
United Kingdom Atomic Energy Authority Pension Schemes

Combined Annual Accounts 2025-26

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Combined Annual Accounts 2025-26

(For the year ended 31 March 2026)

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the Government Resources and Accounts Act 2000

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Contents

Accountability Report	
Report of the Managers	1
Report of the Actuary	14
Statement of Accounting Officer's Responsibilities	21
Governance Statement for the United Kingdom Atomic Energy Authority Pension Schemes 2025-26	22
Statement of Outturn against Parliamentary Supply	28
Notes to the Statement of Outturn against Parliamentary Supply	30
Parliamentary Accountability Disclosures	31
The Certificate and Report of the Comptroller and Auditor General to the House of Commons	33
Financial Statements	
Combined Statement of Comprehensive Net Expenditure	39
Combined Statement of Financial Position	40
Combined Statement of Changes in Taxpayers' Equity	41
Combined Statement of Cash Flows	42
Notes to the Financial Statements	43

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Report of the Managers

Introduction

The Combined Annual Accounts for the defined benefit Public Service Pensions Schemes (PSPS) of the United Kingdom Atomic Energy Authority (UKAEA) covers the following areas for the current and prior financial years:

- The receipt of contributions from employers and employees
- Transfer values for members transferring benefits from other schemes
- Payment of pensions and other benefits to retired members or their dependants
- Transfer values for members transferring to other schemes
- Repayments of contributions under the UKAEA Pension Schemes
- Amounts receivable by the UKAEA Pension Schemes
- Cash that is held by the UKAEA Pension Schemes
- Amounts payable by the UKAEA Pension Schemes
- The estimated pension liability payable to UKAEA Pension Schemes members

The business, its objectives and strategy

The UKAEA Pension Schemes are statutory schemes as defined under Section 26(1) of the Finance Act 1970 and are registered schemes under the Finance Act 2004. There are no trustees. The statutory basis of the Schemes is the Atomic Energy Authority Act 1954, Schedule 1, in paragraph 7.

The UKAEA Pension Schemes were contracted out under the Pension Schemes Act 1993 and subsequent legislation. Under the terms of the Pensions Act 2014, the Schemes ceased to be contracted out from 31 March 2016.

The UKAEA Pension Schemes (the Schemes) comprise the:

- Combined Pension Scheme (CPS), which is open to new members
- Principal Non-Industrial Superannuation Scheme (PNISS), which is closed to new members
- Protected Persons Superannuation Scheme (PPSS), which is closed to new members

The Schemes relate to employees and former employees of:

- UKAEA
- National Nuclear Laboratory Limited (NNL)
- International Nuclear Services Limited (INSL), trading as Nuclear Transport Solutions (NTS)
- Civil Nuclear Constabulary (CNC)
- INSL employees who are now employed by the Nuclear Decommissioning Authority (NDA)
- British Nuclear Fuels plc (BNFL)
- Health Protection Agency (HPA), which later became part of Public Health England (PHE) (in respect of members who prior to 1 April 2005 were employed by the National Radiological Protection Board)
- Radiochemical Centre (later known as Amersham International)

- United Kingdom Research and Innovation (UKRI) (due to legacy Engineering and Physical Sciences Research Council (EPSRC) and the Science and Technology Facilities Council (STFC))
- Council for the Central Laboratory of the Research Councils (CCLRC)
- Particle Physics and Astronomy Research Council (PPARC)
- Science and Engineering Research Council (SERC)
- RCUK Shared Services Centre Limited
- Ministry of Defence (Atomic Weapons Establishment)
- UKAEA Ltd (until 31 October 2009)
- Dounreay Site Restoration Limited (DSRL) (until 31 October 2009)
- Research Sites Restoration Limited (RSRL) (until 31 October 2009)
- Wilson James (for employees who were UKAEA employees in 2004)
- United Kingdom Fusion Energy (UKFE), formerly Industrial Fusion Solutions (UKIFS) (a subsidiary of UKAEA admitted on 1 November 2024)

The funding of payments from the Schemes is based on the published Parliamentary Supply Estimate and is supplied to the Schemes from the Consolidated Fund managed by HM Treasury. It should be noted that any contributions made to the Schemes are used to meet the payment of Schemes' benefits, but any surplus of such contributions over payments is surrendered to the Consolidated Fund. Similarly, any deficit is met by the Parliamentary Supply Estimate with payment from the Consolidated Fund.

UKAEA is a body corporate by virtue of the Atomic Energy Authority Act 1954. During the reporting period, UKAEA was a partner organisation of the Department for Energy Security and Net Zero (DESNZ).

Management of the Schemes, Managers, Advisers and Employers

The Schemes are managed by UKAEA. The administration of the Schemes is carried out by Paymaster (1836) Ltd (a subsidiary of Equiniti Group plc) under contract to UKAEA since 1 April 2018.

The Schemes are contributory and were established and became operational on 1 August 1954. The Schemes are constituted by Rules determined by UKAEA (the Rules) and amended from time to time as approved by Ministers.

The respective responsibilities of UKAEA and DESNZ for the Schemes are set out in a Management Framework. Details of the corporate governance arrangements of the Schemes and the management of the Schemes are included in the section on the Governance Framework in the Governance Statement from page 22.

The management team of the Schemes is shown in the table on the following page.

Managers

Principal Accounting Officer	Jonathan Brearley, Permanent Secretary and Principal Accounting Officer Department for Energy Security and Net Zero 3-8 Whitehall Place London SW1H 2EG
UK Atomic Energy Authority Responsible Officer	Ruth Elliot Chief Financial Officer UK Atomic Energy Authority C7, Culham Campus Abingdon OX14 3DB
UKAEA Head of Pensions	Ian Korner UK Atomic Energy Authority C7, Culham Campus Abingdon OX14 3DB
Schemes' Administrators	Paymaster (1836) Ltd Sutherland House Russell Way Crawley RH10 1UH
Address for correspondence (and contact for enquiries)	UKAEA Pensions PO Box 5130 Lancing BN99 9AP Telephone: 0333 207 5961 Email: ukaeapensions@equiniti.com

Advisers

Schemes' Actuary	The Government Actuary's Department 6 th Floor, 10 South Colonnade Canary Wharf London E14 4PU
Principal Bankers	Lloyds Banking Group City Office PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 OLS
Legal Advisers	UK Atomic Energy Authority Legal Branch C7, Culham Campus Abingdon OX14 3DB

Auditors

External Auditors	The Comptroller and Auditor General National Audit Office, 157-197 Buckingham Palace Road London SW1W 9SP
Internal Auditors	Group Head of Internal Audit UK Atomic Energy Authority C7, Culham Campus Abingdon OX14 3DB

Employers

The following employers participate in the Schemes:

- UK Atomic Energy Authority (UKAEA)
- National Nuclear Laboratory Limited (NNL)
- International Nuclear Services Limited (INSL)
- Civil Nuclear Constabulary (CNC)
- UK Research and Innovation (UKRI)
- UK Shared Business Service (UK SBS)
- Nuclear Decommissioning Authority (NDA)
- Wilson James (WJ)
- UK Fusion Energy (UKFE)

Employees of the above employers that meet specific criteria are eligible to join the Schemes if they are not participating in an alternative scheme provided by their employer.

From 1 April 2018, the activities of the Research Councils participating in the Schemes (EPSRC, STFC, CCLRC and PPARC) became the responsibility of UKRI. In these Combined Annual Accounts, the acronym SERC is used to refer to the sub-scheme relating to UKRI, and covers the following members who moved due to various reorganisations:

- On 1 April 1994, one of the legacy research councils, EPSRC, took over those employees previously employed by SERC who were members of the PNISS
- On 1 April 1995, CCLRC was created out of EPSRC
- On 1 April 2007, PPARC and CCLRC merged to form STFC with some employees joining RCUK Shared Services Centre Limited (which was renamed UK SBS in 2013) in subsequent years

The CNC was formed on 1 April 2005. Members of the CNC may continue in membership of the CPS in accordance with the terms of the Energy Act 2004.

Under the Health Protection Agency Act 2004, the National Radiological Protection Board became part of the HPA with effect from 1 April 2005. With effect from 1 April 2013, PHE subsumed the responsibilities of the HPA. Members employed by PHE were no longer able to accrue benefits in the Schemes from 1 October 2013.

Due to restructuring of the nuclear estate over recent years, BNFL no longer exists as an entity. Most of the BNFL estate has transferred out of the Schemes, with the exception of two areas, which have become NNL and INSL. In these Combined Annual Accounts, employees of these two companies (NNL and INSL), NDA and pensioners and deferred members previously employed by BNFL are referred to as 'Ex-BNFL'.

Constitution of the Schemes

The Schemes are unusual in their constitution. The Government does not maintain a separate fund to provide for the Schemes' future liabilities and future benefits will be paid out of the Consolidated Fund to the extent that, at the time of payment, benefits exceed contributions and Parliament votes the necessary funds.

There is no fund of investments. Following the introduction of Superannuation Contributions Adjusted for Past Experience (SCAPE) on 1 April 2006, the participating employers pay contributions based on the expected cost of the members' benefits as they accrue. These contributions are set by the Government Actuary's Department (GAD), the Schemes' Actuary, at each regular funding valuation of the Schemes, based on the expected demographic and financial experience of the Schemes at the time of the funding valuation.

Valuation of the Schemes

A full funding valuation is undertaken every four years and its purpose is to assess the liability in respect of the benefits due under the Schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

During 2021-22, GAD completed a formal funding valuation of the Schemes as at 31 March 2020. This determined that an increase in employer contribution rates should be introduced from 1 April 2022. There have been no changes in contribution rates for the 2025-26 year.

The following table presents the current employer contribution rates for active members, which were applied from 1 April 2022.

