme member when they retire or partially retire. Pension lump sums are automatic for Classic scheme members and optional for other scheme sections. These are accounted for when paid to the member.

**n) Additional voluntary contributions (AVCs)**

Additional Voluntary Contributions "employee contributions" are paid directly by the participating Research Council to the pension provider and accordingly, contributions and AVC investments are not included in these accounts.

| <b>3. Contributions receivable</b>                                         | <b>2025-26</b> | 2024-25 |
|----------------------------------------------------------------------------|----------------|---------|
|                                                                            | <b>£'000</b>   | £'000   |
| Employers' contributions                                                   | <b>65,159</b>  | 64,970  |
| <b>Employers' contributions: purchase of added years and added pension</b> |                |         |
| Employees' contributions: normal                                           | <b>16,529</b>  | 16,078  |
| Employees' contributions: purchase of added years and added pension        | <b>1,908</b>   | 1,833   |
|                                                                            | <b>83,596</b>  | 82,881  |

For 2026-27, £66 million in employers' contribution, £17 million of employees' and £1 million of added years contribution are forecast.

| <b>4. Transfers in</b>                     | <b>2025-26</b> | 2024-25 |
|--------------------------------------------|----------------|---------|
|                                            | <b>£'000</b>   | £'000   |
| Individual transfers in from other schemes | <b>(452)</b>   | (675)   |
|                                            | <b>(452)</b>   | (675)   |

| <b>5. Service cost</b> | Notes | <b>2025-26</b>  | 2024-25  |
|------------------------|-------|-----------------|----------|
|                        |       | <b>£'000</b>    | £'000    |
| Current service cost   | 15.10 | <b>(65,000)</b> | (65,000) |
|                        |       | <b>(65,000)</b> | (65,000) |

| <b>6. Enhancements</b> | Notes | <b>2025-26</b> | 2024-25 |
|------------------------|-------|----------------|---------|
|                        |       | <b>£'000</b>   | £'000   |
| Enhancements           | 15.10 | <b>(1,000)</b> | (1,000) |
|                        |       | <b>(1,000)</b> | (1,000) |

| <b>7. Other pension income</b>    |  | <b>2025-26</b> | 2024-25 |
|-----------------------------------|--|----------------|---------|
|                                   |  | <b>£'000</b>   | £'000   |
| Amounts receivable in respect of: |  |                |         |
| Other income                      |  | <b>17</b>      | 20      |
|                                   |  | <b>17</b>      | 20      |

**8. Additional Voluntary Contributions**

There are no AVC payments made through the Pension Schemes. Any AVCs made are free standing additional voluntary contributions which are private arrangements between the employee and the relevant institutions, and details cannot be included in these accounts. Details of arrangements whereby employees can make AVCs can be found in paragraph 26, page 7 of the Annual Report.

| <b>9. Administration costs</b> | <b>2025-26</b> | 2024-25 |
|--------------------------------|----------------|---------|
|                                | <b>£'000</b>   | £'000   |
| Total running costs            | <b>(909)</b>   | (658)   |
| Auditors' remuneration         | <b>(66)</b>    | (66)    |
| Actuarial charges              | <b>10</b>      | (129)   |
| Bank charges                   | <b>(5)</b>     | (4)     |
|                                | <b>(970)</b>   | (857)   |

| <b>10. Pension financing cost</b> | Notes | <b>2025-26</b>   | 2024-25   |
|-----------------------------------|-------|------------------|-----------|
|                                   |       | <b>£'000</b>     | £'000     |
| Interest charge for the year      | 15.10 | <b>(213,000)</b> | (206,000) |
|                                   |       | <b>(213,000)</b> | (206,000) |

**11. Compensation benefits payable**

There is no liability to the Pension Schemes as all compensation payments are funded by the employer.

| <b>12. Receivables - contributions due in respect of pensions</b> | <b>31 March 2026</b> | 31 March 2025 |
|-------------------------------------------------------------------|----------------------|---------------|
|                                                                   | <b>£'000</b>         | £'000         |
| <i>Analysis by receipt type</i>                                   |                      |               |
| Prepaid lump sums                                                 | <b>685</b>           | 594           |
| Pension contributions due from employers and employees            | <b>7,081</b>         | 4,998         |
| Other receivables                                                 | <b>312</b>           | 1,993         |
|                                                                   | <b>8,078</b>         | 7,585         |

| <b>13. Cash and cash equivalents</b> | <b>31 March 2026</b> | 31 March 2025 |
|--------------------------------------|----------------------|---------------|
|                                      | <b>£'000</b>         | £'000         |
| Balance at 1 April                   | <b>17,620</b>        | 16,832        |
| Net change in cash balances          | <b>(10,551)</b>      | 788           |
| Balance at 31 March                  | <b>7,069</b>         | 17,620        |

