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FD (DoF) 03/26

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Dear Finance Director

Guidance on the Format of the Remuneration Report 2025-26

Purpose

1. This letter supplements guidance in Chapter 6 of the 2025-26 Government Financial Reporting Manual (FReM) regarding the format of the Remuneration Report and cancels both FD (DoF) 02/25 and DAO (DFP) 04/08.

Scope

2. Whilst this letter and appendices apply specifically to departments, other bodies such as agencies, NDPBs (including charities) and trading funds are also required to produce a Remuneration Report. The report should be worded according to the relevant circumstances within each individual organisation as per FReM 6.5.1 to 6.5.30.
3. This FD letter is not applicable to North South Bodies. The disclosures required for these bodies are described in the North South Bodies Annual Report and Accounts Guidance.

Main Changes to the Guidance

4. This letter replaces FD (DoF) 02/25 which provided guidance for 2024-25 Remuneration Reports. The main changes from the previous guidance are:
 - The substantive guidance from DAO (DFP) 04/08 in respect of the treatment of Special Advisers' salaries in departmental accounts has been incorporated into this letter (primarily in paragraph 10 below), allowing DAO (DFP) 04/08 to be withdrawn.
 - The footnotes in Appendix A.1 in respect of the Public Service Pensions Remedy have been removed from the 'Remuneration and pension entitlements – Officials' table and the 'Pension Benefits – Officials' table.
 - Ministerial pensions narrative updated in Appendix A.1.
 - NICS Pension Schemes narrative updated and new Employee Contributions Rates tables inserted in Appendix A.1.
 - Comparative employer contribution rates updated in Appendix A.2.
 - FReM references updated to reflect the 2025-26 FReM throughout.

Remuneration Report

5. FReM requires a separate Remuneration Report to be prepared as part of the Accountability Report. The Remuneration Report should contain all the information about the pay and pension packages of Ministers (where relevant) and the senior management team. Where applicable, performance pay or bonuses payable should be separately reported from salaries. The report should also include information about Remuneration Policy, Service Contracts offered to senior staff, Compensation for loss of office, Staff Policies and Other Employee Matters. In most cases, these will only need to be described in general terms.

6. A sample Remuneration Report is attached at Appendix A.1. The department should ensure that the text describes the policies relevant to it, although it should not make changes to the notes explaining pension benefits without the agreement of Civil Service Pensions Division.
7. Reference to bonus payments should be removed from the departmental Remuneration Report as bonus payments are not applicable to SCS staff. However, the reference has not been removed from the sample Remuneration Report at Appendix A.1 as these should continue to be reported by other bodies where bonus payments may be applicable.
8. The fair pay disclosure requirements are set out in paragraphs 6.5.19 to 6.5.29 of the FReM and illustrative disclosures are included in the sample Remuneration Report at Appendix A.1.
9. Departments should also note that the 2025-26 Staff Report in the Department Yellow contains a narrative which provides further details on the Northern Ireland Civil Service Pension Schemes. This should be replaced with the revised narrative attached at Appendix A.2.
10. The Staff Costs disclosure is intended to provide information on aggregate salaries. In the specific circumstances of Northern Ireland departments, where most have a single Special Adviser, departments are instructed to include the cost of Special Advisers under the heading of “permanently employed staff”, rather than in a separate column of the table. An additional narrative disclosure should be inserted below the table providing the relevant pay band(s) of the department’s own Special Adviser(s), thereby avoiding disclosure of individuals’ precise salaries. An example is shown in Appendix A.2.
11. Exit packages should be disclosed as per the table in the illustrative statements (i.e., Department Yellow, NDPB Green and Agency Pink).

12. Further disclosures guidance and information is attached in Appendices A - F. Please see a summary of the information included in each appendix below:

Appendix A – Sample Departmental Remuneration Report.

Appendix B – Narrative Guidance on Fair Pay Disclosures.

Appendix C – Guidance on disclosure of salary, pension and compensation information for 2025-26 e.g. Who is subject to disclosure, What disclosure is required, Disclosure of exit packages, Senior Managers who are not in post for the whole of the reporting year, Partnership pension accounts, Departmental Staff and Ill-Health retirement.

Appendix D - Disclosure of salary, pension and compensation information 2025-26 - *A note to those reported on in Remuneration Reports in annual reports and accounts.*

Appendix E - A link to the Employer Pension Notice (EPN) 05/2026, which was issued on 2 April 2026. This EPN should be read in conjunction with this letter.

Appendix F - NICSHR guidance note for narrative disclosures in relation to Remuneration Policy, Service Contracts, Staff Policies (e.g. employment, training and advancement of disabled persons), Diversity and Inclusion and Other Employee Matters.

Action and enquiries

13. The content of this letter should be drawn to the attention of staff preparing the Remuneration Report in departments, agencies, NDPBs and trading funds.