UKAEA	21.5%
CNC	20.7%
Ex-BNFL	21.9%
SERC	17.0%

Due to the planned closure of the schemes and move to the civil service scheme 'alpha', referenced on page 6, there will not be another full funding valuation as there is no need to determine contribution rates. All income will come from the Consolidated Fund and this will pay for benefits.

Benefits

The Schemes are final salary defined benefit schemes and provide the following benefits to its members:

- An annual pension of one-eightieth of the member's pensionable final earnings multiplied by the length of the member's reckonable service
- A lump sum of three-eightieths of the member's pensionable final earnings multiplied by the length of the member's reckonable service; and
- Benefits on ill-health retirement, death in service and death in retirement, including benefits to eligible spouses, civil partners and children

The funding arrangements are detailed in the section on the business, its objectives and strategy from page 1.

There were no changes to benefit structures during 2025-26.

Contributions

There were no changes in contribution rates for employees or employers. All contributions have been collected in accordance with the Rules.

Future plans: move to alpha

UKAEA have agreed with DESNZ, HM Treasury and the Cabinet Office that the UKAEA Pension Schemes will close to future accrual. Employees who were building up pension in these schemes will start building up pension in 'alpha', a career average pension scheme which forms part of the Civil Service Pension Schemes.

These changes are required following the publication of the Public Service Pension Act 2013. UKAEA received approval from HM Treasury for members affected by the provisions of the Public Service Pension Act 2013 to join alpha with effect from 1 April 2017 and preparations were made for this transfer.

In March 2017, the Chief Secretary to the Treasury took the view that, in light of an ongoing employment tribunal case and subsequent appeals (known as the 'McCloud' case), the Government should delay any impending moves to alpha, due to the extent of work required to remedy the McCloud case. As a result, there was no agreed date for a long time for the move to alpha. The Chief Secretary to the Treasury confirmed in January 2025 that the admission date for the move would be 1 October 2026.

On 1 June 2026 HM Treasury confirmed that the planned 1 October 2026 move date would be delayed, as the alpha scheme is not yet ready to take on UKAEA Pension Schemes employers. A new date is being reviewed and is expected to be confirmed by the end of July 2026.

The changes will only impact active members, with deferred and pensioner members remaining unaffected. Any benefits built up to date of move will remain in the UKAEA Pension Schemes, unless an individual chooses to transfer to them alpha. Members will have 12 months from starting in alpha to transfer benefits to alpha.

The main differences between the Combined Pension Scheme (currently open to new and existing members) and alpha are highlighted below.

Area	CPS	alpha
Basis of pension	Final salary	Average salary ('career average')
Accrual (how the pension builds up)	1/80th of final salary per year, plus lump sum	1/43rd of average salary per year, plus inflation, with no automatic lump sum
Employee contributions	8.2% for salaries over £21k	Between 4.65% and 8.05% depending on earnings
Employer contributions	17% - 21.5% (dependent on employer)	Waiting for latest valuation results
Normal Pension Age (unreduced pension age)	60 (other than 65 for a few members)	State Pension Age (likely to be 66-68 for most current members)

Membership Statistics

The tables below detail the number of members within the Schemes by employer and category:

Contributing Members	UKAEA ¹	CNC	Ex-BNFL	PHE	MoD	SERC	CPSWJ	Total
At 1 April 2025	2,080	1,681	565	-	-	4	3	4,333
Adjustment ²	(3)	(3)	-	-	-	-	-	(6)
New	374	208	3	-	-	-	-	585
Retirements	(36)	(44)	(28)	-	-	(1)	-	(109)
Deaths	-	(3)	(1)	-	-	-	-	(4)
Leavers	(118)	(99)	(20)	-	-	-	-	(237)
At 31 March 2026	2,297	1,740	519	-	-	3	3	4,562

Deferred Pensioners	UKAEA¹	CNC	Ex-BNFL	PHE	MoD	SERC	CPSWJ	Total
At 1 April 2025	2,326	768	3,740	160	2	6	1	7,003
Adjustment ²	(15)	(7)	(10)	-	-	-	-	(32)
New	70	45	120	-	-	-	-	235
Retirements	(169)	(18)	(328)	-	-	-	-	(515)
Deaths	(6)	(1)	(7)	(8)	-	-	-	(22)
Leavers	12	19	16	(1)	-	-	-	46
At 31 March 2026	2,218	806	3,531	151	2	6	1	6,715

Active deferred³	UKAEA¹	CNC	Ex-BNFL	PHE	MoD	SERC	CPSWJ	Total
At 1 April 2025	476	-	4,134	-	-	-	-	4,610
Adjustment ²	(3)	-	(50)	-	-	-	-	(53)
Retirements	(37)	-	(246)	-	-	-	-	(283)
Deaths	(1)	-	(7)	-	-	-	-	(8)
Leavers	(20)	-	(119)	-	-	-	-	(139)
At 31 March 2026	415	-	3,712	-	-	-	-	4,127

Pensioners	UKAEA¹	CNC	Ex-BNFL	PHE	MoD	SERC	CPSWJ	Total
At 1 April 2025	6,231	540	11,393	269	301	403	-	19,137
Adjustment ²	18	3	66	-	-	-	-	87
New	243	62	602	8	-	1	-	916
Deaths	(229)	(4)	(280)	(6)	(25)	(22)	-	(566)
At 31 March 2026	6,263	601	11,781	271	276	382	-	19,574

Dependants' Pensions	UKAEA¹	CNC	Ex-BNFL	PHE	MoD	SERC	CPSWJ	Total
At 1 April 2025	1,998	60	2,433	43	296	163	-	4,993
Adjustment ²	-	-	-	-	-	-	-	-
New	95	8	145	3	16	7	-	274
Deaths/ceased ⁴	(177)	(2)	(137)	(3)	(45)	(15)	-	(379)
At 31 March 2026	1,916	66	2,441	43	267	155	-	4,888

1. UKRI members are included in the UKAEA figures as they are part of the UKAEA sub-fund.
2. Adjustments relate to movements in members that were previously shown under a different category due to changes in membership type.
3. The NDA, established with effect from 1 April 2005, set up a new scheme, the Combined Nuclear Pension Plan (CNPP). The CNPP is the vehicle for pension provision for eligible members in the nuclear industry who were active members of the CPS. As eligibility for membership to the CPS ceased, individuals were invited to join the CNPP and had the opportunity to preserve their accrued benefits in the CPS and were not transferred to the CNPP. The preserved CPS benefits for these members are calculated using the same pensionable final earnings as applies to the calculation of the CNPP benefits, hence the "active deferred" category of members.
4. Dependants' Pension membership ceases when members are no longer eligible for Dependants' Pensions.

Schemes' records

Records are maintained in separate parts for UKAEA (including CNC and UKRI), Ex-BNFL (including INSL, NDA and NNL), and MoD to enable GAD to advise on the contributions to be made by the participating employers to the Schemes.

Defined contribution arrangements

In addition to allowing members to pay additional contributions to purchase added years of service within the defined benefit schemes, facilities exist for additional contributions to be made to two defined contribution schemes (the Additional Voluntary Contribution (AVC) scheme and the Shift Pay Pension Savings Plan (SPPSP). These are fully insured schemes administered by the Prudential Assurance Company Limited to whom contributions are paid. The benefits are paid separately from any Defined Benefit scheme benefits the member has accrued. The Schemes do not guarantee to meet any benefits due to members in the event that the providers of either the AVC scheme or the SPPSP fail to do so, once those benefits are in payment or become payable. The products of the AVC provider are covered by the Financial Services Compensation Scheme.

The AVC scheme is open to members of the Public Service Pension Schemes who have opted to pay additional voluntary contributions. No employer contributions are made to the AVC scheme.

The SPPSP is open to shift workers who are members of the Public Service Pension Schemes. Contributions to the SPPSP are directly linked to shift pay earnings with the employers contributing a percentage of pensionable shift pay salary equal to the percentage payable by them to the CPS.

Transactions relating to the AVC scheme and the SPPSP are presented in note 6.2 in these Combined Annual Accounts. The transactions are not reflected in the financial statements as separate accounts are prepared for these defined contribution arrangements.

The Schemes do not provide Free Standing AVCs or Stakeholder Pension arrangements.

Rule amendments

There were no rule amendments in the year. Rule changes relating to the closure of the CPS to future accrual will be made in the 2026-27 scheme year.

Pensions review

Under the Rules, benefits are increased by HM Treasury orders: currently this is based on the increase in the Consumer Price Index (CPI) as at the preceding September. The increase for 2025-26 was 1.7% (2024-25: 6.7%), applied in April 2025. The increase for 2026-27 is 3.8%, based on the September 2025 CPI.

Transfer values paid

Individual transfer values paid have been calculated using either ‘a cash equivalent method’, in accordance with the Pension Schemes Act 1995 or, for eligible members, a ‘mixed transfer’ method, in accordance with the Rules, where this was more favourable.

Where there has been a compulsory transfer of employment, group transfer values paid have been calculated with HM Treasury agreement using a “past service reserve” method. Under these arrangements, which are generally more favourable than “cash equivalent” transfers, account is taken of potential salary increases to the Schemes’ normal retirement age of 60 rather than price increases over the same period.

The impact of the court ruling in November 2020 on the equalisation of Guaranteed Minimum Pension (GMP) of Cash Equivalent Transfer Values (CETVs) paid to former members is currently under review with other public sector pension schemes. This is expected to only impact a small number of cases.

Premature retirements

The Rules provide for certain benefits to be paid to members retiring early. These benefits may include a lump sum and annual payments until the Schemes’ normal retirement age. The annual payments are not chargeable to the Schemes’ Combined Annual Accounts and are fully funded by the appropriate participating employer.

The extent of activity for the Schemes under the above arrangements, for all participating employers, is shown in the following table:

	2025-26	2024-25
	£000	£000
Amount due from employers at 1 April	(101)	(99)
Received from employers during year	7,314	7,047
Paid to members during year	(7,475)	(7,664)
Repaid to employers during year	182	615
Amount due from employers at 31 March	(80)	(101)

Lump sum compensation payments and other benefit payments that are paid directly by participating employers to members retiring early are excluded from the above figures.

