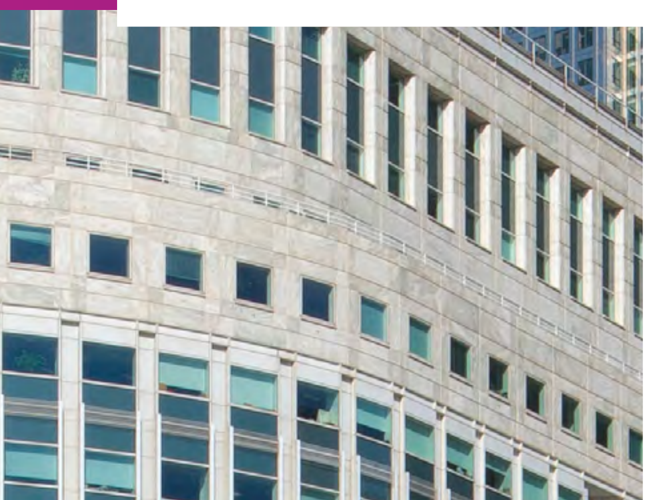
Government
Property
Agency



Annual report and accounts 2019/20

HC 459

Government
Property
Agency

Government Property Agency
Annual Report and Accounts 2019-20

(For the year ended 31 March 2020)

Accounts presented to the House of Commons pursuant to Section 7 (1 and 2) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of Her Majesty

Ordered by the House of Commons to be printed on 16 July 2020

HC 459

This publication is available at:

www.gov.uk/official-documents

Any enquiries regarding this publication should be sent to us at:

enquiries@gpa.gov.uk

ISBN 978-1-5286-2021-5
CCS0520628368 07/20

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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Foreword

PAT RITCHIE

Chair, Government Property Agency

"In the coming months GPA will also be at the forefront of the recovery effort

The Government Property Agency (GPA) is well into its second year of operation delivering a value for money estate for government. I have been in post as the agency's chair since January 2020 and am committed to building on the excellent work of my predecessor Liz Peace as GPA looks to the future.

We are striving to bring together Civil Service know-how, commercial expertise and insights into the government central estate to help our clients meet their strategic goals and secure the best deals for government.

GPA is an organisation that is changing the way the Civil Service works, playing a key role in supporting 'a brilliant Civil Service'. We are at the forefront of the government's transformation agenda and are reshaping the relationship civil servants have with their place of work.

It is also critical to recognise that in recent months the personal and professional lives of everybody in the UK has changed beyond recognition due to the COVID-19 pandemic. Our clients and customers are having to adapt to new ways of working and we are doing everything we can to support them at this time. This includes engaging with suppliers to ensure the maintenance of safe working facilities for those that cannot work from home as well as the sharing of smarter working best practice and guidance to help those that are working from home adjust to this new normal.

In the coming months GPA will also be at the forefront of the recovery effort, striving to develop new ways of working that will promote economic regeneration across the whole of the UK. I would like to thank all of my colleagues for their hard work over the past year.

Steven Boyd MBE

GEO, Government Property Agency

As Accounting Officer, I am pleased to present the Annual Report and Accounts, which are fair, balanced and understandable.

In our second year of operation, GPA has made good progress in building foundations for the future. While delivering for our clients, we have steadily expanded our portfolio and strengthened our underpinning systems and processes. We have also appointed a highly experienced chair, Pat Ritchie, and continued to refine board governance by strengthening our Investment Committee and shaping our strategy for the coming Spending Review period.

In support of government's ambition to transform the Civil Service and support growth across all regions of the UK, we have announced three new government hubs in Birmingham, Peterborough and Croydon. We have also made progress towards the rationalisation of the Whitehall estate and have begun work on proposals for a carbon Net Zero Programme and on new workplace services contracts.

As the year finished, we stepped up to provide support across government in response to COVID-19. We have created an in-house response team to triage client requests to ensure high levels of support. We have provided advice on working from home and will lead the way in ensuring safe return to work when the time comes.

We still have much to do, but we are on track to make a real difference and I look forward to continuing to strengthen our capabilities and outputs throughout the year ahead.

> “GPA has made good progress in building foundations for the future

Performance report

GPA Results at a Glance

FY 2019/20

140
Number of clients

£150m
Savings on behalf of clients (gains and avoided costs)
+63%

98
Number of properties
+39%

50%
Client satisfaction

£305m
Operating Expenditure
+46%

330,000
Portfolio size (m²)
+80%

£216m
Value of assets
+9.6%

7.6
Space utilisation per person (m²)

0.27%
Vacant space %

58%
Staff engagment %
+2%

£20m
Investment in improvement

Introduction

In our second year of operation, GPA made good progress in building foundations for the future. Whilst delivering for our clients, we have steadily expanded our portfolio, and strengthened our underpinning systems and processes. We still have much to do, but we are on track to make a real difference.

Throughout the year we have strived to support our clients across the UK by providing strategic advice and day-to-day support. We have announced three new government hubs bringing the total to 17, and made good progress towards realising the vision for the Whitehall Campus. We have begun to develop an ambitious Net Zero Carbon Programme, and continue to make steps in enabling the transformation of the Civil Service, including leading across government on smarter working and technology interoperability. As the year ended, our Smarter Working Programme helped to support an increased level of remote working in response to COVID-19.

We are also delivering better value through measuring client satisfaction, defining our service offer, growing the size of our portfolio to gain economies of scale, and using our commercial expertise to deliver savings.

Helping us to prepare for the future, volunteers from across the agency have led progress through our GPA 2021 Programme, which aims to reshape our organisation by 2021. To date, our people have helped us define our service offer, a regional approach for delivery across the UK, and a set of behaviours to which we can all aspire.

As a result, we can look forward to future success and are focusing on delivering outcomes that support government priority areas and can contribute to the COVID-19 recovery effort.