14. If you have queries or need clarification on any aspect of this letter please contact Kathryn Allen (Kathryn.Allen@finance-ni.gov.uk) or Sam Cottney (Sam.Cottney@finance-ni.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stuart Stevenson'.

STUART STEVENSON

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Sample Departmental Remuneration Report

Entities should provide a short overview of the Remuneration Report in the Accountability Report and explain how it contributes to the entity's accountability to the NI Assembly and best practice with corporate governance norms and codes (FReM 6.3.1 – 6.3.2).

Please note: ***all the figures in this report are fictitious and are included only to illustrate how the data could be laid out in your report.***

Remuneration Policy

Please refer to NICS HR guidance note, referenced at Appendix F, for narrative disclosure.

Service Contracts

Please refer to NICS HR guidance note, referenced at Appendix F, for narrative disclosure.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management (i.e., Board Members) of the department. [Note that the advisory nature of the work of Special Advisers means that they will not fall within the FReM definition of 'senior management' and hence the disclosure requirements of the FReM in this area will not be applicable.]

Remuneration and pension entitlements - Ministers

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits** (to nearest £1000)		Total (to nearest £1000)	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Minister	75,651	74,902	7,600	7,500	26,000	26,000	109,000	108,000

FD (DoF) 03/26 - Appendix A.1

***The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Remuneration and pension entitlements – Officials

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus Payments* (£'000)		Benefits in kind (to nearest £100)		Pension Benefits** (to nearest £1000)		Total (£'000)	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Sir Humphrey Appleby <i>Permanent Secretary</i>	130-135	125-130	-	-	-	-	32,000	31,000	160-165	155-160
Mr Bernard Bear <i>Director (until 10 February 2026)</i>	95-100 (105-110 full year equivalent)	100-105	-	-	500	500	28,000	29,000	125-130	125-130
Miss Caroline Cook <i>Director (until 28 February 2026)</i>	85-90 (95-100 full year equivalent)	90-95	-	-	-	-	27,000	28,000	115-120	120-125
Miss Kala Krishnan <i>Deputy Secretary</i>	75-80	5-10 (75-80 full year equivalent)	-	-	-	-	26,000	2,000	100-105	5-10
Mrs Fiona Fanshaw <i>Deputy Secretary</i>	75-80	75-80	-	-	-	-	26,000	26,000	100-105	100-105
Mr Harold Smith-Bean <i>Director (until 28 February 2026)</i>	65-70 (75-80 full year equivalent)	75-80	-	-	-	-	23,000	26,000	85-90	100-105
Mrs Emily Evans <i>Director*** (from 1 March 2026)</i>	5-10 (75-80 full year equivalent)	N/A	-	N/A	-	N/A	2,000	N/A	5-10	N/A
Mr Geoff Smith <i>Non-Executive Director</i>	10-15	10-15	-	-	-	-	5,000	5,000	15-20	10-15

**Bonus payments are not applicable to departments but may be applicable to other organisations.*

***The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

****Emily Evans was appointed on a 3-year contract commencing on 1 March 2026.*

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by [the organisation] and thus recorded in these accounts.

The [Name of the department] was under the direction and control of [state name of the NI Assembly Minister] during the financial year. Their salary and allowances were paid by the department and have been included in these accounts. These amounts do not include costs relating to the Minister's role as MLA which are disclosed in the Northern Ireland Assembly Commission accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. [Insert details of any benefits in kind issued, whether chargeable to tax under s163 of the Income and Corporation Taxes Act 1998 or in other permitted circumstances.]

[Note: Benefits in kind should be recorded in the period in which they are earned on an accruals basis.]

Bonuses (where applicable)

[Insert details of the organisation's bonus scheme where applicable.]

Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2025-26 relate to performance in 2025-26 and the comparative bonuses reported for 2024-25 relate to the performance in 2024-25.

[Note - If the appraisal process does not allow enough time to accrue for individual bonuses relating to 2025-26 performance in the 2025-26 financial statements, then the Remuneration Report should disclose bonuses based on 2024-25 performance and comparative bonuses for 2024-25 should be based on 2023-24 performance.]

Fair Pay Disclosures [All figures included are for illustrative purposes only]

Pay Ratios

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation’s workforce.

The banded remuneration of the highest-paid director in [the organisation] in the financial year 2025-26 was £130,000 - £135,000 (2024-25, £125,000 - £130,000). The relationship between the mid-point of this band and the remuneration of the organisation’s workforce is disclosed below.