Financial review

Combined Statement of Comprehensive Net Expenditure:

Income:

Income increased from £63,544k in 2024-25 to £69,851k in 2025-26. This was due to increases in contributions receivable of £5,995k, and transfers in of £312k. This was driven by an increase in the number of contributing members, from 4,333 at 31 March 2025 to 4,562 at 31 March 2026.

Expenditure:

Overall expenditure for the year was £328,130k (2024-25: £321,977k), £6,153k higher than the prior year. This was largely due to an increase in service cost of £3,542k, and an increase in the pension financing cost of £2,362k (see explanation below).

The service cost, which equates to the sum of the current and past service costs, increased by £3,542k (table 1.1). There were no events that gave rise to a past service cost in 2024-25 or 2025-26, hence this movement is fully attributable to an increase in current service cost. The increase is largely due to the real discount rate in excess of long-term pay increasing from 1.45% as applied for 2024-25, to 1.65% for 2025-26.

The increase in pension financing cost (also referred to as the interest cost) of £2,362k is largely driven by the increase in the nominal discount rate applied, from 5.15% p.a. in 2024-25 to 5.6% p.a. in 2025-26.

Table 1.1 – Service cost

	2025-26 £000	2024-25 £000	Change +/- £000
Service cost	54,476	50,934	+3,542
made up of:			
Current service cost	54,476	50,934	+3,542

Combined Statement of Financial Position:

Net current assets/(liabilities), excluding pension liability:

Net current liabilities decreased by £121k between 31 March 2025 and 31 March 2026, from -£328k at 31 March 2025 to -£207k at 31 March 2026. This is due to a reduction in cash of £15,546k, offset by a reduction in payables of £15,264k and an increase in receivables of £403k. The reduction in cash is due to a reduction in amounts issued from the Consolidated Fund for Supply but not spent at year end of £15,546k, which also drives a corresponding reduction in the payable balance. The increase in receivables is due to an increase in contributions outstanding at year end.

Non-current liabilities:

The overall Schemes' pension liability at 31 March 2026 was £5,147,380k, a decrease of £223,038k from 31 March 2025. The main factor in the reduction of the actuarial liability was an overall actuarial gain of £239,392k as at 31 March 2026. This was due to the net effect of:

- A change in financial assumptions, resulting in a gain of £365,865k
- A change in demographic assumptions, resulting in a gain of £216k
- An experience loss of £47,647k, due to higher than expected pension and pensionable pay increases
- A change in mortality assumptions, resulting in a loss of £79,042k

The value of benefits payable reduced by £3,737k compared to 2024-25 (table 1.2). This is due to a reduction of £6,221k in commutations and lump sum benefits on retirement, and a reduction of £701k in death in service benefits. These are offset by an increase of £3,185k in pensions or annuities to retired employees and dependants. The reduction in commutations and lump sum benefits, and death in service benefits, are due to a lower number of high value

payments in 2025-26 compared to 2024-25. The increase in pensions or annuities to retired employees and dependants is due to the annual increase in the value of benefits and changes in the profile of pensioners and dependants. The number of pensioners and dependants increased by 332 during the year, from 24,130 at 31 March 2025 to 24,462 at 31 March 2026.

Table 1.2 – Value of benefits payable (see Note 10.5)

	2025-26 £000	2024-25 £000	Change +/- £000
Benefits payable	310,901	314,638	-3,737

Statement of Outturn against Parliamentary Supply:

The Outturn shows a £31,220k saving compared with the Parliamentary Supply Estimate. This is largely due to the net effect of the pension financing cost being £26,766k lower than estimate, service cost being £3,813k lower and enhancements being £118k lower. Employee and employer contributions were £1,666k higher than estimate.

In respect of the Net Cash Requirement, the Outturn compared with the Estimate shows a £49,214k saving. This is the result of the Supply Estimate including a prudent forecast of benefits, contributions, transfers in and lump sum and pension expenditure.

The financial statements and accompanying notes on pages 39 to 57 provide further details of the Schemes' income and expenditure.

Events after the reporting period

Note 14 provides details of the events after the reporting period.

Supplementary information available to members

Information regarding the provisions of the Schemes can be found at:

<https://myukaeapension.equiniti.com/>. Copies of the Schemes' Combined Annual Accounts are available on www.gov.uk/official-documents.

Actuarial position, actuary's valuation and statement

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 Government Financial Reporting Manual (FReM) requires that "the period between formal actuarial valuations shall be four years, with approximate assessments in intervening years".

GAD completed a formal funding valuation of the Schemes as at 31 March 2020 during 2021-22. The results of this formal funding valuation have been used to determine the future contribution rates for the Schemes, which has been applied from 1 April 2022. Details are included in the section on Valuation of the Schemes on page 5.

For 2025-26, employer contribution rates have been set based on actuarial valuation calculations using membership data as at 31 March 2020. However, the liability recognised in these financial statements has been assessed as at 31 March 2026 by rolling forward the liability as at 31 March 2024 (based on membership data as at 31 March 2024) to 31 March 2026 to reflect known changes.

Approximate actuarial assessments in intervening years between formal funding valuations using updated membership data are accepted as providing suitably robust figures for financial reporting purposes. In undertaking this valuation, the methodology prescribed in IAS 19 Employee Benefits, relevant FReM interpretations and the discount rate prescribed by HM Treasury have also been used.

The Report of the Actuary, based on the position as at 31 March 2026, confirmed the Schemes' liabilities were £5,147m discounted at a real rate of 2.4% under the Rules at the date of the valuation (31 March 2025: £5,370m discounted at a real rate of 2.45%). The Report of the Actuary is reproduced on pages 14 to 20.

Auditors

These financial statements have been audited by the Comptroller and Auditor General (C&AG) whose opinion is expressed on pages 33 to 38. The notional cost of the audit for 2025-26 is £54,886 (2024-25: £52,376). The audit fee is classified as an administration cost (rather than programme) and is therefore borne on the DESNZ Vote.

Disclosure of Audit Information

As far as I am aware, there is no other relevant audit information of which the Schemes' auditors are unaware. 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 the Schemes' auditors are aware of that information.

I confirm that the Combined Annual Accounts as a whole are fair, balanced and understandable. I take personal responsibility for the Combined Annual Accounts and the judgments required for determining that they are fair, balanced and understandable.



Jonathan Brearley

Permanent Secretary and Principal Accounting Officer

13 July 2026

Report of the Actuary

United Kingdom Atomic Energy Authority (“UKAEA”)

- Combined Pension Scheme
- Principal Non-Industrial Superannuation Scheme
- Protected Persons Superannuation Scheme

Accounts for the year ended 31 March 2026

Introduction

1. This statement has been prepared by the Government Actuary’s Department (GAD) at the request of the UK Atomic Energy Authority (UKAEA). It provides a summary of GAD’s assessment of the scheme liability in respect of the UKAEA Pension Schemes (the “scheme”) as at 31 March 2026, and the movement in the scheme liability over the year 2025-26, prepared in accordance with the requirements of Chapter 12 of the 2025-26 version of the Financial Reporting Manual.
2. The scheme is a defined benefit scheme providing pension and lump sum benefits on retirement, death and resignation. The scheme is wholly unfunded. We are not aware of any informal practices operated within the scheme which lead to a constructive obligation.
3. The assessment has been carried out by calculating the liability as at 31 March 2024 based on the data provided as at 31 March 2024 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 2024 used to prepare this statement.

Table A1 – Active members

	Number	Total pensionable pay* (p.a.) £ million
Males	3,055	144.3
Females	1,048	46.5
Total	4,103	190.8

* Pensionable pay is the full-time equivalent figure.

Table A2 – Active-Deferred members

	Number	Total pensionable pay* (p.a.) £ million
Males	3,620	216.3
Females	1,392	79.7
Total	5,012	296.0

* Pensionable pay is the full-time equivalent figure.

Table B – Deferred members

	Number	Total deferred pension* (p.a.) £ million
Males	5,180	24.6
Females	2,130	9.6
Total	7,310	34.2

* Pension amounts include the pension increase granted in April 2024.

Table C – Pensions in payment

	Number	Annual pension* (p.a.) £ million
Males	13,945	197.9
Females	4,598	31.5
Spouses and dependants	5,291	39.3
Total	23,834	268.7

* Pension amounts include the pension increase granted in April 2024.

Methodology

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

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

Assumption	31 March 2026 p.a.	31 March 2025 p.a.
Nominal discount rate	5.60%	5.15%
Rate of increase in CPI inflation (informing increases to pensions in payment, deferred pensions and CARE revaluation)	2.55%	2.65%
Rate of general pay increases	3.30%	3.40%
Rate of short-term general pay increase:		
• UKAEA/UKFE members	3.00%	5.00%
• All other active & active deferred members	5.00%	5.00%
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, and remain unchanged for these accounts. The PES assumptions reflect market conditions at the previous 30 November and are typically not amended for any changes between November and the accounting date.
9. The long-term salary assumption is set by UKAEA, having taken actuarial advice, and is intended to be an average over the future careers of scheme members, with a recognition that increases in any particular year may be lower or higher than the assumption. The assumption allows for lower short-term forecasts from the Office for Budget Responsibility (relative to CPI inflation).
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 (such as ONS data). The table refers to the standard mortality tables prepared by the Continuous Mortality Investigation (part of the Actuarial Profession) known as the ‘S4 tables’ with the percentage adjustments to those tables derived with reference to scheme experience.