> “
> our Smarter Working Programme helped to support an increased level of remote working in response to COVID-19

Our strategy sets out four objectives making a real difference to people and places:

People and places

Contribute to Net Zero

- Improve energy efficiency
- Use green energy
- Reduce embodied carbon
- Generate and store locally

Transform the Civil Service

- Great places to work
- Smarter working
- Interoperability
- Productivity and pride
- Talent attraction and retention

Better Value

- Improve satisfaction with our service offer
- Best value through commercial expertise
- Manage estate as a single portfolio
- New property model Savings - £1.4bn

Growth across the UK

- 'Levelling up' across the UK
- Strengthen the union
- Regional investment
- Connection to place
- Socio-economic value

Delivering our strategic objectives

Growth across the UK

> “This programme will deliver ‘great places to work’ in all regions of the UK

GPA has a key role in supporting government’s ‘levelling up’ agenda that aims to reduce regional inequalities by moving civil servants out of London, helping to strengthen the UK union. Our work to rationalise the government’s office portfolio will add socio-economic value across the whole of the UK, including helping stimulate the economy through investment and the creation of new job opportunities in the regions post COVID-19.

Building on the 14 hubs in phase 1 being delivered by HMRC, Government Hubs Programme Phase 2 is an essential part of achieving these aspirations. This programme will deliver ‘great places to work’ in all regions of the UK, bringing together departments into multi-occupancy buildings. The design of our new buildings will support inclusivity and wellbeing, and will have the interoperability technology to enable productivity, collaboration and innovation.

This year we have announced three new hubs in Birmingham, Peterborough and Croydon, making 17 in total. Further announcements are planned in 2020/21.

Our Whitehall Campus Programme, the sister programme to the Government Hubs Programme, aims to deliver a smaller, better and more efficient central London estate that will be concentrated around a single campus of buildings in Whitehall of no more than 20 core buildings. This will reduce civil servant numbers in London by 22,000 by 2030, strengthening policy-making, promoting diversity, and building career pathways in the regions.

The refurbishment of London, Old Admiralty Building is well advanced as part of the first phase of this programme and will open during the next financial year. We have also secured funding to refurbish two other Whitehall

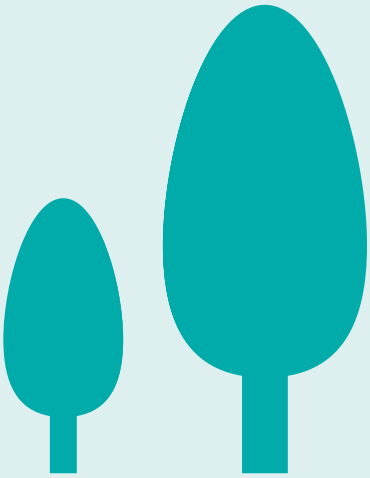
Old Admiralty Building

buildings to hubs standard. We are working closely with departments to close buildings across London over the next few years. The programme will also contribute to the government's net zero carbon agenda by addressing backlog maintenance and maximising sustainability in remaining buildings and infrastructure.

Looking to the future, we plan to work more closely with local authorities on the Government Hubs Programme. The appointment of our new agency chair – Pat Ritchie, CEO of Newcastle City Council – in January 2020 has set us in good stead to ensure that GPA plans our hubs projects as 'inward investments': securing jobs for the local community, improving the connection to place, and strengthening the union in devolved administrations. We see this as particularly important in a post COVID-19 world.

Artist's Impression, Peterborough Hub

Contribution to carbon net zero



> "We intend to develop ambitious targets and carbon reduction plans to provide an example for the UK property industry

In May 2019, the government announced its intention to reach net zero greenhouse gases by 2050. This target includes a 50% non-traded reduction in carbon emissions across the government office estate by 2032 (against a 2017 baseline).

Planning for the future, GPA has begun to build a government office Net Zero Programme to substantially reduce carbon emissions from the government office portfolio. We intend to develop ambitious targets and carbon reduction plans to provide an example for the UK property industry. Working closely with the Department for Business, Energy and Industrial Strategy (BEIS), we are creating a net zero roadmap and exploring options for energy efficiency and moving to the use of green energy. We have started working on shaping routes to market that departments can make use of to accelerate progress.

Transforming the Civil Service

> "Our spaces are being designed with productivity and wellbeing outcomes in mind

The government has committed to creating 'a Brilliant Civil Service': one that helps keep the UK prosperous and secure through delivering high quality services to the public. GPA has an integral role to play in achieving this commitment by creating 'great places to work' for civil servants. We do this through setting design standards, building government hubs, delivering quality refurbishments of existing buildings, and improving the quality of workplace services within our buildings. We intend to deliver workplaces and supporting services that enable productivity and pride in the Civil Service. Our work to create the right environments will help our clients to retain and attract the talent they need.

This year we launched our Government Workplace Design Guide which sets the standard for our working environments. Our spaces are being designed with productivity and wellbeing outcomes in mind. We have also set high standards for sustainability, technology and physical security. The guide also includes an industry-leading approach to inclusive design.

GPA's Smarter Working Programme is leading across government on encouraging modern, flexible ways of working to allow everyone to reach their full potential by making best use of their working environment and learning to work across multiple locations. We are working with 42 departments and arms-length bodies from across government to undertake smarter working assessments that will help them understand what smarter working means for them and their people. This year we have helped two departments achieve smarter working accreditation, both being assessed as 'mature'. In light of the COVID-19 pandemic, work has been reprioritised to help departments adapt to remote working through the sharing of best practice and support via a working from home toolkit that has been shared across government.

GPA has also taken the lead across government on the development of interoperable shared technology solutions, including common solutions for WiFi, printing and video conferencing. We have set up a cross-government

Smarter working rich picture


SMARTER WORKING
CULTURE & PEOPLE, LEADERSHIP, WORKSPACES AND TECHNOLOGY
Coffee Shop

interoperability steering group working with the Government Digital Service (GDS), the Government Security Group and departments. We have made some initial progress with video conferencing and printing, with more to follow next year.

This year we have also delivered improvement projects to the approximate value of £20 million including creation of wellbeing and quiet working spaces in BEIS' headquarters, installation of LED lighting projects for energy efficiency, and a number of lift refurbishments to keep our buildings moving. We have also secured and fitted out space at short notice for our clients to enable key government outcomes – including for the Grenfell Tower Inquiry, the Downing Street press lobby, and the Infected Blood Inquiry team.