<u>2025-26</u>	25th percentile	Median	75th percentile
Total remuneration (£)	21,598	27,338	33,889
Pay ratio	6.1:1	4.8:1	3.9:1

<u>2024-25</u>	25th percentile	Median	75th percentile
Total remuneration (£)	19,958	25,749	32,260
Pay ratio	6.4:1	5.0:1	4.0:1

[Where relevant state: “The 25th percentile, median and 75th percentile remuneration figures are based on annualised salaries for the last month of the financial year, adjusted for any non-consolidated payments made to staff during the year.” Departments and other entities that paid a £1,500 non-consolidated gross payment to staff in May/June 2024 should add £1,500 to

the 25th percentile, median and 75th percentile remuneration figures for 2024-25.]

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. The values for the salary component of remuneration for the 25th percentile, median and 75th percentile were £20,020 (2024-25, £19,890), £25,749 (2024-25, £25,660) and £32,209 (2024-25, £32,131) respectively. [OR: For 2025-26 and 2024-25, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.]

In 2025-26, 2 (2024-25, 2) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £17,000 to £134,000 (2024-25, £16,000 to £133,000). [When disclosing the range of staff remuneration (as per FReM 6.5.27), the highest remuneration may be that of the highest paid director (already disclosed as a £5,000 band). Using the mid-point of the band for this disclosure should ensure a level of confidentiality consistent with the rest of the Remuneration Report.]

[Note: A concise and factual explanation of the changes in either side of the ratios should be included – Please refer to Appendix B]

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

- a) salary and allowances, and
- b) performance pay and bonuses

of the highest paid director and of their employees as a whole.

The percentage changes in respect of [the organisation] are shown in the following table. It should be noted that the calculation for the highest paid

director is based on the mid-point of the band within which their remuneration fell in each year.

[The following table may need adapted for each organisation. For example, where an organisation has not paid any performance pay or bonuses in the current or prior years, the bottom two rows may be removed and narrative accompanying the table included to explain this.]

Percentage change for:	2025-26 v 2024-25	2024-25 v 2023-24
Average employee salary and allowances	1.1%	1.2%
Highest paid director's salary and allowances	3.9%	0%
Average employee performance pay and bonuses	N/a ¹	N/a ¹
Highest paid director's performance pay and bonuses	N/a ¹	N/a ¹

¹ No performance pay or bonuses were payable in these years.

Pension Benefits – Ministers

	Accrued pension at pension age as at 31/3/26	Real increase in pension at pension age	CETV at 31/3/26	CETV at 31/3/25	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Minister	5-10	0-2.5	112	91	12

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). This is a Career Average Revalued Earnings (CARE) scheme which was introduced for new and existing members by the Assembly Members (Pensions) Determination (Northern Ireland) 2016.

In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 (2011 Act) establishing a panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. The tenure of the first panel ended in July 2016. As a consequence of the Assembly Commission's desire to consider a reform of the Panel and the political situation between March 2017 and January 2020, a new Panel was not appointed. Legislation to reform and rename the panel, although started, was not completed before the dissolution of the Assembly on 28 March 2022. However, the Assembly Members (Independent Remuneration Board) Act (Northern Ireland) 2025, enacted in late 2025, replaced the former panel with an Independent Remuneration Board (the Board) responsible for determining Members' pay and pensions. The AMPS continues to operate under the 2016 Determination until a new Determination is issued by the Board.

Members of the Legislative Assembly ("MLA" or "Member") aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. In December 2018, the Court of Appeal ruled that the transitional protection offered to members of the Judiciary and Firefighters Schemes, when their schemes were reformed, was discriminatory on grounds of age. This is known as the McCloud Judgement. As a result of this decision, the government agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on MLAs who missed out on the transitional protection policy in the AMPS because of their age. The applicability of, and approach to, the McCloud judgement in relation to this scheme is a matter for the Independent Remuneration Board.

As Ministers are MLAs, they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements accrued on a "contribution factor" basis, taking account of service as a Minister, up to 5 May 2021, when all members of the scheme moved to CARE. The contribution factor was the

relationship between salary as a Minister and salary as an MLA for each year of service as a Minister. These pension benefits are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as an MLA. Up to 5 May 2021 those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate.

Pension benefits for all other Ministers accrue on a career average (CARE) basis and are payable at the same time as MLAs' pension benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. The contribution paid in the CARE Scheme is 9% of the Ministerial salary. There is also an employer contribution paid by the Consolidated Fund, out of money appropriated by Act of Assembly for that purpose, representing the balance of cost. Following the publication of the 2023 triennial valuation of the AMPS by the Government Actuary's Department, the employer contribution rate remained unchanged and continues to be paid at 17.1%. The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal retirement age for their section of the Scheme. Under the CARE element of the AMPS, Normal Retirement Age is linked to State Pension Age. Any Final Salary pension accrued before 6 May 2021 will continue to be payable at a Normal Retirement Age of 65.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment as a

Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended).