Table E – Post-retirement mortality assumptions

Baseline mortality	Standard table	Adjustment
Normal Health		
BNFL Males	S4NMA_H	76%
Non-BNFL Males	S4NMA_M	86%
Females	S4NFA_H	86%
Current ill health pensioners		
Males	S4IMA	100%
Females	S4IFA	100%
Future ill-health pensioners		
Males	S4IMA	100%
Females	S4IFA	100%
Partners		
Males	S4NMA	100%
Females	S4DFA	96%

13. These assumptions in Table E above, and the other demographic assumptions such as commutation and family statistics, are in line with those proposed as the scheme’s best estimates, following our analysis of the scheme’s experience over 2020-2024. More information is set out in our note “Assumptions analysis 2020-2024” dated 13 March 2026. Note that the accounts as at 31 March 2025 were based on the assumptions adopted for the 2020 valuation; the impact of the changes in life expectancies is included in the changes in the demographic assumptions shown in Section 3.
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 has recently published 2024-based projections. 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 factors¹ were updated in 2023-24, and remain in force throughout the whole of the 2025-26 reporting period. Consistent with the accounts calculations as at 31 March 2025, these have been allowed for in calculating the accounting position as at 31 March 2026.

16. Our advice on the selection of assumptions can be found in our assumptions 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 16. The corresponding figures for the previous year are shown for comparison.

Table F – Statement of Financial Position

	31 March 2026 £ thousand	31 March 2025 £ thousand
Total market value of assets	nil	nil
Value of liabilities	5,147,380	5,370,418
(Deficit)	(5,147,380)	(5,370,418)
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 24.3% 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. A current service cost below (or above) the total contribution rate does not indicate that employers and employees have collectively paid contributions more (or less) than the costs of benefits accrued during the year. Members contributed between 5.0% and 10.7% of pensionable pay, depending on the level of their pay and scheme section. The actual employer contribution rate was determined as part of a funding valuation using different assumptions. Table G shows the employer and employee contributions during the year 2025-26 as a percentage of pensionable pay and compares the total contributions with the current service cost assessed for the 2025-26 accounts.

1. [Updated actuarial factors - GOV.UK](#)

Table G – Contribution rate

	2025-26 % of pay	2024-25 % of pay
Employer contributions (excluding expenses)	21.3%	21.3%
Employee contributions (average)	8.2%	8.2%
Total contributions	29.5%	29.5%
Current service cost (expressed as a % of pay)	24.3%	25.9%

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 £224,182 thousand (derived from contributions payable by employers over the year). Based on this information, the accruing cost of pensions in 2025-26 (at 24.3% of pay) is assessed to be £54,476 thousand.

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.

Sensitivity analysis

24. 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.

25. 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.

26. 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.	- 6.0%	- £309 million
(ii) (long-term) earnings increase*:	+0.5% p.a.	+ 1.0%	+ £52 million
(iii) inflationary (CPI) increases*:	+0.5% p.a.	+ 5.5%	+ £283 million
Demographic assumptions			
(iv) additional 1 year increase in life expectancy at retirement		+ 3.5%	+ £180 million

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

The discount rate sensitivity has been estimated as c.13 years as at the underlying data date.

COVID-19 and climate change

27. 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.

28. 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.

Joanne Rigby FIA C.Act

Government Actuary's Department

22 June 2026

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Department for Energy Security and Net Zero (DESNZ) to prepare for each financial year a statement of accounts for the United Kingdom Atomic Energy Authority (UKAEA) Pension Schemes 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 state of affairs of the UKAEA Pension Schemes and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

HM Treasury has appointed the Permanent Secretary of DESNZ as Accounting Officer of the UKAEA Pension Schemes. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the UKAEA Pension Schemes' assets, are set out in *Managing Public Money* published by HM Treasury.

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

Governance Statement for the United Kingdom Atomic Energy Authority Pension Schemes 2025-26

Scope of responsibility

As Accounting Officer for the United Kingdom Atomic Energy Authority (UKAEA) Pension Schemes (the Schemes) I have responsibility for maintaining a sound system of governance, risk management and internal control that supports the achievement of the Schemes' policies, aims, and objectives and for safeguarding the public funds and departmental assets for which, as Accounting Officer and Permanent Secretary for DESNZ I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

The Chief Executive and Accounting Officer of UKAEA (a partner organisation of DESNZ) is responsible for the management and administration of the Schemes on my behalf under the terms of a Management Framework between UKAEA and DESNZ, and for the maintenance and operation of the governance framework in that body.

The administration of the Schemes has been carried out by Paymaster (1836) Ltd, a subsidiary of Equiniti Group plc under contract to UKAEA since 1 April 2018.

UKAEA disburses pensions and other payments and collects pension contributions and other income with the approval of DESNZ, which in turn ensures that funds are provided to meet the net cash outflow on pensions. DESNZ prepares the Combined Annual Accounts which combines the financial information for the Schemes. Thus, the governance framework over the Schemes in operation in UKAEA and DESNZ is relevant to these Combined Annual Accounts.

There have been no items that have been brought to my attention as part of the quarterly review cycle or any matters that deviate from the accounts direction for the financial year.

The Governance Framework

UKAEA

The UKAEA Audit and Risk Assurance Committee maintain oversight of the Schemes on my behalf and provide me with assurance on the quality of the Combined Annual Accounts, governance, risk management and internal control arrangements as they affect the Schemes.

In order to strengthen pensions governance, the UKAEA Group Executive Committee approved the creation of a Pensions Oversight Board in March 2024. The Board, made up of Chief Financial Officer (chair), Head of Pensions (vice-chair), Financial Controller and People Director, is designed to give the other governing fora greater assurance that the management and operation of the Schemes is working as expected.

UKAEA holds quarterly meetings with DESNZ officials. Due to the creation of the Pensions Oversight Board, to avoid duplication of governance these meetings are more informal.

More details can be found in the 'Governance forums' section below. Details on UKAEA's overall governance framework can be found in UKAEA's Annual Report and Accounts.

DESNZ

The DESNZ Departmental Board provides collective strategic leadership of DESNZ with responsibility for performance, risk and delivery including appropriate oversight of partner organisations, including UKAEA.

More details on the DESNZ governance framework can be found in the DESNZ Annual Report and Accounts.

Governance Responsibilities

The Management Framework between DESNZ and UKAEA sets out the responsibilities that each have in respect of the funding, management and administration of the Schemes and incorporates a framework for the management of risks and maintaining a sound system of internal control. The Management Framework was reviewed during 2022-23 and is currently under review. It sets out governance responsibilities.

In addition to the oversight function described above, UKAEA is responsible for managing and administering the Schemes properly and efficiently within the terms of the Rules and relevant legislation, handling Schemes' finances with propriety, consistent with the requirements of Government Accounting, accounting to DESNZ each month for the application of cash used and operating an effective system of internal controls and risk management in respect of these responsibilities.

In addition to the strategic responsibility described above, DESNZ is responsible for reporting to Parliament on the resource and cash requirements for the Schemes, preparing the annual Resource Account for the Schemes, and arranging for external audit of the Combined Annual Accounts, ensuring that the resource and cash requirement for each year is consistent with the relevant Parliamentary Supply Estimate, operating an effective system of internal controls and risk management in respect of these responsibilities.

Governance Forums

The Pensions Oversight Board, established in March 2024, covers a range of areas, including operational performance; risks; finances; legislative and Rules changes; the move to alpha; engagement; and audit. The Pensions Oversight Board acts as the Scheme Manager on behalf of the UKAEA Board and Group Executive Committee, giving assurance that the scheme is being managed effectively.

Any conflicts of interest by members are raised at the start of meetings. There were no conflicts of interest to declare during the year.

The Meeting between DESNZ and UKAEA is held on a quarterly basis. Due to the establishment of the Board, the quarterly UKAEA-DESNZ meeting is now held between the sponsorship team lead and head of pensions.

Participants at the annual Meeting include representatives from DESNZ'S Group Finance Team, Sponsor Team, and Financial Reporting Team, GAD and UKAEA. The NAO may attend as observers. The objectives of both the quarterly and annual meetings are:

- To identify, monitor and manage keys risks to the Schemes, DESNZ and UKAEA
- To give assurance to the Permanent Secretary of DESNZ that the Schemes are run effectively
- Strategy around long-term scheme funding and design

The establishment of the Board has allowed the UKAEA-DESNZ Meeting to hone the existing risk register so the focus is on risks which particularly affect DESNZ and the viability of the Schemes as a whole. The Board will provide additional assurance to the DESNZ Permanent Secretary via the UKAEA-DESNZ Meeting and the UKAEA Audit and Risk Assurance Committee (ARAC).

Meeting dates and attendance

Pensions Oversight Board

	Chief Financial Officer	Head of Pensions	Financial Controller	People Director
26 June 2025	X	X	X	X
4 September 2025	X	X	X	X
2 December 2025	X	X	*	X
6 March 2026	X	X	X	X

**The Financial Controller was unable to attend the December 2025 meeting but sent a deputy and had no areas of concern to raise on the papers or the subsequent minutes.*

ARAC

	Chair	Non-Executive Director	Non-Executive Director
3 July 2025	X	X	X
15 October 2025	X	X	X
15 December 2025	X	X	X
12 March 2026	X	X	X

UKAEA-DESNZ

The UKAEA-DESNZ meeting is now held between the Head of Pensions and DESNZ sponsorship policy lead. All four quarterly meetings have been held.

Reporting and Data Quality

The Pensions Oversight Board receives and reviews a quarterly report on scheme performance. A summary report is then made to the UKAEA Group Executive Committee on an annual basis, highlighting key findings, statistics, change projects and trends. This is the principal forum for pension scheme management.

Any relevant issues or changing risks are escalated to the UKAEA Group Executive Committee or the UKAEA Audit and Risk Committee. As yet there have been no issues or risks escalated to either forum.

The reports provided to the Pensions Oversight Board and other forums were judged to be of a good quality, as was information provided to ARAC. This was based on the clarity in the information provided and the explanations for changes and trends, as well as the absence of any known issues. Decisions and actions are also captured at all three forums, allowing for tracking and monitoring of progress. Internal and external audits are also used to identify any issues with data and reporting.