Planning for the future, we have begun to gather the data necessary to improve customer service and inform decision making. We are exploring how we can measure key client outcomes such as productivity and knowledge sharing to inform the service we offer. This will allow us to capture feedback on how effectively the workplace supports people and their work, as well as data on how our buildings are performing. This data will ultimately be collated to provide tangible examples of how GPA's work is contributing to the transformation of the wider Civil Service.

Based on evidence gathering and our increasing understanding of the workplace, we have also started to build a Workplace Service Transformation Programme to replace existing traditional facilities management contracts with people-centred workplace contracts.

Better value

> “We are committed to improve our performance in this area over the next 12 months

Over the last year, GPA has grown to support 140 clients and has increased the number of these clients who have transferred their assets, which now stands at seven departments. We are committed to providing the government departments and arm's-length bodies that we support with a very high level of service, and we have begun to measure client satisfaction. Our initial score is 50%. We are committed to improve our performance in this area over the next 12 months, and service improvement plans are currently being implemented for key clients. Client engagement meetings are being streamlined and a client relationship management tool is being investigated to improve the effectiveness and consistency of engagement and satisfaction monitoring.

We are also committed to supporting our clients through COVID-19 and have introduced measures such as a regional space finding service to help find safe and local space at short notice for clients who cannot work from home. Within our workspace services team, we have created a COVID-19 response and recovery team to provide timely responses to client requests and produce clear support and guidance, including cross-government support on working from home.

This financial year, we re-purposed the customer board forum that had been in place to provide client input to the establishment and development of the agency. A new client committee is now used to share our plans and progress with a representative group of our clients. Feedback has been positive, with demand for GPA to set standards for the whole government office portfolio rather than only the estate we currently manage.

During the year, we have consulted widely with our clients to set out our service offer. We act as a landlord for many clients, provide workplace services for those that request them, and offer project and consultancy services on request. For on-boarded clients who have transferred their assets to us, we also provide strategic portfolio advice helping them develop location plans and reduce their property costs. We have also defined our pricing arrangements, which we will test and refine over the course of the next financial year.

Our service offer

We offer services across six broad areas.

We have begun to flex our commercial muscle, using the government covenant and our market knowledge to make good deals. We have achieved significant savings on behalf of our clients through lease negotiation and re-gears across our portfolio. This equates to over £150 million[1] worth of gains and avoided cost through transactional activity. Examples include acquisition incentives and lease restructures including Bristol, Temple Quay House and London, Sanctuary Buildings pictured below.

Over the last year, we have increased the size of our client portfolio by 80%, and we provided strategic portfolio advice to eight clients:

- Cabinet Office
- Crown Commercial Service
- ACAS
- Department for Education
- Department for Business, Energy and Industrial Strategy
- Department for International Trade
- Ministry for Housing, Communities and Local Government

The eighth client was the Department for Exiting the European Union, which has now been re-absorbed into Cabinet Office. We now have 330,000 m^2 under management.

Argyle Street, Glasgow

The value of assets under our management has grown by 10% to £216 million during the financial year. The total cost to GPA[2] of running this property portfolio in 2019/20 was £283 million, the majority of which was charged out to tenants for their occupations.

To manage this growing portfolio well, improving on the previously fragmented approach to property, we have begun to create campus portfolio plans to help us plan ahead in cities across the United Kingdom, allowing for a more

1 This figure is made up of: London Sanctuary Building - lease restructure, London, Grenfell Tower Inquiry - acquisition incentives, London, 4 Abbey Orchard Street - cost avoidance, London, 10 South Colonnade - subtenant rental increase, Leeds, Wellington Place - negotiated incentive, Bristol, Temple Quay House - lease restructure, Birmingham, Platform 21 - acquisition incentives, Peterborough, Fletton Quays - acquisition incentives, Croydon, Ruskin Square - acquisition incentives

2 The cost to GPA only includes costs for part of the year for those properties that transferred to the GPA during the year.

cost efficient portfolio management approach for the government estate. Over this year we have created 17 campus portfolio plans including plans for campuses in Aberdeen, Swansea, and Leeds.

Only 0.27% of this portfolio is vacant. Careful management of vacant space will be required for the future to maintain this low void rate. Utilisation of our space is 7.6 m^2 per person[3], on average.

The New Property Model business case, which led to the launch of GPA, forecast savings of £1.4 billion over the 10 years to March 2027. Since inception, GPA has generated over £150 million in savings for government, 63% more savings this year than the previous year. Savings are shared with our clients. We are planning to refresh the New Property Model savings forecast for the Spending Review based on our experiences to date and in the light of COVID-19.