The real increase in the value of the CETV

This is the increase in accrued pension due to the Assembly Commission's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

Pension Benefits – Officials

	Accrued pension at pension age as at 31/3/26 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/26 £'000	CETV at 31/3/25 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Sir Humphrey Appleby <i>Permanent Secretary</i>	55-60 plus lump sum of 165-170	2.5-5 Plus lump sum of 7.5-10	983	887	51	-
Mr Bernard Bear <i>Director (until 10 February 2026)</i>	50-55	2.5-5	680	605	37	-
Miss Caroline Cook <i>Director (until 28 February 2026)</i>	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 5-7.5	332	289	30	-
Miss Kala Krishnan <i>Deputy Secretary</i>	0-5	0-2.5	16	1	12	-
Mrs Fiona Fanshaw <i>Deputy Secretary</i>	-	-	-	-	-	11,600
Mr Harold Smith-Bean <i>Director (until 28 February 2026)</i>	35-40 plus lump sum of 115-120	7.5-10 plus lump sum of 22.5-25	614	467	121	-
Mrs Emily Evans <i>Director (from 1 March 2026)</i>	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 2.5-5	410	397	1	-
Mr Geoff Smith <i>Non-Executive Director</i>	-	-	-	-	-	-

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the Classic, Premium, Classic Plus and Nuvo pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. Transitional protection measures introduced alongside these reforms meant any members who on 1 April 2012 were within 10 years of their normal pension age remained in their previous scheme arrangement (full protection) and those who were between 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud Judgment and 2015 Remedy

In 2018, the Court of Appeal found that the transitional protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps have been taken by the Department of Finance to remedy this discrimination.

The Department has now made regulations which remedy the discrimination by:

- ensuring all active members are treated equally for future service as members of the reformed alpha scheme only from 1 April 2022, and
- providing each eligible member with options to have their pension entitlements for the period when the discrimination existed between 1 April 2015 and 31 March 2022 (the Remedy Period) retrospectively calculated under either the current (reformed) scheme rules, or the older (pre-reform) legacy rules which existed before 2015.

This means that all active NICS Pension Scheme members are in the same pension scheme, alpha, from 1 April 2022 onwards, regardless of age. This removes the discrimination going forwards in providing equal pension provision for all scheme members.

The Department is now implementing the second part of the remedy, which addresses the discrimination which was incurred by affected members between 1 April 2015 and 31 March 2022.

Eligible members with relevant service between 1 April 2015 and 31 March 2022 (the Remedy Period) will now be entitled to a choice of alternative pension benefits in relation to that period. i.e. calculated under the pre-reformed PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' rules or alternatively calculated under the reformed alpha rules. As part of this 'retrospective' remedy most active members will now receive a choice about their Remedy Period benefits at the point of retirement. This is known as the Deferred Choice Underpin (DCU). For those members who already have pension benefits in payment in relation to the Remedy Period, they will receive an Immediate Choice. There are a significant number of Immediate Choice Remediable Service Statement (RSS) packs to issue. This process involves complex calculations to provide members with individually tailored statements. Due to the complexity of the calculations and some prolonged work to finalise policy elements of the remedy, not all Immediate Choice packs have been able to be issued by the original regulatory timeline of 31 March 2025. The Scheme Manager has invoked the discretion allowed by the remedy legislation and has extended the timeline for issuing Immediate Choice RSS packs to 31 March 2027. The Pensions Regulator has been notified of this extension. Our priority remains to provide members with all the accurate information they need to make a choice. It can be noted that other Public Service Pension Schemes are also in a similar position. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at [DoF Annual Reports and Accounts](#).

As part of the remedy involved rolling back all remediable service into the relevant legacy PCSPS(NI) arrangement for the 7-Year Remedy Period, the value of pension benefits for the 2025-26 pension disclosures for affected members continue to be based on the rolled back position.

Alpha

Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) – Closed Scheme

Staff in post prior to 30 July 2007 were eligible to be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of Premium or joining the Partnership Pension Account.

New entrants who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Benefits in Classic accrued at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrued at the rate of 1/60th of

final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic.

Partnership Pension Account

The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Annual Benefit Statements

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic**, **Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. Further details about the NICS pension schemes can be found at the website [Civil Service Pensions \(NI\)](#).

Pension Increases

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2025 was 3.8% and HM Treasury has announced that public service pensions will be increased accordingly from April 2026.

Employee Contribution Rates

Percentage rates for employee contributions were revised for all members from **1 July 2025** as a result of the [Northern Ireland Civil Service Pension Scheme: Consultation on Scheme Yield / Member Contributions](#) as shown below*:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members from 1 April 2025 to 30 June 2025	*Contribution rates – All members from 1 July 2025
1 April 2025 to 31 August 2025			
From	To		
£0	£27,091.99	4.6%	4.65%
£27,092.00	£61,645.99	5.45%	5.65%
£61,646.00	£165,793.99	7.35%	7.55%
£165,794.00 and above		8.05%	8.25%

Salary bands were also updated from 1 September 2025 as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
1 September 2025 onwards		
From	To	
£0	£28,716.99	4.65%
£28,717.00	£65,343.99	5.65%
£65,344.00	£175,740.99	7.55%
£175,741.00 and above		8.25%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member’s accrued benefits and any contingent spouse’s pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure

pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended).