Key reporting themes in the forums were:

Area	Highlights
Knowledge and understanding	Several training sessions have been held, including on how the scheme works and the membership breakdown of the scheme.
The move to alpha	There is a dedicated recurring item at the board on the move to alpha, tracking communications and engagement, legal changes, employer readiness and risks.
ESOG and ORA	The Board completed its first Own Risk Assessment (ORA), reviewing its Effective System of Governance. The Board found that the risks were as expected and the controls were proportional.

Ministerial directions

There were no ministerial directions in the year, or post year end.

Paymaster (1836) Ltd

Since 1 April 2018, administration of the Schemes is carried out by Paymaster (1836) Ltd, also known as Equiniti, under contract to UKAEA. This contract sets out the various requirements and service levels expected. UKAEA receives monthly snapshots and quarterly stewardship reports from Paymaster (1836) Ltd and holds monthly meetings with Paymaster (1836) Ltd to discuss any ongoing operational issues and agree priorities for work. Paymaster (1836) Ltd have completed the actions arising from these meetings to UKAEA's satisfaction.

Risk Management

The risk management process for the Schemes operates through the initial identification of risks against the Schemes' objectives. These risks are then evaluated in terms of impact and probability to determine the key risks inherent to the Schemes. Consideration is then given to the controls in place to manage each risk and how effective they are in mitigating the risk. This establishes the level of residual risk and enables management to determine what further action is required to manage the risk. Ownership for each risk is then assigned to named individuals who will report on progress in managing the risk when the risk register is reviewed at each governance meeting. Assurance is obtained through regular management reviews and periodic internal audits of the Schemes. There were no significant lapses of data security during this financial year to report.

A risk register agreed at the UKAEA-DESNZ Meeting and utilised by the Pensions Oversight Board operated throughout the year and contains both the key strategic and operational risks, listed below. UKAEA also maintains a more granular risk register which feeds into this one.

- The correct funding is in place to cover future benefit payments and the increase in employer contributions after the move to alpha
- The move to alpha is executed correctly
- There is correct budget management and procurement exercises
- Internal controls, including cyber controls, are effective
- The Schemes comply with legislation, and
- Reputational risk is identified and managed

Mitigating actions have been put in place to manage the above risks and progress on these has been monitored during the course of 2025-26.

Reporting of Personal Data Related Incidents

The UKAEA Pension Schemes reported one incident of the loss of any “Protected Personal Data” to the Information Commissioner’s Office in 2025-26 (zero in 2024-25). This was in respect of Shift Pay Pension statements wrongly sent to members by Prudential. The incorrect statements were recovered, destroyed and reissued to the correct members.

The Information Commissioner’s Office reviewed and closed the case with no penalties or further actions.

There were no reportable “Other Protected Personal Data” incidents in 2025-26 (or prior years) such as the loss of inadequately protected or insecure disposal of electronic equipment, devices or paper documents from secured Government premises, or any other reportable unauthorised disclosure.

UKAEA continues to monitor and assess its information risks to identify and address any weaknesses and ensure continuous improvement of its systems.

Virgin Media legal case

Following an initial review, the UKAEA does not believe it is directly impacted by the Virgin Media case. This is because the case concerns the Reference Scheme Test in the Pension Schemes Act 1993. This test is designed to ensure that contracted-out benefits are no worse than the State Second Pension. As such, Scheme Management would expect only items that negatively modify benefits in some way to be affected (e.g. higher normal pension age or lower pension increases).

As the UKAEA Pension Schemes are unreformed final salary schemes, there has been no change to Normal Pension Age (60), pensionable salary definition, accrual rate, introduction of career average or capping of indexation and revaluation of benefits (which always set by Treasury Orders). We will continue to monitor the Government’s ongoing response to the case.

Internal Audit

An internal audit review on Equiniti processes and UKAEA payroll processes was completed in 2024-25, with a 'moderate' rating. The internal audit found generally good controls, but with a need to improve some elements of the recording and monitoring of tasks and the reporting of information. These improvements have now been made.

Guaranteed Minimum Pension (GMP) Reconciliation and Equalisation

Some members have an element of their pension known as 'GMP'. This portion of the pension was built up as an alternative to building up extra state pension. It is therefore subject to different rules and increases compared to the standard pension under the scheme.

Due to historic court rulings, most notably the 'Barber' judgement in 1990, pension schemes with GMP have to undertake a number of actions to update and amend GMPs. This includes reconciling data back to HMRC records and 'equalising' benefits between men and women (required under the Barber judgment).

GMP Reconciliation was completed in 2024-25. This included a correction of overpaid pensions, with affected members being notified. Work is underway to start the next phase of work, known as 'Equalisation'. This will commence once Government has provided guidance for public sector schemes, but it is unknown when this will be provided.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of governance, risk management and internal control. My review of the effectiveness is informed by the work of the internal auditors and the executive managers within DESNZ and UKAEA who have responsibility for the development and maintenance of the risk management and internal control framework for the Schemes; and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the UKAEA Audit and Risk Assurance Committee and mechanisms are in place to ensure continuous improvement of the system is in place. The effectiveness of the governance frameworks in operation more generally in UKAEA and DESNZ are reflected in the respective Governance Statements of these organisations.

My review has provided me with assurance that the system of governance risk management and internal control in operation for the Schemes has operated satisfactorily during 2025-26.



Jonathan Brearley

Permanent Secretary and Principal Accounting Officer

13 July 2026

Statement of Outturn against Parliamentary Supply

(audited information)

In addition to the primary statements prepared under the International Financial Reporting Standards (IFRS), the *Government Financial Reporting Manual (FReM)* requires the UKAEA Pension Schemes to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

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

The format of the SOPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final Outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so Outturn will not exactly tie to cash spent) and administration.

The supporting notes detail the following:

- Outturn by Estimate line, providing a more detailed breakdown (SOPS 1.1)
- A reconciliation of Outturn to Net Operating Expenditure (SOPS 2)
- A reconciliation of Outturn to Net Cash Requirement (SOPS 3)
- Analysis of Income payable to the Consolidated Fund (SOPS 4)

As the total resource Outturn in the SOPS is the same as the Net Expenditure in the Combined Statement of Comprehensive Net Expenditure, no separate reconciliation of outturn to net operating expenditure is required.

The SOPS provides a detailed view of the financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the Performance Report, provides a summarised discussion of Outturn against Estimate and functions as an introduction to the SOPS disclosures.

Summary tables – mirrors part 1 of the Estimates

(audited information)

Type of spend	SOPS Note	2025-26		2025-26		2025-26		2024-25
		Outturn		Estimate		Outturn vs Estimate, saving/(excess)		Outturn
		Voted	Total	Voted	Total	Voted	Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Annually Managed Expenditure (AME)								
Resource	SOPS 1	258,279	258,279	289,499	289,499	31,220	31,220	258,433
Capital		-	-	-	-	-	-	-
Total AME budget		258,279	258,279	289,499	289,499	31,220	31,220	258,433
Total Budget and Non Budget		258,279	258,279	289,499	289,499	31,220	31,220	258,433

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.

Net Cash Requirement 2025-26

Item	SOPS Note	2025-26	2025-26	2025-26	2024-25
		Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Outturn
		£'000	£'000	£'000	£'000
Net cash requirement	SOPS 3	242,046	291,260	49,214	251,593

Notes to the Statement of Outturn against Parliamentary Supply

(audited information)

SOPS 1. Outturn detail, by Estimate Line

SOPS 1.1 Outturn detail, by Estimate Line

Type of spend (Resource)	2025-26				2025-26			2025-26	2024-25
	Resource Outturn				Estimate			Outturn vs Estimate, saving/ (excess)	Outturn
	Programme			Total	Total	Virements	Total inc. virements		Total
	Gross	Income	Net						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Spending in Annually Managed Expenditure (AME)									
Voted expenditure									
Pensions, transfer values, repayment of contributions	328,130	(69,851)	258,279	258,279	289,499	-	289,499	31,220	258,433
Total voted AME	328,130	(69,851)	258,279	258,279	289,499	-	289,499	31,220	258,433
Total resource	328,130	(69,851)	258,279	258,279	289,499	-	289,499	31,220	258,433

There are no virements in the total Estimate columns. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk. The Outturn vs Estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

SOPS 2. Reconciliation of Outturn to Net Operating Expenditure

The total resource outturn in the SOPS is the same as net operating expenditure in the Statement of Comprehensive Net Expenditure (SoCNE) so no reconciliation to net operating expenditure is required.

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

Item	Reference	2025-26 Outturn Total £'000	2025-26 Estimate £'000	2025-26 Outturn vs Estimate, saving/ (excess) £'000	2024-25 Outturn Total
Total Resource Outturn	SOPS 1	258,279	289,499	31,220	258,434
<i>Adjustments to remove non-cash items:</i>					
New provisions and adjustments to previous provisions		(328,013)	(359,909)	(31,896)	(321,758)
<i>Adjustments to reflect movements in working balances:</i>					
(Decrease)/increase in receivables	7	403	-	(403)	690
(Increase)/decrease in payables	9	(282)	10,000	10,282	(760)
Use of provisions	10.4	311,659	351,670	40,011	314,987
Total		(16,233)	1,761	17,994	(6,841)
Net cash requirement		242,046	291,260	49,214	251,593

As noted in the introduction to the SOPS above, Outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the Resource and Capital Outturn to the Net cash requirement.

SOPS 4. Analysis of income to the Consolidated Fund

As the department does not collect income as an agent of the Consolidated Fund, SOPS Note 4 is not required.

Parliamentary Accountability Disclosures (audited information)**Regularity of expenditure**

The following two sections are included to satisfy parliamentary reporting and accountability requirements and are subject to audit:

Losses and special payments

There are no losses or special payments, individually or in aggregate in excess of £300,000 which would require separate disclosure during the year to 31 March 2026 (2024-25: nil), or that have been recognised since that date.