The following balances at 31 March were held at:

|                            |              |        |
|----------------------------|--------------|--------|
| Government Banking Service | <b>7,069</b> | 17,620 |
| Balance at 31 March        | <b>7,069</b> | 17,620 |

| <b>14. Payables – in respect of pensions</b>       | <b>31 March 2026</b> | 31 March 2025 |
|----------------------------------------------------|----------------------|---------------|
| <i>Analysis by expenditure type</i>                | <b>£'000</b>         | £'000         |
| Payables to other Research Councils                | <b>(882)</b>         | (601)         |
| Other payables (including administration expenses) | <b>(3,246)</b>       | (3,475)       |
| Audit fee payable                                  | <b>(66)</b>          | (66)          |
|                                                    | <b>(4,194)</b>       | (4,142)       |

## 15. Pension liabilities

### 15.1 Assumptions underpinning the pension liability

The Research Councils' Pension Schemes are unfunded defined benefit schemes. The Statement by the Actuary on pages 10 to 14 sets out the scope, methodology and results of the work the actuary has carried out. Each year GAD produce a scheme report and major assumptions used by the Actuary were:

|                                                                  | <b>At</b>            | At            | At            | At            | At            |
|------------------------------------------------------------------|----------------------|---------------|---------------|---------------|---------------|
|                                                                  | <b>31 March 2026</b> | 31 March 2025 | 31 March 2024 | 31 March 2023 | 31 March 2022 |
| Inflation                                                        | <b>2.55%</b>         | 2.65%         | 2.55%         | 2.40%         | 2.90%         |
| Earnings increase                                                | <b>3.30%</b>         | 3.40%         | 3.55%         | 3.65%         | 4.15%         |
| Notional discount rate used to discount the Schemes' liabilities | <b>5.60%</b>         | 5.15%         | 5.10%         | 4.15%         | 1.55%         |
| Discount rate net of inflation                                   | <b>2.95%</b>         | 2.40%         | 2.45%         | 1.70%         | -1.30%        |
| Rate of return in excess of pension increases CPI                | <b>2.40%</b>         | 2.45%         | 1.70%         | -1.30%        | 0.95%         |

The life expectancy of normal health current pensioners at age 60 for men is 27.8 (2024-25: 27.7) and women is 28.8 (2024-25: 28.5). The life expectancy of normal health future pensioners at age 60 for men is 29.3 (2024-25: 29.2) and women is 30.3 (2024-25: 30.2).

The life expectancy of normal health current pensioners at age 65 for men is 23.0 (2024-25: 22.9) and women is 24.0 (2024-25: 23.9).

### 15.2

The Schemes' administrators are responsible for providing the Actuary with the information the Actuary needs to carry out the valuation. This information includes, but is not limited to, details of:

- Scheme membership, including age and gender profile, active membership, deferred pensioner and pensioners;
- Benefit structure, including details of any discretionary benefits and any proposals to amend the scheme;
- Income and expenditure, including details of any bulk transfers into or out of the scheme; and
- The key assumptions that should be used to value the scheme liabilities, based on consultation with the actuary, to ensure that the assumptions are mutually compatible and reflect a best estimate of future experience, following consultation with the actuary's.

**15.3**

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. The 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.

**15.4**

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 Schemes' Managers acknowledge that the valuation reported in these accounts 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.

**15.5**

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 high quality corporate bonds. The rates are set out in the table in note 15.1 above. Any decrease in the rate leads to a significant increase in the reported liability.

**15.6**

In reality, the complexity and range of assumptions underlying the calculation of the pension liability are such that a change in one financial assumption is likely to have a knock-on effect on other financial assumptions. The Schemes' Managers do not consider it useful to attempt to reflect the impact of any changes in the range of assumptions, since this would result in giving a range of inherently uncertain figures. In the opinion of the Schemes' Managers, the actuary has used key assumptions that are the most appropriate for the scheme in the light of current knowledge.

**15.7**

The value of the liability on the Combined 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, the value of the pension liability will increase or decrease. The administrators of the schemes 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 15.9. Note 15.15 analyses 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.

**15.8**

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that 'the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years'. An actuarial valuation of the scheme for the purpose of IAS19 has been carried out as at 31 March 2026 by rolling forward the liability calculated as at 31 March 2022 to 31 March 2026. The 31 March 2022 liability calculations are suitably rigorous to ensure that the assessed liability as at 31 March 2026 is sufficiently accurate for the purposes of this report.