HM Treasury provides the assumptions for discount rates for calculating CETVs payable from the public service pension schemes. On 27 April 2023, HM Treasury published guidance on the basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes. In their guidance of 27 April 2023, HM Treasury advised that, with immediate effect, the discount rate adopted for calculating CETVs should be in line with the new SCAPE discount rate of 1.7% above CPI inflation, superseding the previous SCAPE discount rate of 2.4% above CPI inflation. All else being the same, a lower SCAPE discount rate leads to higher CETVs. The HM Treasury Guidance of 27 April 2023 can be found at [Basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes - GOV.UK](#). **As at the year-end** there have been no further changes to the SCAPE discount rate of 1.7% above CPI inflation since the HM Treasury guidance was published.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period (which therefore disregards the effect of any changes in factors).

Compensation for loss of office

Caroline Cook left under [Voluntary Exit] terms on 28 February 2026. She received a compensation payment of £10-15k.

Bernard Bear left under [Voluntary Redundancy] terms on 10 February 2026. He elected to take early retirement. The cost to the department of buying out the actuarial reduction on their pension was £20-25k. He did not receive any additional compensation.

For the former Compulsory Early Retirement terms use the following wording:

Harold Smith-Bean left under Compulsory Early Retirement Terms on 28 February 2026. The capitalised cost of the package he received was £45-50k.

Revised narrative for Staff Costs note

Staff Costs:

	202X-2Y £000	202W-2X £000			
	Permanently employed staff*	Others	Ministers	Total	Total
Wages and salaries					
Social security costs					
Other pension costs					
Sub Total					
Less recoveries in respect of outward secondments					
Total net costs**					
Of which:					
	Charged to Administration	Charged to Programme		Total	
Core department					
Agencies					
Other designated bodies					
Total net costs					

* Permanently employed staff includes the cost of the Department's Special Adviser who was paid in the pay band £XXX - £XXX (2024-25 £ XXX - £XXX).

**Of the total, £XXX has been charged to capital.

NB: The following text is written in the context of membership of the Northern Ireland Civil Service Pension Schemes. Departments and agencies should write the note in the context of the scheme of which they are members. The wording is illustrative only and, for application to the Northern Ireland Civil Service Pension Schemes, reference should be made to guidance issued by Civil Service Pensions in its Employer Pension Notice series. Additional wording maybe required for other material pension schemes within the Departmental Group.

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but (insert employer's name) is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2020 scheme valuation was completed by GAD in October 2023. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2024 to 31 March 2027.

The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. Reforms were made to the CCM which was applied to the 2020 scheme valuations and included the introduction of a reformed-scheme-only cost control mechanism which assesses just the costs relating to reformed schemes (alpha for the NICS) and introduced an economic check. Prior to the cost control mechanism reforms, legacy scheme (PCSPS(NI)) costs associated with active members were also captured in the mechanism. The reformed-scheme-only design and the economic check were applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The 2020 scheme valuation outcome was that the core cost cap cost of the scheme lies within the 3% cost cap corridor. As there is no breach of the cost control mechanism, there is no requirement for the Department of Finance

FD (DoF) 03/26 - Appendix A.2

to consult on changes to the scheme. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

For 2025-26, employers' contributions of £XXXX were payable to the NICS pension arrangements at a flat rate of 34.25% of pensionable pay, for all salaries (2024-25 £XXXX at 34.25%).

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £XXXX (2024-25 £XXXX) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2024-25, 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £XXXX, 0.5% (2024-25 £XXXX, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the **partnership** pension providers at the reporting period date were £XXXX. Contributions prepaid at that date were £XXXX.

X persons (2024-25: X persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £XXXX (2024-25: £XXXX).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the department as well as in agencies and other bodies included within the consolidated departmental Accounts (*Drafting note: other columns can be added where appropriate*):

Activity	Permanently employed staff	Others	Ministers	Special advisers	202X-2Y	202W-2X
					Number	Number
1						
2						
3						
Staff engaged on capital projects						
Total						
Of which:						
Core department						
Agencies						
Other designated bodies						
Total						

Staff Policies and Other Employee Matters

Please refer to NICSHR guidance note, attached at Appendix F, for narrative disclosure.