Remote contingent liabilities

There are no material remote contingent liabilities.

A handwritten signature in black ink, appearing to read 'JBearley', written in a cursive style.

Jonathan Brearley

Permanent Secretary and Principal Accounting Officer

13 July 2026

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the United Kingdom Atomic Energy Authority Pension Schemes (the Schemes) for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000.

The Schemes' financial statements comprise the combined:

- 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 combined financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- 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 Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2026 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024) and Practice Note 15 Audit of occupational pension schemes in the UK. 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 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 parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- 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 Government Resources and Accounts Act 2000;
- preparing the annual report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; 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 Government Resources and Accounts Act 2000.

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, key performance indicators and performance incentives;
- inquired of management, the Schemes' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Schemes' policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Schemes' controls relating to the Schemes' compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- inquired of management, the Department's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud; and
 - 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, 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 Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2026, Public Service Pensions Act 2013, regulations set by The Pensions Regulator and Atomic Energy Authority Act 1954. I considered the control environment in place at the Schemes, the administrator and the Schemes' actuary, in respect of membership data, the pension liability, contributions due 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 Audit and Risk Committee and legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; 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; and
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital),

Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

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

14 July 2026

Comptroller and Auditor General

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

Combined Statement of Comprehensive Net Expenditure for the year to 31 March 2026

	Note	2025-26	2024-25
		£'000	£'000
Principal Arrangements – UKAEA Pension Schemes			
Income			
Contributions receivable	2	(66,760)	(60,765)
Transfers in	4	(3,091)	(2,779)
Total Income		(69,851)	(63,544)
Expenditure			
Service cost	3	54,476	50,934
Enhancements		322	283
Transfers in	4	3,091	2,779
Pension financing cost	5	270,124	267,762
Other expenses		117	219
Total Expenditure		328,130	321,977
Net Expenditure		258,279	258,433
Other Comprehensive Net Expenditure			
Pension re-measurements:			
- Actuarial gain	10.7	(239,392)	(15,503)
Total Comprehensive Net Expenditure		18,887	242,930

Notes 1 to 14 form part of these Accounts.

Combined Statement of Financial Position

as at 31 March 2026

	Note	31 March 2026	31 March 2025
		£'000	£'000
Principal Arrangements – UKAEA Pension Schemes			
Current assets:			
Receivables	7	5,631	5,228
Cash and cash equivalents	8	18,561	34,107
Total current assets		24,192	39,335
Current liabilities:			
Payables	9	(24,399)	(39,663)
Total current (liabilities)		(24,399)	(39,663)
Net current (liabilities), excluding pension liability		(207)	(328)
Non-current liabilities			
Pension liability	10.4	(5,147,380)	(5,370,418)
Net liabilities, including pension liabilities		(5,147,587)	(5,370,746)
Total net liabilities		(5,147,587)	(5,370,746)
Taxpayers' equity:			
General fund		(5,147,587)	(5,370,746)
Total taxpayers' equity		(5,147,587)	(5,370,746)

Notes 1 to 14 form part of these Accounts.



Jonathan Brearley
Permanent Secretary and Principal Accounting Officer

13 July 2026

Combined Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2026

	Note	31 March 2026	31 March 2025
		£'000	£'000
Balance at 1 April		(5,370,746)	(5,379,409)
Net Parliamentary Funding – drawn down		226,500	269,742
Net Parliamentary Funding – deemed		34,107	15,957
Supply payable adjustment		(18,561)	(34,107)
Net Expenditure for the year		(258,279)	(258,432)
Actuarial gain	10.7	239,392	15,503
Net change in taxpayer's equity		223,159	8,663
Balance at 31 March		(5,147,587)	(5,370,746)

Combined Statement of Cash Flows

for the year ended 31 March 2026

	Note	2025-26	2024-25
		£'000	£'000
Cash flows from operating activities			
Net Expenditure for the year		(258,279)	(258,433)
<i>Adjustments for non-cash transactions</i>			
(Increase)/decrease in receivables		(403)	(690)
Increase/(decrease) in payables – pensions		(138)	206
Increase/(decrease) in payables – other payables		(15,126)	18,703
Less movements in payables relating to items not passing through the Combined Statement of Comprehensive Net Expenditure		15,546	(18,149)
Movement in pension liability: service and finance cost	10.4	324,600	318,696
Movement in pension liability: enhancements and transfers in	10.4	3,413	3,062
Movement in pension liability: benefits paid	10.5	(310,098)	(313,134)
Movement in pension liability: refunds and transfers	10.6	(758)	(350)
Movement in pension liability: death in service	10.5	(803)	(1,504)
Net cash outflow from operating activities		(242,046)	(251,593)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		226,500	269,742
Net financing		226,500	269,742
Net increase/(decrease) in cash and cash equivalents in the period		(15,546)	18,149
Cash and cash equivalents at the beginning of the period	8	34,107	15,958
Cash and cash equivalents at the end of the period	8	18,561	34,107

Notes 1 to 14 form part of these Accounts.

Notes to the Financial Statements

Note 1 Statement of accounting policies

The accounting policies contained in the *Government Financial Reporting Manual (FReM)* issued by HM Treasury follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate in the public sector context.

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

1.1 Basis of preparation of the Schemes financial statements

The financial statements of the Schemes have been prepared in accordance with the relevant provisions of the 2025-26 *FReM* issued by HM Treasury. The accounting policies contained in the *FReM* apply IFRS as adapted or interpreted for the public sector. IAS 19 *Employee Benefits* and IAS 26 *Accounting and Reporting by Retirement Benefit Plans* are of particular relevance to these statements.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Schemes to prepare an additional statement – a *Statement of Outturn against Parliamentary Supply*. This statement, and its supporting notes, show Outturn against Estimate in terms of the net resource requirement and the net cash requirement. The *Statement of Outturn against Parliamentary Supply* and its supporting notes are shown on pages 28 to 31.

1.2 New accounting standards adopted in the year

No new accounting standards have been adopted in the year.

1.3 UKAEA Pension Schemes

The UKAEA Pension Schemes are unfunded, defined benefit pay-as-you-go occupational pension schemes operated by the UKAEA Pension Schemes on behalf of members of the Schemes who satisfy the membership criteria. The Schemes were contracted out under the Pension Schemes Act 1993 and subsequent legislation. Under the terms of the Pensions Act 2014, the Schemes ceased to be contracted out from 31 March 2016.

Contributions to the Schemes by employers and employees are set at rates determined by the Schemes' Actuary and approved by the governing body. The contributions partially fund payments made by the Schemes, the balance of funding being provided by Parliament through the annual Supply Estimates process. The administrative expenses associated with the operation of the Schemes (with the exception of the notional cost of the audit) are borne by UKAEA and reported in UKAEA's financial statements and recovered from the participating employers in proportion to their membership. The audit fee is classified as an administration cost (rather than programme) and is therefore borne on the DESNZ Vote and reported in DESNZ's financial statements.

The financial statements of the Schemes show the combined financial position of the UKAEA Pension Schemes at the year end and the combined income and expenditure during the year. The Combined Statement of Financial Position shows the unfunded net liabilities of the Schemes; the Combined Statement of Comprehensive Net Expenditure shows, amongst other things, factors contributing to the change in the net liability analysed between the pension cost, enhancements and transfers in, and the interest on the Schemes liability. Further information about the actuarial position of the Schemes is dealt with in the Report of the Actuary, and the Schemes financial statements should be read in conjunction with that Report. The Report of the Actuary is reproduced on pages 14 to 20.

1.4 Pension contributions receivable

- 1.4.1 Employers' normal pension contributions are accounted for on an accruals basis.
- 1.4.2 Employers' special pension contributions are accounted for in accordance with the agreement under which they are paid.
- 1.4.3 Employees' pension contributions are accounted for on an accruals basis.

1.5 Transfers in and out

- 1.5.1 Transfers in are normally accounted for as both income and expenditure (representing the associated increase in the Schemes' liability) on a cash basis, although group transfers in may be accounted for on an accruals basis where the Schemes have formally accepted or transferred a liability.
- 1.5.2 Transfers out are normally accounted for as a decrease in the Schemes' liability on an accruals basis.

1.6 Income received in respect of enhancements

Amounts receivable in respect of bringing forward the payment of accrued pension lump sums, and in respect of the capitalised costs of pension enhancement either at departure or at retirement, are accounted for as both income and expenditure (representing the associated increase in the Schemes' liability) on a cash basis.

1.7 Gain or loss on settlements or curtailments

A gain or loss on settlement or curtailment is recognised when there has been a significant reduction in the number of Schemes' members or when there is an amendment to the terms of the Schemes so that a significant element of future service by members will no longer qualify for benefits or will only qualify for reduced benefits. Gains or losses are recognised when they occur.

1.8 Other income

Other income, including refunds of gratuities, and overpayments recovered other than by deduction from future benefits, are accounted for on an accruals basis. To the extent that this income also represents an increase in the Schemes' liability, it is also reflected in expenditure.

1.9 Current service cost

The current service cost is the increase in the present value of the Schemes' liabilities arising from current members' service in the current period and is recognised in the Combined Statement of Comprehensive Net Expenditure. The cost is based on a discount rate at the start of the year of 2.40% real (i.e. 5.15% including CPI inflation) (2024-25: 2.45% real, i.e. 5.10% including CPI inflation).

1.10 Past service costs

Past service costs are increases in the present value of the Schemes' liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits. Past service costs are recognised in the Combined Statement of Comprehensive Net Expenditure on a straight line basis over the period in which increase in benefits vest.

1.11 Interest on Schemes' liabilities

The interest cost is the increase during the period in the present value of the Schemes' liabilities because the benefits are one period closer to settlement and is recognised in the Combined Statement of Comprehensive Net Expenditure. The interest cost is based on a discount rate (including inflation) at the start of the year, i.e. 5.15% (2024-25: 5.10%).

1.12 Other payments

Other payments are accounted for on an accruals basis.