GPA has generated over

£150m

savings for government

63 %

more savings than the previous year

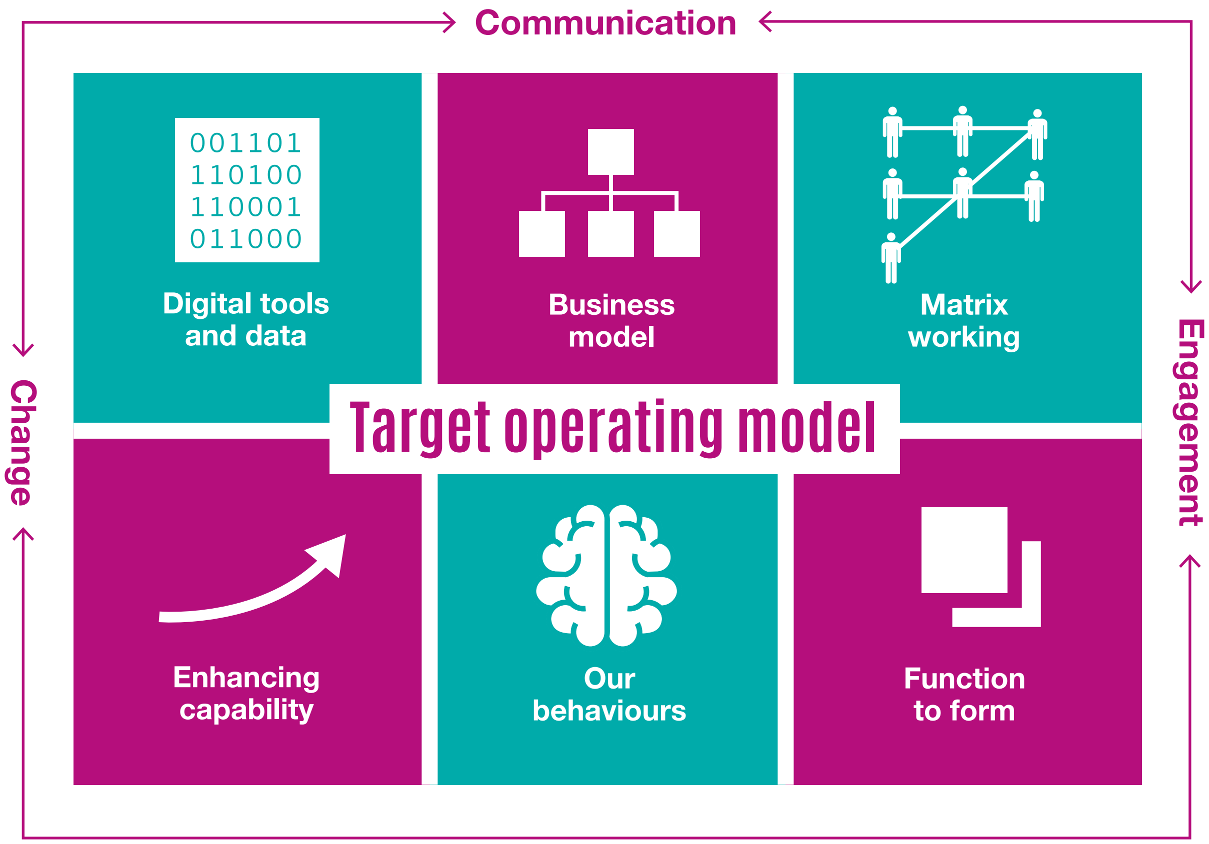
3 The metre squared metric is based on 2018-19 benchmarking, 2019-20 data will be available next year

Building our capability

Our people

GPA is made up of property, transformation and commercial professionals. Headcount has grown from 127 to 162 with staff across eight regional locations, and staff engagement has increased by 2% to 58% over this reporting period. In September, we reorganised the structure of the GPA to provide clarity both for our clients and staff shown in the diagram below.

Client soultions	Responsible for securing new clients, engaging and informing current clients, and defining an integrated property requirement to satisfy their collective needs
Capital projects	Responsible for the design and construction of capital projects to create great places to work that meet the defined requirement and enhance client satisfaction including Government Hubs and Whitehall Campus projects and projects commissioned by clients
Workplace services	Responsible for supporting customers in moving to and using our workplaces in a way that is popular with customers and enhances client satisfaction
Commerical	Responsible for defining, procuring and managing commercial solutions in support of every part of GPA to deliver the defined requirement and enhance client satisfaction
Finance & corporate	Responsible for creating the business insight, planning ahead and providing the corporate services that every part of GPA needs to be successful



We are keen to build community and staff engagement. We held a very successful all-staff conference in 2019, and hold a regular series of engagement sessions in the regions with directors. In order to further improve our staff engagement and organisational effectiveness, we launched a major consultative change programme, GPA 2021, in September 2019. This has begun to shape the organisation that we want for the future, with significant progress already been made.

We identified six projects, which are each led by volunteers from across the agency. Over half of our people have volunteered and progress has been good. Work in four of the six projects is now moving from planning to implementation. This includes defining our service offer, agreeing four GPA regions across the UK, and shaping a set of behaviours that will be incorporated into recruitment and performance management processes:

We treat everyone well

We are professional, respectful, empathetic and value diversity

We understand and support our clients

We understand what our clients and customers really want and respond to it

We value our commercial edge

We are commercially focussed and not afraid to take managed risks

We try new ideas and ways of working

We challenge existing processes and offer innovative solutions to make improvements

We support each other

We support each other to develop and reach our potential

We are open, honest and fair

We believe in transparency, fairness and ethical behaviour

We take responsibility

We take ownership, collaborate and deliver

Our commercial partners

GPA continues to build its capacity, not only skill development and recruiting in our own team, but also by building strong, mutually beneficial relationships with commercial partners. This financial year, we have deepened our collaboration with our partners including inviting their representatives to join team meetings and play a role in decision making.

Montagu Evans, Jones Lang LaSalle, Gowling WLG and Eversheds Sutherland are key elements of our commercial team and support us in managing assets and making property transactions.

Faithful + Gould and AECOM are integral in providing design, project management and cost management expertise to our capital projects team. WYG has also recently joined our workplace projects team, which delivers lifecycle and smaller client-request projects.

Our workplace services team works closely with a number of partners to deliver essential day-to-day services to our customers including ISS, Interserve and delivery through Transport for London.

At the end of the year, GPA has also worked closely with our partners responding to COVID-19, enacting their business continuity plans in conjunction with the Crown Commercial Service.

Our data

GPA strives to continually improve the quality of property data held by government. Our ambition is not only to ensure data is complete and accurate, but to gather the data we need to make a difference in the way we manage and service the estate. We have started work on this challenging journey by establishing a Data Design Authority Committee to control our data hierarchy and manage master data sets through the appointment of clear data owners.

As part of our due diligence during transfer of assets to GPA from government bodies, we are carrying out a full check of base data and we are working with clients to fill in the gaps as well as retrospectively creating missing documentation where necessary. This work has already begun to improve government property data.

For all the assets we manage, we now have a more complete understanding of space and costs, with appropriate intra-government lease documents in place with our clients. Work to improve data quality is ongoing. This data is captured in our asset management database, Horizon, the control of which we will bring in-house next year. During the year, we have also introduced a financial management tool, Hyperion, to better manage our finances, which is helping us plan more effectively.