Narrative Guidance on Fair Pay Disclosures

Departments should include in their Annual Report and Accounts (ARAs) a narrative highlighting the reasons for any significant variance in fair pay disclosures as per FReM 6.5.26. This is because:

- a) it ensures transparency in executive remuneration;
- b) it allows citizens to hold government to account for their use of public funds; and
- c) it provides departments an opportunity to monitor their own remuneration and note any adverse or anomalous trends.

The narrative should be clearly linked to the figures disclosed in the remuneration report and use terms that are easily understandable by the users of ARAs (including the public). It should include a concise and factual explanation of the changes on either side of the pay ratios, considering where relevant:

- a) Adjustment to the number or composition of the general workforce (e.g. through restructuring, downsizing and outsourcing);
- b) A change to the remuneration of the most highly paid director. Departments should note that this may not necessarily be an increase to base pay, but a change in taxable expenses or allowances. Where the allowance is temporary (e.g. relocation allowance), departments should note this and its likely impact on the pay multiple;
- c) A change of the most highly paid director (e.g. a new appointment, or the previously highest paid post having been vacated and/or eliminated);
- d) The impact of any pay freeze on the multiple (e.g. senior pay freeze that does not affect the majority of staff); and
- e) The relationship between the remuneration of the most highly paid director and that of employees who are not directors but receive remuneration greater than the most highly paid director.

The above list is not exhaustive and should be treated only as general guidance. It is not intended to act as a checklist of justifications for higher multiples.

Guidance on disclosure of salary, pension and compensation information for 2025-26

What is disclosure?

Disclosure is the publication in the Remuneration Report of the salary, bonus, pension and compensation details of your senior management, and of summary data on your use of exit packages. The Remuneration Report should also include details of your remuneration policy and the nature of contracts of those covered by the Report. Further information about the preparation of Remuneration Reports is contained in Section 6 of the Financial Reporting Manual (FReM).

Who is subject to disclosure?

The senior management team will normally be your Management Board or a similar group of very senior officials. You should find out who is included because each department or agency or Non-Departmental Public Body is responsible for deciding which posts are covered by the disclosure requirements. The notice in Appendix D must be sent to all staff covered by the disclosure requirements.

You must disclose salary and pension information on all departmental ministers and members of the senior management team. You must also disclose any compensation payments paid to members of the senior management team on loss of office, although you must tell them in advance of your intention to disclose, invite them to see what you intend to publish, and tell them that they can object under Article 21 of the General Data Protection Regulation (UK GDPR).

Non-disclosure is possible unless you can demonstrate, under the UK GDPR, compelling legitimate grounds for the disclosure which override the interests, rights and freedoms of the member or for the establishment, exercise or defence of legal claims. If a member does not agree to disclosure, you must consider whether to accept it. You are strongly advised to take legal advice in such a case, because if you decide not to publish this may be challenged

under the Freedom of Information Act. Where non-disclosure is agreed, the fact that certain disclosure has been omitted should be disclosed.

What disclosure is required?

The following information should be disclosed in the Remuneration Report:

Salary for 2025-26 & 2024-25

Employers should include as salary: gross salary; overtime; London weighting or allowances; recruitment and retention allowances; private office allowances; ex-gratia payments; and any other taxable allowances or payments.

The payment of legitimate expenses is not part of the salary.

Figures regarding Ministers' salaries are already available to the public and you should disclose them to the nearest £1.

For senior management these figures are not generally available to the public and you should disclose them in bands of £5,000.

Bonuses for 2025-26 & 2024-25

Bonuses for senior management should be included in bands of £5,000 and should relate to performance in the year in which they become payable to the individual.

Benefits in kind for 2025-26 & 2024-25

Employers should include as “benefits in kind” any taxable benefits that are not given to the individual as cash. The most common taxable benefit is the provision of an allocated car.

Most civil servants do not receive benefits in kind. The payment of legitimate expenses is not a benefit in kind.

Employers should disclose these figures to the nearest £100.

Value of pension benefits for single total figure of remuneration for 2025-26 & 2024-25

Employers should disclose the total value of pension, calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the member.

The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

Ratio of top to median staff pay for 2025-26 & 2024-25 (*Please see example under Fair Pay Disclosures in Appendix A.1*)

Employers should include the 25th percentile, median and 75th percentile remuneration of your staff and the ratio between these values and the mid-point of the banded remuneration of your highest paid director (whether or not this is the Accounting Officer or Chief Executive).

The calculation is based on the full-time equivalent staff at 31/03/26 on an annualised basis, adjusted for any non-consolidated payments made to staff during the year. For the 2024-25 comparative, departments and other entities that paid a £1,500 non-consolidated gross payment to staff in May/June 2024 should add £1,500 to the 25th percentile, median and 75th percentile remuneration figures.

Accrued pension and lump sum (if applicable to dual members with classic or classic plus linked benefits) as at 31/03/26

Employers should disclose the pension that the individual would receive if 31/03/26 were their last day in service.