**15.9 Analysis of the provision for pension liability**

|                                    | <b>2025-26</b>   | 2024-25      | 2023-24      | 2022-23      | 2021-22      |
|------------------------------------|------------------|--------------|--------------|--------------|--------------|
|                                    | <b>£ million</b> | £ million    | £ million    | £ million    | £ million    |
| <b>RCPS</b>                        |                  |              |              |              |              |
| Active members                     | 943              | 1,013        | 1,017        | 1,562        | 3,089        |
| Deferred members                   | 575              | 636          | 664          | 867          | 1,548        |
| Current pensioners                 | 2,195            | 2,265        | 2,149        | 1,692        | 2,202        |
| <b>Total</b>                       | <b>3,713</b>     | <b>3,914</b> | <b>3,830</b> | <b>4,121</b> | <b>6,839</b> |
| <b>Closed schemes</b>              |                  |              |              |              |              |
|                                    | £ million        | £ million    | £ million    | £ million    | £ million    |
| Deferred members                   | 15               | 17           | 18           | 41           | 60           |
| Current pensioners                 | 274              | 279          | 268          | 288          | 341          |
| <b>Total</b>                       | <b>289</b>       | <b>296</b>   | <b>286</b>   | <b>329</b>   | <b>401</b>   |
| <b>Total provision for pension</b> | <b>4,002</b>     | <b>4,210</b> | <b>4,116</b> | <b>4,450</b> | <b>7,240</b> |

**Sensitivity analysis**

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty, IAS19 requires that the approximate effects on the actuarial liability as at 31 March 2022 of changes to the significant actuarial assumptions.

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

Assumed patterns of age retirement after normal pension age can have a significant impact on liabilities in the final salary sections so an indication of the approximate effect (on the total past service liability) of non-Nuvos members retiring one year later has been included.

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

| Change in assumption                                                | Approximate effect on total liability |              |
|---------------------------------------------------------------------|---------------------------------------|--------------|
| <b>Rate of return</b>                                               |                                       |              |
| (i) discount rate: +0.5% a year                                     | -6.5%                                 | -260 million |
| (ii) earnings increases: +0.5% a year                               | 0.5%                                  | 20 million   |
| (iii) pension increases: +0.5% a year                               | 6.5%                                  | 260 million  |
| <b>Pensioner mortality</b>                                          |                                       |              |
| (iv) additional one year increase to life expectancy at retirement: | 3.5%                                  | 140 million  |

| <b>15.10 Analysis of movements in the Schemes' liability</b>     | Notes | <b>2025-26<br/>£'000</b> | 2024-25<br>£'000 |
|------------------------------------------------------------------|-------|--------------------------|------------------|
| <b>Schemes' liability at 1 April</b>                             |       | <b>(4,206,585)</b>       | (4,112,997)      |
| Adjustments to start of year liability                           |       | <b>(3,000)</b>           | -                |
| Current service cost                                             |       | <b>(65,000)</b>          | (65,000)         |
| Pension financing cost                                           |       | <b>(213,000)</b>         | (206,000)        |
| Enhancements                                                     |       | <b>(1,000)</b>           | (1,000)          |
| Pension transfers in                                             |       | <b>(452)</b>             | (675)            |
| Benefits payable                                                 | 15.12 | <b>211,347</b>           | 203,108          |
| Payments to or on account of leavers                             | 15.13 | <b>2,306</b>             | 979              |
| Analysis of actuarial (losses)/gains on the Schemes' liabilities | 15.14 | <b>273,000</b>           | (25,000)         |
|                                                                  |       | <b>204,201</b>           | (93,588)         |
| <b>Schemes' liability at 31 March</b>                            |       | <b>(4,002,384)</b>       | (4,206,585)      |

### 15.11

During the year ended 31 March 2026, employers and employees contributions represented an average of 33.0 percent of pensionable salaries (2024-25: 32.8 percent). The employers pension rate for 2025-26 and until further notice will be 26.0 percent.

| <b>15.12 Analysis of benefits paid</b>                                         | <b>2025-26<br/>£'000</b> | 2024-25<br>£'000 |
|--------------------------------------------------------------------------------|--------------------------|------------------|
| Pensions to retired employees and dependants net of recoveries or overpayments | <b>188,688</b>           | 182,083          |
| Commutations and lump sum benefits on retirement or death                      | <b>22,659</b>            | 21,025           |
| As per Combined Statement of Cash Flows                                        | <b>211,347</b>           | 203,108          |

| <b>15.13 Analysis of payments to or on account of leavers</b> | <b>2025-26<br/>£'000</b> | 2024-25<br>£'000 |
|---------------------------------------------------------------|--------------------------|------------------|
| Refunds to members leaving service                            | <b>476</b>               | 513              |
| Individual transfers to other schemes                         | <b>1,830</b>             | 466              |
| As per Combined Statement of Cash Flows                       | <b>2,306</b>             | 979              |