To assist in the management of our capital projects, we have adopted building information modelling and a common data environment. We are introducing Microsoft Project Online as our standard project management tool.

Our finances

Expenditure

The majority of GPA's costs result from the properties which we manage. As of March 2020, we had the responsibility for 98 buildings (up from 59 at March 2019) with the total annual running costs for the buildings being £283 million, up from £148 million in 2018-19. We carried out £9 million of leasehold improvements work to improve the standard of our properties.

GPA also incurs costs in the development of government hubs and the delivery of the Whitehall Campus Programme. In the financial year, GPA has undertaken work on the delivery of Old Admiralty Building and on hubs in Birmingham, Peterborough and Croydon. The total annual expenditure on these works is £9 million.

GPA also undertakes work commissioned by clients to deliver their property solutions. In this financial year we have undertaken significant projects for BEIS and the Department for International Trade (DIT). These costs are fully charged to the client.

The final element of our expenditure is the GPA operating costs, which for this financial year totalled £22 million.

Income

This financial year, GPA has been provided with early years start-up funds of £5.2 million from the Cabinet Office and £7.5 million HM Treasury funding to enable work on hub initiatives.

Our property costs incurred are fully charged out to the tenants in our managed buildings on a full cost recovery basis. Our work on government hubs has been funded by a combination of funding from prospective tenants, HM Treasury and, in some cases, landlord incentive payments. Our fee income[4] for the year has totalled £5.6 million and in addition we secured £5.8 million of gainshare from property transactions.

For the next financial year, we have planned to strengthen our income through a new charging model for all clients which we are implementing in stages starting in April 2020. These charges will continue to grow as the GPA property portfolio expands and with time will provide the necessary funding for GPA to operate. To incentivise the use of less space, we also charge market rents to clients occupying government freeholds. This year we have rebated this rent to clients, but we are working with HM Treasury to remove the rebate, with Treasury increasing department budgets.

We are forecasting break even next financial year. However, we believe that further work is required to strengthen GPA's financial model, and we plan to undertake this in the coming year.

4 The fee is currently set when on-boarding departments based on the amount paid for their estate services before on-boarding to the GPA. From 2020-21 onwards, there is a new charging regime.

Financial position

GPA's total operating expenditure of £305 million exceeded total operating income for the year of £303 million, total operating expenditure includes depreciation of our assets.

The balance sheet as at 31 March 2020 shows GPA with net property plant and equipment assets to the value of £216 million. These 110 assets primarily relate to freehold properties, leasehold improvements and assets under construction. Of these assets, £21 million was added during the financial year to net assets of £195 million at 31 March 2019. These additions primarily relate to freeholds properties on-boarded during the year.

Corporate social responsibility

Health and safety

GPA takes the health and safety of all those who work in and on its estate very seriously. This year we have revised and reissued our health and safety management system and our fire safety management plan. We have also enhanced our health and safety committee structure, establishing a GPA Health and Safety Committee including union representation, supported by safety committees dealing with GPA's people, construction and workplace services.

There have been no significant incidents during the year.

Looking to the future following the COVID-19 pandemic, GPA is leading across Government to deliver safe return to the office guidance as departments look to re-occupy. Information has been requested from all clients to indicate their projections for returning workforce numbers and timescales. This will allow for facilities management supply chains to plan for this increase in a safe and manageable way across all buildings.

Assurance is also being sought that all departments are undertaking risk assessments before staff are allowed to return to the workplace, as well as ensuring that there is a key business need for these returns.

Sustainability

GPA's plans for property net zero will make a major impact. In advance of their delivery, GPA has continued to contribute to the Greening Government Commitment targets and the Clean Growth Strategy, which sets out the government's ambition to improve business and non-domestic building energy efficiency by at least 20% by 2030.

Ethical behaviour

GPA is committed to behaving ethically. This year we have agreed to increasing payments to our commercial partners to allow them to pay a rate equivalent to London Living Wage for London-based workers. When COVID-19 struck at the end of 2019, we quickly committed to continuing to pay our partners the core fee for service levels at 'best effort', and to move to immediate payment of invoices rather than our normal 30 day arrangement.

Conclusion

GPA has made impressive progress in its second year of operation. We still have much to do, but we are on track to make a real difference.

We have strengthened our capabilities, identified strategic objectives and begun to deliver against them. We announced new government hubs and made progress towards realising the vision for the Whitehall Campus. We have started to build an ambitious Net Zero Programme, and helped to enable the transformation of the Civil Service through our cross-government leadership on smarter working and technology interoperability. We are also delivering better value including increasing the size of our portfolio by 80% to 330,000m^2, and using our commercial expertise to deliver savings of over £150 million.

Additionally, we continue to build our capability in people, our commercial edge and our data.Our people have played a key role through the GPA 2021 Programme by defining our operating regions and creating a set of behaviours.

Steven Boyd MBE

Chief Executive Officer and Accounting Officer

8 July 2020

“

We are also delivering better value including increasing the size of our portfolio by 80% to 330,000m^2

Accountability report

1. Directors' report

1.1. Composition of Management Board

GPA is led by the Chief Executive Officer (CEO) who has also been designated as Accounting Officer. This position is filled by Steven Boyd, who took up this post on 10 June 2019.

GPA is governed by the GPA board which is made up of three internal government non-executive directors as well as four external non-executive directors, one of whom is the agency's chair. All were appointed by the Minister for Implementation in April 2018, except for the chair Pat Ritchie who was appointed on 1 January 2020. This appointment follows the end of Liz Peace's term. Members also include the GPA CEO, Finance Director and representation from the Office of Government Property from the Cabinet Office, the agency's sponsor department.

1.2. Register of interests

Conflicts of interests are assessed at the board and no declarations have been marked as a conflict following the appointment of a substantive CEO in June 2019 and Mike Parsons return to representing the agency's sponsor function at board level.

Pat Ritchie's position as CEO of Newcastle City Council has been recorded on the register. Pat will absent herself from any decisions pertaining to Newcastle. She will delegate her approval authority to another board member.