The pension and lump sum (if applicable to dual members with classic or classic plus linked benefits) includes any benefits that have accrued from the individual buying added years, added pension or transferring in benefits from another scheme.

If a member has a preserved award from a previous Northern Ireland Civil Service employment that they have not opted to aggregate (or link) with the pension from their current service, employers should not record this.

Where a member has opted out of the pension scheme for the whole of the year, no pension figures should be reported and a footnote should be included saying “xxxxx chose not to be covered by the Northern Ireland Civil Service pension schemes during the reporting year” (if someone opts out or opts in during the year, they should be treated in the same way as a leaver or joiner). If the member’s pension included a deduction for Scheme Pays or has been subject to a pension sharing order on divorce, you should record the gross pension before the scheme pays/pension debit has been applied.

Where a member has taken partial retirement in the year being reported, their benefits will be reported as having a mix of active and pensioner benefits, but the treatment will vary depending on the particular item being reported on. The objective of the single total figure of remuneration is to show the value of pension benefits accrued during the year.

In the year of partial retirement, this should therefore include the increase in pension relating to the accrual based on pay and service before partial retirement (whether or not this element of pension was taken on partial retirement), plus the pension accrued since partial retirement.

Likewise, in the year of partial retirement the “real increase in pension and related lump sum at pension age” in the CETV table should reflect the pension accrued during the year before and after partial retirement.

The “accrued pension and related lump sum” figure should show the total pension, with details of the amount taken on partial retirement.

However, the CETV figures should only value the pension and related lump sum accrued but not taken, so a footnote stating that the member took partial retirement in the year should be included to explain any decrease in the CETV.

In subsequent years the accrued pension and related lump sum figure in the CETV table in the Remuneration Report should continue to show the total pension, with details of the amount taken on partial retirement and an explanation in a footnote.

Employers should disclose the accrued pension and lump sum in bands of £5,000.

Real increase in pension and lump sum

This is the increase in the value of the pension over the year after considering the effect of inflation.

Members in alpha and with dual benefits in premium or nuvos do not automatically receive a lump sum and so employers should not disclose one.

Members with dual benefits in classic and classic plus receive an automatic lump sum, which employers should disclose.

Employers should disclose the real increase in pension and lump sum in bands of £2,500.

Cash Equivalent Transfer Value (CETV) as at 31/03/25 and 31/03/26

This is the capital value of the pension and is worked out using guidance provided by the scheme actuary. It is an assessment of what it costs the scheme to provide these pension benefits. Employers should disclose these figures to the nearest £1,000.

Individuals who have been subjected to a pension sharing order

The Annual Report and Accounts (ARA) are meant to show the cost to the Department of employing the individual over the reporting year. The cost to the Department does not change because the member has a Pension Sharing Order against their pension benefits. Therefore, you should disclose the member's pension without any reduction to reflect the Pension Sharing Order.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement).

If an individual has brought a transfer in during the reporting year, you should add a footnote to the increase in pension to say that it includes a transfer in.

Employers should disclose these figures to the nearest £1,000.

Compensation payments

Employers must disclose compensation paid to senior management unless they can argue for non-disclosure under Article 21 of the UK General Data Protection Regulation.

A description of the compensation payment should be included and details of the total amounts paid (the cost to be used must include any top-up to compensation provided by the employer to buy out the actuarial reduction on an individual's pension).

Where there is a compromise agreement with an individual, which contains a confidentiality clause, disclosure may still be required. Employers should always seek their own legal advice wherever a confidentiality clause in a compromise agreement exists or is under consideration.

The confidentiality clause should expressly state that it does not prevent disclosure of information about the individual's compensation where this is required by law or any requirements of an Assembly Committee, or where inclusion of the details of compensation paid is required in Departmental Annual Reports and Accounts pursuant to the provisions of the FReM. Where disclosure is required in these circumstances, it does not require the individual's permission.

Ex-gratia payment

If other payments are made to the individual, such as an ex-gratia payment, then these should be included in the total disclosed for salary.

Disclosure of exit packages

The use of exit packages for all staff should be reported in a note to the ARA. Where an individual has a non-standard pension arrangement (e.g. accelerated accrual or membership of the Supplementary Scheme), employers should disclose this in the report.

Employers should obtain information on salary, bonuses, benefits in kind and exit packages from your records.

Ministers and Senior Managers who are not in post for the whole reporting year

When preparing the Remuneration Report, employers may find that they have individuals covered by the report who were appointed during the reporting year. There may also be individuals who left during the reporting year.

Employers should disclose the date of appointment, or last day of service as appropriate. It is essential that the Remuneration Report includes the details of any individual that has retired during the financial year.