1.13 Schemes' liability

Provision is made for liabilities to pay pensions and other benefits in the future. The Schemes' liability is measured on an actuarial basis using the projected unit method and is discounted at 2.95% real, i.e. 5.6% including inflation (2024-25: 2.40% real, i.e. 5.15% including inflation).

Full actuarial valuations by a professionally qualified actuary are usually obtained for accounting purposes at intervals not exceeding four years. The effective date of the full actuarial valuation underlying these accounts is 31 March 2020. There have been no changes for the 2025-26 financial year.

1.14 Benefits payable

- 1.14.1 Benefits payable are accounted for as a decrease in the Schemes' liability on an accruals basis.

1.15 Pension payments to those retiring at their normal retirement age

- 1.15.1 Where a retiring member of the Schemes has no choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the pension payment is accounted for as a decrease in the Schemes' liability on an accruals basis.
- 1.15.2 Where retiring members of the Schemes have a choice over the allocation of benefits receivable between the value of the lump sum and the annual pension, the pension payment is accounted for as a decrease in the Schemes' liability on a cash basis.

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

- 1.16.1 Where members of the Schemes are entitled only to a refund of contributions, the pension payment is accounted for as a decrease in the Schemes' liability on an accruals basis.
- 1.16.2 Where members of the Schemes have the option of receiving a refund of contributions or a deferred pension, the pension payment is accounted for as a decrease in the Schemes' liability on a cash basis.

1.17 Pensions payable

- 1.17.1 Pension payments are recognised as a current payable when the member is eligible for lump sum payments has returned a claim form but has not been paid by the end of the financial year.

1.18 Lump sums payable

- 1.18.1 Lump sum payments are recognised as a current payable when the member is eligible for lump sum payments, has returned a claim form but has not been paid by the end of the financial year.

1.19 Accrued lump sums

- 1.19.1 Accrued lump sums relate to members that took early retirement due to redundancy. On redundancy, these members received a lump sum payment and an ongoing pension, both of which were paid by the relevant employer. When these members reach 60 or 65, the Schemes are liable for payment of the ongoing pension, and the lump sum that these members are due from the Schemes on reaching 60 or 65 are paid directly to the employer by the Schemes (to prevent the member being paid twice).
- 1.19.2 Accrued lump sums are accounted for as a decrease in the Schemes' liability on an accruals basis.

1.20 Lump sums payable on death in service

- 1.20.1 Lump sum payments payable on death in service are accounted for on an accruals basis. They are a direct charge to the Schemes as they are not funded through the normal pension contributions.

1.21 Actuarial gains / losses

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

1.22 Additional Voluntary Contributions

Additional Voluntary Contributions (AVCs) are deducted from employees' salaries and are paid over directly by the employer to the approved AVC providers.

1.23 Significant estimates and judgements

- 1.23.1 The key estimates and judgements used in the preparation of the Schemes' financial statements relate to the valuation of the pension liability and these have been documented in full in the Report of the Actuary on pages 14 to 20 and Note 10.

1.24 Administration costs

- 1.24.1 The administration costs associated with the operation of the operation of the Schemes (with the exception of the notional cost of the audit) are borne by UKAEA and reported in UKAEA's financial statements and recovered from the participating employers in proportion to their membership.

1.25 Taxation where lifetime or annual allowance exceeded

- 1.25.1 Taxation arising on benefits paid or payable in respect of members whose benefits have exceeded the lifetime or annual allowance.
- 1.25.2 Taxation where lifetime or annual allowances are exceeded are accounted for on an accruals basis.

1.26 Accounting standards issued but not yet adopted and *FReM* changes for future years

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1 January 2027 in the private sector. The impact of IFRS 18 on the public sector is still being assessed, and a decision has not yet been taken on an implementation date.

1.27 Going concern

The Statement of Financial Position as at 31 March 2026 shows a pension liability of £5,147,380 (2024-25: £5,370,418). Other movements in the liability reflect the inclusion of liabilities falling due in the long-term, which are to be financed mainly by drawings from the Consolidated Fund. Such drawings will be grants of supply approved annually by Parliament to meet the UKAEA's pension benefits, which come into payment each year. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Schemes other than as required for the service of the specified year or retained in excess of that need. All monies, including those derived from pension contributions in excess of pensions benefits paid, are surrenderable to the Schemes. In common with other public service pension schemes, the future financing of the UKAEA's liabilities is to be met by future grants of supply and the application of future pension contributions, both to be approved annually by Parliament. Such approval for amounts required for 2025-26 has already been given. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Note 2 Contributions receivable

	2025-26	2024-25
	£'000	£'000
Employers	(47,923)	(43,720)
Employees:		
Normal	(18,543)	(16,753)
Purchase of added years	(294)	(292)
Contributions receivable	(66,760)	(60,765)

£33.4m contributions are expected to be payable to the Schemes in 2026-27. Employee contributions are expected to be £9.3m and employer contributions are expected to be £24.1m. Contributions are expected to reduce due to pending closure of the scheme to future accrual.

Note 3 Service cost

	2025-26	2024-25
	£'000	£'000
Current service cost	54,476	50,934
Service cost (see Note 10.4)	54,476	50,934

Note 4 Transfers in

	2025-26	2024-25
	£'000	£'000
Individual transfers in from other schemes	3,091	2,779
Transfers (see Note 10.4)	3,091	2,779

Note 5 Pension financing cost

	2025-26	2024-25
	£'000	£'000
Net interest on defined benefit liability	270,124	267,762
Pension financing cost (see also Note 10.4)	270,124	267,762

Note 6 Additional Voluntary Contributions**Note 6.1**

The Schemes provide for employees to make AVCs to increase their pension entitlements or to increase life assurance cover. Employees may arrange to have agreed sums deducted from their salaries for onward payment to one of the approved providers or may choose to make their own arrangements by making periodic payments to an insurance company or scheme institution. The responsibilities of the Managers of the Schemes extend only to ensuring that members' contributions are paid to the approved provider. These AVCs are not brought to account in the Schemes' statements or these Combined Annual Accounts. Members

participating in this arrangement and making contributions will receive annual statements from the approved provider confirming amounts held on their account and the movements in the year.

Note 6.2

The aggregate amounts of AVC investments are as follows:

	2025-26	2024-25
	£'000	£'000
Balance at 1 April	27,386	28,523
Adjustment to balances at 1 April	(1,058)	9
New investments	720	549
Sales of investments to provide pension benefits	(5,214)	(2,986)
Changes in market value of investments	3,933	1,291
Balance at 31 March	25,767	27,386

An adjustment was made to the opening balance for 2025-26. This was due to an amendment to the final contribution statement received after the 2024-25 accounts were published.

In the unlikely event of a default by the approved AVC provider, DESNZ has no liability to guarantee pension payments. Under UKAEA's arrangement with Prudential Assurance Company Ltd, the products of the AVC provider are covered by the Financial Services Compensation Scheme.

The market value for one of the AVC funds included in the above is an estimate based on the prior year value, as the updated valuation had not been produced by the investment manager at the time the accounts were laid before Parliament. The Scheme Manager is content that this does not materially misstate this disclosure note and is in line with previous years' practice when the fund value at 31 March has not been available.

Note 7 Receivables

	31 March 2026	31 March 2025
	£'000	£'000
Amounts falling due within one year:		
Pension contributions due from employers	4,070	3,827
Employees' normal contributions	1,539	1,379
Other receivables	22	22
Receivables at 31 March	5,631	5,228

Included within these figures is £nil (31 March 2025: £nil) that will be due to the Consolidated Fund once the debts are collected.

Note 8 Cash and cash equivalents

	31 March 2026	31 March 2025
	£'000	£'000
Balance at 1 April	34,107	15,958
Net change in cash balances	(15,546)	18,149
Cash and cash equivalents at 31 March	18,561	34,107

The following balances at 31 March were held at:

Government Banking Service	3,742	24,742
Commercial banks and cash in hand	14,819	9,365
Cash and cash equivalents at 31 March	18,561	34,107

Note 9 Payables

	31 March 2026	31 March 2025
	£'000	£'000
Amounts falling due within one year		
Pensions	-	(85)
Lump sums	(946)	(1,001)
HMRC and voluntary contributions	(4,890)	(4,470)
Overpaid contributions: employers	(2)	-
Amounts issued from the Consolidated Fund for Supply but not spent at year end	(18,561)	(34,107)
Payables at 31 March	(24,399)	(39,663)

Note 10 Pension liability**Note 10.1 Assumptions underpinning the pension liability**

The UKAEA Pension Schemes are a combination of three unfunded defined benefit Public Service Pension Schemes. Employer contribution rates have been set from 1 April 2024 onwards based on actuarial valuation calculations using membership data as at 31 March 2020. The amounts recognised in these financial statements have been prepared using full membership data as at 31 March 2020, such as would have been provided for a formal funding valuation and rolling this forward to 31 March 2026 to reflect known changes. GAD carried out an assessment of the liabilities of the Schemes as at 31 March 2026. The Report of the Actuary on pages 14 to 20 sets out the scope, methodology and results of the work GAD has carried out.