1.3. Data loss

There have been no records of personal data losses since the launch of the agency in April 2018 that were required to be reported to the Information Commissioner.

2. Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed GPA to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. This will detail the resources acquired, held or disposed of, and the use of resources, during the year by GPA. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the agency and of it's income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, compliance is required with the requirements of the *Government Financial Reporting Manual (FReM)* 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 including those judgements involved in consolidating the accounting information into the Cabinet Office accounts
- state whether applicable accounting standards as set out in the *Government FReM* have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts 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.

2.1. Statement on the disclosure of relevant audit information

GPA accounts have been prepared on a statutory basis in accordance with the requirements of HM Treasury and are designed to comply with generic Accounts Directions issued to agencies by HM Treasury under section 7 (1 and 2) of the GRAA.

HM Treasury has appointed the Principal Accounting Officer of the Cabinet Office as Accounting Officer of GPA. The Principal Accounting Officer of the Cabinet Office has sub-delegated his Accounting Officer responsibilities for GPA to the GPA Chief Executive Officer and Accounting Officer. 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 GPA's assets, are set out in Managing Public Money published by the HM Treasury.

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination.

As Accounting Officer, I confirm that, as far as I am aware, there is no relevant audit information of which GPA's auditors are unaware. I have taken all reasonable steps to ensure that I am aware of any relevant audit information and to establish that GPA's auditors are aware of that information.

Governance statement

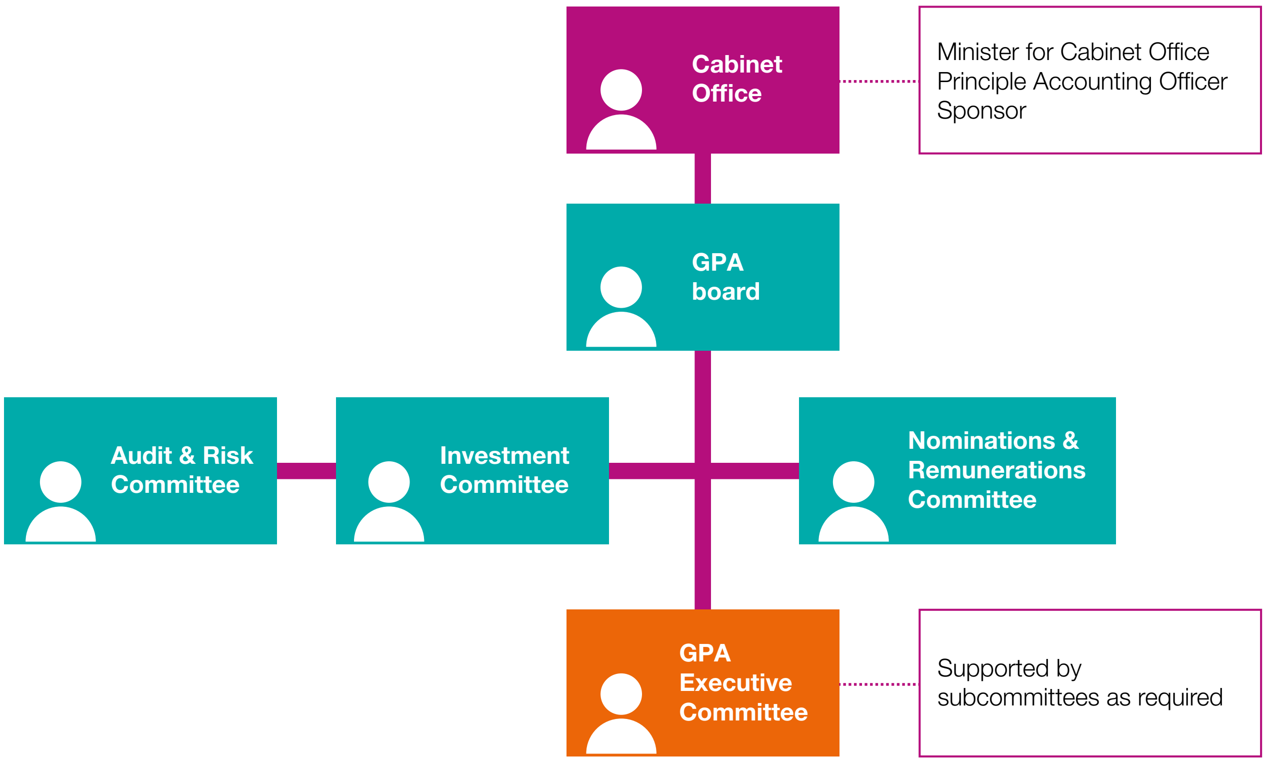
3. Overview

GPA's CEO ensures the agency adheres to the principles and standards as set out in *Managing Public Money*, including in terms of governance, decision-making and financial management.

This governance statement sets out frameworks and processes, drawing together evidence in order to provide assurance on how the GPA has managed risks and complied with good corporate governance.

3.1. Governance Framework

During the agency's second year of operation, the original governance structure was reviewed to ensure that it remained fit for purpose and the new version is depicted below. Significant changes this financial year include changing the Investment Committee from a sub-committee of the executive to a sub-committee of the board. It is now chaired by a non-executive director and there has been an additional non-executive director added to the membership list.



Further to this, with the arrival of a new CEO in June, the structure of board and sub-committees were considered in the round and terms of reference were reviewed and re-written where appropriate. The full list of executive sub-committees now includes:

- Health and Safety Committee
- Client Committee
- Portfolio Committee
- Technology Design Authority
- Data Design Authority

The executive committee meets on a monthly basis with a standing review of a performance dashboard that is input to by all teams. This allows for key risks and opportunities to be managed holistically, regular reporting on critical areas such as health and safety is given the required airtime and trends in areas such as client performance and people data can be analysed. The Executive also meets weekly to discuss hot topic areas, and twice a month this weekly meeting is lengthened for deep dive discussion into key topic areas such as strategy and risk.

The previously titled customer board, a sub-committee of the executive has also been reshaped into the client committee with its membership and purpose refocused. This is now a forum for clients to help shape GPA services, work collaboratively towards cross-government solutions to common issues and providing the chance for regular flow of information and feedback.