Employers should only disclose the pay, benefits in kind and pension information that relate to the period during which they were in a post subject to disclosure. However, employers should also disclose the full year equivalent of the salary. The following example illustrates this point:

A civil servant joins the Board of the department on 1 July 2025. Between 1 July 2025 and 31 March 2026, they received a salary of £90,000. Employers should disclose the salary of £90,000 in the Remuneration Report, that this was only for 9 months, and that the full year equivalent is £120,000. The salary they received before 1 July 2025 should not be disclosed.

Employers should still disclose the CETV for 31 March 2026, which is the end of the reporting period. However, employers should disclose the CETV at 30 June 2025 (which is the value immediately before the individual joins the Board) rather than 31 March 2025.

If the civil servant was subject to disclosure in their previous post then the opening figure in the accounts should match the closing figure in their previous employer's accounts.

If an individual is new to the Northern Ireland Civil Service employers will not have a figure for the start date.

Partnership pension accounts

If a member of the senior management team has opted to have a **partnership** pension account rather than joining the pension scheme then this should be disclosed in the Remuneration Report.

Employers should ask their payroll provider to work out the total employer contributions paid to the **partnership** pension provider in the reporting year. This figure should be disclosed in the Remuneration Report to the nearest £100.

Departmental staff

Employers should include a note in their departmental ARA that contains:

- *the contributions they have paid to the NICS pension schemes;*
- *the contributions they have paid to partnership pension providers during the reporting year;*
- *the contributions they are due to pay to partnership pension providers at the end of the reporting year;*

- ***the contributions they paid to partnership pension providers during the reporting year that they did not need to pay until after the end of the reporting year.***

An example of the note for the Staff Report can be found in Appendix A.2

Ill-health retirement

Employers should disclose details of the number and total additional accrued pension liabilities, payable by the **NICS pension schemes** for individuals who retired early on health grounds during the year, in the notes to the departmental ARA.

Employers do not need to report a capitalised figure for the additional accrued pension liabilities. Employers should request from Civil Service Pensions, and report, the difference between the pension the member received after retiring on ill-health grounds and the pension they would have received had they resigned on that date – for example:

Mr A, a **classic member**, retired early, with a service enhancement of 5.6 years, and was earning £30,000 a year when he left.

Mrs B, a **classic member**, retired early, with a service enhancement of 6.3 years, and was earning £40,000 a year when she left.

Mrs C, a **premium member**, retired early, with a service enhancement of 8.7 years, and was working part time; her full time equivalent salary was £20,000 a year when she left.

To calculate the additional pension liabilities:

$$A \ 5.6/80 \times \pounds 30,000 = \pounds 2,100$$

$$B \ 6.3/80 \times \pounds 40,000 = \pounds 3,150$$

$$C \ 8.7/60 \times \pounds 20,000 = \pounds 2,900$$

The note would then read:

'Three individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £8,150.'

**Disclosure of salary, pension and compensation information
2025-26 - A note to those reported on in Remuneration
Reports in annual reports and accounts**

Every year the Accountability and Financial Management Division (AFMD) of the Department of Finance provides guidance to departments on what information they should include in their Remuneration Report in their annual accounts. The Remuneration Report includes statements on remuneration policy, service contracts, salary, bonuses and pension entitlements built up and compensation payments made on loss of office of senior management (i.e. Board level employees).

Your department will provide you with details of what they propose to publish and invite you to correct any factual errors. You have a right to object under Article 21 of the UK General Data Protection Regulation¹. If you do object, it will be for the department to demonstrate compelling legitimate grounds for the disclosure which override your interests, rights and freedoms or for the establishment, exercise or defence of legal claims.

Please be aware that any decision by your employer not to disclose information may be challenged under the Freedom of Information Act.

We would encourage everyone covered by the disclosure requirements to allow the information to be published.

If you would like to discuss this issue in more detail, please contact your HR department.

¹ This right was previously bestowed by Section 10 of the Data Protection Act 1998

Employer Pension Notice 05-2026

Request for pension information for disclosure in 2025-26 annual reports and accounts

This Employer Pension Notice (EPN) can be accessed at:

[EPN 05-2026 - Request for Pension Information for Disclosure in 2025-26 Annual Reports and Accounts | Department of Finance](#)

Queries regarding the content of this EPN or queries which relate to requests for information for annual reports and accounts should be forwarded by email to tom.gilliland@finance-ni.gov.uk or contact by telephone on 028 71 319 265 (Ext. 62265).

2025-26 Remuneration Report – HR policy narrative



HR Policy Narrative
Update - Finance Year (ATTACHMENT IS SEPARATELY AVAILABLE ON WEBSITE)

Queries regarding the content of this Guidance Note should be forwarded by email to claire.walsh@finance-ni.gov.uk or contact by telephone on 028 9025 1884 (Ext. 51884).