| <b>15.14 Analysis of actuarial gains/(losses) on the Schemes' liabilities</b>         | <b>2025-26<br/>£'000</b> | <b>2024-25<br/>£'000</b> |
|---------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Experience gains/(losses) arising on the Schemes' liabilities                         | <b>(29,000)</b>          | 5,000                    |
| Change in assumptions underlying the present value of Schemes' liabilities            | <b>302,000</b>           | (34,000)                 |
| Changes in demographic assumptions underlying the present value of scheme liabilities | -                        | 4,000                    |
| As per Statement of Recognised gains and losses                                       | <b>273,000</b>           | (25,000)                 |

The decrease in liabilities of £204 million is mainly due to the value for analysis of actuarial gains and losses on the schemes liability of £273 million this is reduced by the current service cost of (£65) million.

| <b>15.15 History of experience gains/(losses)</b>                        | <b>2025-26</b> | <b>2024-25</b> | <b>2023-24</b> | <b>2022-23</b> | <b>2021-22</b> |
|--------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Experience gains/(losses) on the Scheme liabilities amount               | (29,000)       | 5,000          | (174,000)      | (443,000)      | 48,000         |
| Percentage of the present value of the scheme liabilities                | -0.70%         | 0.10%          | -4.20%         | -10.00%        | 0.70%          |
| Total amount recognised in the Statement of Changes in Taxpayers' amount | 273,000        | (25,000)       | 414,000        | 2,932,000      | (448,000)      |
| Percentage of the present value of the Scheme liabilities                | 6.70%          | -0.60%         | 10.10%         | 65.90%         | -6.20%         |

### 15.16 Virgin media court case ruling

Following the ruling in Virgin Media Ltd vs NTL Pension Trustees II Limited (and others) case relating to actuarial certifications under section 37 of the Pension Schemes Act 1993 the Government announced they would introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. In addition to this the Financial Reporting Council (FRC) published guidance designed to support pension scheme actuaries dealing with historic amendments to pension rules, ahead of forthcoming legislation. The RCPS, like other public sector DB schemes, continues to administer benefits and recognise liabilities in accordance with scheme regulations currently in force. Accordingly, no additional costs or liabilities are assumed to be recognised for 2025-26.

### 16. Grant-in-Aid

Grant-in-Aid is provided from the Department for Science, Innovation and Technology (DSIT). The allocation for 2025-26 was £120 million (2024-25 was £120 million) of which £120 million was drawn down by the Pension Schemes. Under the FReM grant in aid received by arms length bodies should not be accounted for as income but as financing through the General Fund.

**17. Related Party Transactions**

UKRI is a Non-Departmental Public Body sponsored by the Department for Science, Innovation & Technology (DSIT) and is regarded as a related party. In addition DSIT is also the parent company of UK SBS which is also contributing to the scheme.

During the year none of the senior and other key management staff, or other related parties, has undertaken any material transactions with the Research Councils' Pension Schemes. In addition the Schemes have had material transactions in the form of contributions from UKRI whose employees are members of the Schemes.

| Related Party Transactions | Pension contributions |               | Receivables  |              | Payables     |              |
|----------------------------|-----------------------|---------------|--------------|--------------|--------------|--------------|
|                            | 2025-26               | 2024-25       | 2025-26      | 2024-25      | 2025-26      | 2024-25      |
|                            | £'000                 | £'000         | £'000        | £'000        | £'000        | £'000        |
| UKRI employers             | 37,753                | 38,271        | 4,389        | 4,177        | 882          | 601          |
| Scottish employers         | 1,310                 | 1,575         | 128          | 164          | -            | -            |
| UKSBS Ltd                  | 6,822                 | 5,995         | 938          | 665          | -            | -            |
| Other employers            | 19,274                | 19,129        | 2,387        | 178          | -            | -            |
| Other non employers        | -                     | -             | 236          | 2,401        | 3,312        | 3,541        |
| <b>Total</b>               | <b>65,159</b>         | <b>64,970</b> | <b>8,078</b> | <b>7,585</b> | <b>4,194</b> | <b>4,142</b> |

**18. Losses and special payments**

No losses were incurred, or special payments made, during the year.

**19. Events after the reporting period**

There were no reportable events after the Reporting Period between the year end and the date at which the Comptroller and Auditor General certified the accounts, the date on which the accounts were authorised for issue. The financial statements do not reflect events after this date.

**20. Financial instruments**

As the cash requirements of the Schemes 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 Schemes' expected purchase and usage requirements and the Schemes are therefore exposed to little credit, liquidity or market risk.



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