Over this reporting period, the GPA board has overseen and approved a number of critical areas of work for the agency. This includes GPA's service offer for clients and an interim charging model for the next financial year that has since been communicated to clients. The board was instrumental in agreeing the agency's risk management policy and risk appetite and carried out deep dive reviews into a number of critical areas. This has included a review into the agency's health and safety provision for both itself and the estate, which allowed roles and responsibilities in this area to be clarified. The Board has also overseen the agency's planning for the upcoming Spending Review period, ensuring that this aligns with the wider strategic priorities for government.

The agency's sponsor is the Office of Government Property in the Cabinet Office. The sponsor provides assurance over the agency's performance, KPIs and governance. This relationship is set out in a framework[5] document which covers roles and responsibilities between the agency, the Cabinet Office and HM Treasury as well as defining escalation routes. This relationship was subject to audit by the Government Internal Audit Agency (GIAA) at the end of 2018, and returned a moderate rating with a small number of recommended improvements that GPA and the sponsor have now implemented. The framework document was also reviewed at the end of 2019 and changes were made to ensure that governance processes, delegated financial powers and HR practices were amended according to knowledge gained in the first year and a half of agency operation.

5 (https://www.gov.uk/government/publications/government-property-agency-framework-document)

3.2. Board membership and attendance

The table below lists the board members and their attendance at board and board sub-committee meetings over the 19/20 reporting period.

Board member	Role	Board	Nominations Committee	Audit and Risk Committee	Investment Committee	Executive Committees attended
Liz Peace	Agency Chair (until 31 December 2019)	5	1	N/A	N/A	N/A
Pat Ritchie	Agency Chair (from 1 January 2020)	1	1	N/A	N/A	N/A
Steven Boyd	CEO (from June 2019)	5	2	5	9	Executive Committee, Client Committee
Steve Blake	Finance Director	5	N/A	7	10	Executive Committee, Portfolio Committee
Mike Parsons	Representative from Cabinet Office Sponsor (as of June 2019. Interim GPA CEO before this)	5	N/A	2	1 (during time as interim GPA CEO)	Executive Committee (during time as interim GPA CEO)
Janet Young	Representative from Cabinet Office Sponsor (until June 2019 to mitigate conflict of Mike Parsons as interim CEO and Cabinet Office representative)	1	N/A	N/A	N/A	N/A
Sarah Harrison	Non-Executive Director (from BEIS)	5	N/A	N/A	N/A	Client Committee
Robert Razzell	Non-Executive Director (from UKGI)	6	N/A	1	N/A	N/A
Rupert McNeil	Non-Executive Director (from Cabinet Office)	3	1	N/A	N/A	N/A
Mark Collins	Non-Executive Director (from private sector)	6	N/A	N/A	11	N/A
Jane Hamilton	Non-Executive Director (from private sector)	6	2	6 (moved to Investment Committee March 2020)	1 (joined March 2020)	Portfolio Committee
Mickola Wilson	Non-Executive Director (from private sector) a Chair of the Audit and Risk Committee	6	N/A	7	N/A	N/A

3.3. Committees and sub-committees

The board is supported by three sub-committees; the Investment Committee, the Audit and Risk Committee and the Nominations Committee:

- Over the past year, the Investment Committee met 12 times and approved investments over the delegated limit of £100,000 and up to £5 million. Projects over £5 million were scrutinised in terms of risk and financials and assurance was provided to the board on this before authorisation was sought from them. In March 2020, a second private sector non-executive director was added to the committee membership to provide additional expertise. This was alongside the change of chair from the CEO to a non-executive director in early 2020 to ensure robust scrutiny and challenge.

- Over the past year, the Audit and Risk Committee met 7 times. It regularly reviewed the Strategic Risk Register and agency's financials as well as discussing the findings of audits carried out by GIAA and reviewing progress on agreed audit actions. It also initiated a lessons learned review regarding year end processes and how to improve for the future. In March 2020, one of the private sector non-executives was changed to a non-executive internal to government to provide more expertise in the area of internal government accounting processes.

- The Nominations Committee met twice and validated the performance markings of SCS 1 and 2 staff members within the agency as decided by the CEO. Consideration was also given to succession planning for existing board members.

Both the Investment Committee and the Audit and Risk Committee have representation from the Cabinet Office to ensure and promote transparency back into our sponsor department.

The Executive Committee is chaired by the CEO and is responsible for delivering the corporate strategy and business plans set by the board and for managing and leading GPA on a day-to-day basis. It reports to the board via the CEO and has five sub-committees:

- Health and Safety Committee
- Client Committee
- Portfolio Committee
- Technical Design Authority
- Data Design Authority

The non-executive director attending each committee gives a verbal update at board meetings regarding the effectiveness of each committee, and raises specific issues to the board as necessary. Minutes of these meetings are included in each board meeting pack to provide a comprehensive update on discussions and decisions from each committee. The monthly performance pack included in board meeting papers also details investment decisions made each month by the Investment Committee.

3.4. Compliance with the corporate governance code

GPA follows best practice for corporate governance, in line with the 'Cabinet Office Code of Conduct for Board Members of Public Bodies and Cabinet Office and Treasury Corporate Governance in Central Government Departments: Code of Good Practice' guidance. The Agency's Board composition was designed in line with this code. This has allowed for the appointment of a mixture of Non-Executives with substantial experience in the public sector as well as members with strong private sector property, real estate and commercial expertise. These areas of expertise are used collaboratively to set the Agency's strategic direction; drawing on experience from both sectors to capitalise on opportunities whilst managing risks and holding the Agency to account for delivery against set targets.

The Board also has a clear Committee structure, including a Nominations Committee and Audit and Risk Committee. Mechanisms for reporting decision making upwards and escalating where appropriate into the Board, sponsor team and Cabinet Office are in place and detailed in a framework document, and all members follow the seven principles of public life which are included in the terms of reference for all Boards and Committees. Additionally, over half of the appointed Non-Executive Directors are female, which exceeds government aspiration in this area.