The Schemes' Managers together with GAD and the auditor have signed a Memorandum of Understanding that identifies, as far as practicable, the range of information that the Schemes' Managers should make available to GAD in order to meet the expected requirements of the Schemes' auditor. This information includes, but is not limited to, details of:

- Schemes' membership, including age and gender profiles, active membership, deferred pensioners and pensioners;
- Benefit structure, including details of any discretionary benefits and any proposals to amend the Schemes;

- Income and expenditure, including details of expected bulk transfers into or out of the Schemes; and
- Following consultation with GAD, the key assumptions that should be used to value the Schemes' liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

The key assumptions used by GAD were:

	31 March 2026	31 March 2025	31 March 2024	31 March 2023	31 March 2022
Rate of increase in salaries	3.30%	3.40%	3.55%	3.65%	4.15%
Rate of increase in pensions in payment and deferred pensions	2.55%	2.65%	2.55%	2.40%	2.90%
<i>Inflation assumptions</i>					
Nominal discount rate	5.60%	5.15%	5.10%	4.15%	1.55%
Discount rate net of price inflation ¹	2.95%	2.40%	2.45%	1.70%	(1.30%)
<i>Mortality rates at age 60</i>					
<i>Current retirements</i>					
Females	30.0	30.1	29.8	29.7	29.9
Males (BNFL)	27.3	27.0	27.1	27.1	27.4
Males (non-BNFL)	27.9	27.5	27.7	27.6	28.0
<i>Retirements in 20 years' time</i>					
Females	31.4	31.4	31.4	31.3	31.4
Males (BNFL)	29.0	28.5	28.9	28.8	29.1
Males (non-BNFL)	29.5	29.1	29.4	29.3	29.6

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. GAD uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the Schemes' liabilities. However, the Schemes' Managers acknowledge that the valuation reported in these Combined Annual 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.

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 *Employee Benefits*, the discount rate net of price inflation is based on yields on high quality corporate bonds. HM Treasury advise the relevant rate each year, based on the advice of GAD. The inflation assumption reflects the long-term assumption for the CPI used in HM Treasury forecasting. The rates are set out in the above table. Any decrease in the discount rate net of price inflation leads to a significant increase in the reported liability. Note 10.3 provides more detail on GAD's sensitivity analysis, and the impact that changes in the rates used in their assumptions can have on Scheme liabilities.

¹ Most pension benefits under the Schemes are increased in line with inflation. The Government continues to set pension increases based on the Consumer Price Index (CPI) measure of inflation. In accordance with the *FReM*, the liability at 31 March 2025 has been discounted at a real rate of 2.4%. The assumption data in the table are disclosed for comparative purposes and are rounded to two decimal places.

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

Note 10.2 Analysis of the pension liability

Assumption	31 March 2026	31 March 2025
Rate of return (discount rate)	5.60%	5.15%
Rate of earnings increases	3.30%	3.40%
Rate of future pension increases	2.55%	2.65%
Rate of return in excess of:		
Pension increases (CPI)	2.95%	2.40%
Earnings increases	2.20%	1.65%
Expected return on assets	n/a	n/a

	31 March 2026	31 March 2025	31 March 2024	31 March 2023	31 March 2022
	£'000	£'000	£'000	£'000	£'000
Active members (past service)	1,257,559	1,326,588	1,692,470	2,031,522	4,026,913
Deferred pensioners	593,632	627,187	817,117	933,774	1,578,303
Pensions in payment	3,296,189	3,416,643	2,869,564	2,867,608	3,808,660
Total pension liability	5,147,380	5,370,418	5,379,151	5,832,904	9,413,876

The Schemes' liabilities accrue over an employee's period 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 Schemes' pension liability, GAD 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.

The value of the pension 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 Managers of the Schemes accept that, as a consequence, the valuation provided by GAD is inherently uncertain. The increase or decrease in future pension liability charged or credited for the year resulting from changes in actuarial assumptions is disclosed in Note 10.7. The note also discloses "experience" gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

Note 10.3 Sensitivity analysis

The Schemes' Managers instruct GAD to provide a report of the scheme actuary for inclusion in these Combined Annual Accounts. Before commencing the work, GAD provided the Schemes' Managers with an Assumptions and methodology for accounts as at 31 March 2026 report, dated 13 March 2026. This report laid out the following:

- Introduction
- Recommended financial and demographic assumptions for the Scheme Managers to approve
- Recommended methodology for calculating the pension liability, current service cost, settlement or curtailment costs and past service cost and any other events over 2025-26
- Disclosures GAD will provide, including an illustration of the sensitivities of the past service liabilities to the assumptions on discount rate, long-term general pay increase, pension increase and life expectancy (post-retirement) assumptions as well as materiality limits relating to the Combined Annual Accounts; and
- Compliance and limitations

The Assumptions and methodology for accounts as at 31 March 2026 report details the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses. The report is provided by GAD.

Under the *FReM* and IAS 19 *Employee Benefits*, responsibility for setting assumptions in unfunded public sector pension scheme resource accounts is split between:

- HM Treasury: financial assumptions relating to the nominal discount rate, rate of CPI pension increases and real discount rate in excess of CPI pension increases prescribed in PES (2025) 9 for 2025-26
- The Schemes' Managers: financial assumptions relating to general earnings growth and demographic assumptions relating to post-retirement mortality assumption, commutation assumptions and other demographic assumptions. GAD recommend the relevant assumptions set by the Schemes' Managers

The Schemes' Managers reviewed the Assumptions and methodology for accounts as at 31 March 2026 report and confirmed that the Schemes' Managers were content with the proposed assumptions, including discount rate, general earnings growth and demographic assumptions (including future improvements in mortality).

The Schemes' Managers also confirmed that the disclosures in the Report of the Actuary on pages 14 to 20 should illustrate the sensitivity of past service liabilities to the assumptions on:

- Discount rate
- Long-term general pay increase
- Pension increase; and
- Life expectancy (post-retirement mortality)

A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period is included below:

Change in assumption		Approximate effect on total liability	
Financial assumptions			
(i) discount rate*:	+0.5% p.a.	- 6.0%	- £309 million
(ii) (long-term) earnings increase*:	+0.5% p.a.	+ 1.0%	+ £52 million
(iii) pension increase*:	+0.5% p.a.	+ 5.5%	+ £283 million
Demographic assumptions			
(iv) additional 1 year increase in life expectancy at retirement		+ 3.5%	+ £180 million

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

The discount rate sensitivity has been estimated as c.13 years as at the underlying data date.

The pension liability is very sensitive to the assumed discount rate, but this is primarily because changing the discount rate in isolation also changes the rate net of pension increases and earnings. If pension increases and earnings assumption were increased at the same time, then the impact on the pension liability would be small.

Higher pension increases have a substantial effect because this has an impact on all categories of members.

Pensioner mortality is also significant: if longevity at retirement were assumed to be 1 year longer, then this would increase the total actuarial liability by about 3.5%.

Changing the assumed timing of retirement has different effects on members in different circumstances. Members retiring later will result in reduced costs to the Schemes, whereas members retiring earlier may result in additional costs.

The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the impacts may offset to some extent.

Note 10.4 Analysis of movements in the Schemes' pension liability

	Note	31 March 2026	31 March 2025
		£'000	£'000
Pension liability at 1 April		(5,370,418)	(5,379,151)
Service cost	3	(54,476)	(50,934)
Pension financing cost	5	(270,124)	(267,762)
Enhancements		(322)	(283)
Pension transfers in	4	(3,091)	(2,779)
Benefits payable	10.5	310,901	314,638
Pension payments to and on account of leavers	10.6	758	350
Actuarial gain	10.7	239,392	15,503
Pension liability at 31 March		(5,147,380)	(5,370,418)

During the year ended 31 March 2026, employers' and employees' contributions represented an average of 29.5% of pensionable pay (31 March 2025: 29.5%). Employer contributions represented an average of 21.3% of pensionable pay (31 March 2025: 21.3%) and employee contributions represented an average of 8.2% of pensionable pay (31 March 2025: 8.2%). Employer contributions increased from 1 April 2022 following the completion of the formal funding valuation for the Schemes as at 31 March 2020.

Note 10.5 Analysis of benefits paid

	31 March 2026	31 March 2025
	£'000	£'000
Pensions or annuities to retired employees and dependants (net of recoveries or overpayments)	269,326	266,141
Commutations and lump sum benefits on retirement	40,772	46,993
Death in service benefits	803	1,504
Benefits payable/paid	310,901	314,638

Note 10.6 Analysis of payments to and on account of leavers

	31 March 2026	31 March 2025
	£'000	£'000
Refunds to members leaving service	109	86
Individual transfers to other schemes	649	264
Payments to and on account of leavers	758	350

Note 10.7 Analysis of actuarial gains

	31 March 2026	31 March 2025
	£'000	£'000
Experience gains/(losses) arising on the Schemes' pension liabilities	(47,647)	32,765
Change in mortality assumptions	(79,042)	7,875
Change in demographic assumptions (other than mortality assumptions)	216	(25,137)
Change in financial assumptions	365,865	-
Actuarial gain	239,392	15,503

Note 10.8 History of experience gains/(losses) and actuarial gains/(losses)

	2025-26	2024-25	2023-24	2022-23	2021-22
Actuarial gain/(loss) on Schemes' pension liability: Total amount recognised in Combined Statement of Changes in Taxpayers' Equity					
Amount (£000)	(239,392)	(15,503)	461,546	3,598,734	595,397
Percentage of the present value of the pension liability	4.65%	0.29%	8.58%	61.70%	6.32%

Note 11 Financial Instruments

As the cash requirements of the Schemes are met through the Parliamentary Supply 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 the Schemes' financial instruments relate to contracts for non-financial items in line with the expected purchase and usage requirements of the Schemes and the Schemes are therefore exposed to little credit, liquidity or market risk.

Note 12 Contingent liabilities disclosed under IAS 37

There were no contingent liabilities at 31 March 2026 (31 March 2025: nil).

Note 13 Related-party transactions

The Schemes fall within the ambit of DESNZ. DESNZ is regarded as a related party with which the Schemes have had various material transactions during the year.

In addition, the Schemes have had material transactions with other government departments, and other central government bodies whose employees are members of the Schemes. None of the Managers of the Schemes, key managerial staff or other related parties have undertaken any material transactions with the Schemes during the year.

Note 14 Events after the reporting period

Subsequent events were evaluated between the end of the reporting period and the date that the financial statements were authorised for issue.

Date accounts authorised for issue

The Permanent Secretary and Principal Accounting Officer authorised the issue of these Combined Annual Accounts on the date that the Comptroller and Auditor General certified the Combined Annual Accounts.

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