Finally, the Board conducts an annual effectiveness review to ensure that it remains fit for purpose and continues to develop.

3.5. Assessment of board effectiveness

The previous board chair conducted an effectiveness review in May 2019. The composition and expertise of the board was judged as adequate and it was agreed that agenda items and structures would be kept under review to ensure enough time was dedicated to each discussion area.

With the arrival of a new chair in January 2020, a new structured agenda was introduced. Board meeting durations were extended from 2.5 hours to 4.5 hours to ensure that full deep dives into multiple areas could be carried out at each meeting. A board authorisation template providing assurance of Investment Committee full scrutiny of the work was also introduced to secure timelier board authorisation of work over £5 million. This new process, in line with processes agreed to in the Framework Document, now provides board members with succinct and relevant information.

In order for the Board to fulfil its role of setting strategic direction for and provision of oversight to the Agency, key reporting and information is provided in advance of each meeting. This includes a performance dashboard detailing monthly reporting figures on standing Board discussions such as health and safety, risk management and financial management information. It also sets out client reporting figures, staffing data and commercial information, all of which has been scrutinised by the Executive Team ahead of these Board meetings. This is tangible data that can be used by the Board to support decision making and allows them to challenge the Agency's performance against targets set.

Alongside this, a CEO report provides a strategic overview of key work for each team, updates are given on decisions taken by Committees each month and in depth papers are provided for 'deep dives' on critical areas to give the Board an opportunity to provide a strategic steer whilst taking a holistic view of risks and opportunities.

3.6. Government Hubs Programme and the Whitehall Campus Programme

Projects within these two programmes are subject to approval and scrutiny from the Investment Committee. Each programme is also overseen by a programme board that ensures the necessary project and programme management procedures are adhered to.

The programmes are on the Government Major Projects Portfolio (GMPP) framework with a quarterly return made.

3.7. Risk management framework

Risks within the agency are managed and documented within teams at each level, with significant risks escalated to the agency's Strategic Risk Register. Directors are responsible for ensuring that risks are updated ahead of each review point by the Executive Committee, Audit and Risk Committee and the board.

With the arrival of a new CEO in June 2019, time was taken to review and update the risks in the register. Additionally, the top risks are now reported on in the monthly performance pack at executive level before onward submission to the Audit and Risk Committee and the board. Both the board and the Audit and Risk Committee review this strategic risk register at every meeting, and these risk areas form deep dive discussions at both of those meetings.

The key risks facing the agency and associated mitigations are summarised below:

- **COVID-19:** If GPA does not provide effective support to clients and staff during this time, including provision of safe working environments and clear guidance, there will be an impact on the health and wellbeing of clients and staff. To mitigate this, a centralised response team has been set up to triage client requests and provide timely responses. The estate is being consolidated and guidance is being provided on minimum health and safety and security standards required to maintain closed sites. A space-finding service has been set up to provide regional space to clients that cannot work from home and GPA is leading on sharing smarter working best practice across government to help clients continue to deliver critical services within this new working environment.

  GPA balance sheet assets have been assessed as having a fair value of £216 million at 31 March 2020 and primarily relate to freehold properties. This value is derived using the policies set out in the notes to the accounts. There is some speculation that property prices may be affected by the COVID-19 emergency. The nature and extent of this impact is currently uncertain.

  GPA's client base is predominately central government and their arm's-length bodies. However we also have some private sector clients. We have no indication that any of these clients will fail to pay GPA due to the COVID-19 emergency but this cannot be ruled out in the future.

  Government policy on payment terms was changed following COVID-19 such that payments are to be made as soon as invoices are received and processed, not after 30 days have elapsed or any disputed amounts resolved. GPA are not expecting any material impact of this policy change on its accounts for 2019/20.

- **Poor-quality data:** If the data GPA controls or receives from new clients is not of the right quality, this will significantly impact the way that services are delivered for clients. To mitigate this risk, a Data Design Authority is being put in place to control data hierarchy and manage master data sets through the appointment of clear data owners. Due diligence on data pre-asset onboarding is undertaken and as part of that an 'intra-government lease' is put in place to assure the quality of data being received. While improvements are being implemented, the issues of poor data quality remain.

- **Ability to attract high-calibre staff:** If GPA does not attract high calibre staff it will not be able to support its clients and manage its property portfolio efficiently and effectively. To mitigate this risk GPA has developed a workforce plan and reward strategy. It has promoted the ambitious GPA mission in its recruitment campaigns along with the benefits of working in the Civil Service and, when necessary, used the pay flexibilities available within the Civil Service scales to recruit and retain the skills it needs.

- **Management of costs and income:** If GPA does not manage its costs and income effectively, it may exceed its budget and the financial benefit to our clients and taxpayers will be eroded. To manage this risk, systems have been introduced to control our finances and track the benefits achieved. This includes the introduction of an industry standard technology platform, designed specifically for property management, to hold and process our financial information. During the year we also introduced a new policy to support faster debt recovery and arrangements to improve the timeliness of dilapidations assessments, to ensure clients are clear about their liabilities.

- **Delays or increased costs for major programmes:** If unforeseen conditions cause major programmes (Government Hubs Programme and Whitehall Campus Programme) to be delivered late or over-budget the benefit to customers and taxpayers will be eroded. To manage this risk, GPA has introduced programme management governance, control and good practice to lead and manage the delivery of our programmes. This includes the incorporation of learning from experience, such as the application of optimism bias guidance and the recruitment of experienced project and programme management professionals.

- **Cessation of trade by key suppliers:** If one or more of the companies that GPA uses to provide services (such as facilities management or construction) cease to trade, the service to customers could be disrupted while an alternative provider is found and costs are likely to increase. To manage this risk the GPA has worked closely with Crown Commercial Services (CCS) to identify companies that might be at risk and to establish contingency plans to be used in the event that those suppliers fail.

  This risk is heightened by COVID-19 and GPA continues to monitor the condition of its suppliers for sign of financial distress.

- **Delays with on-boarding:** If there is a delay to on-boarding a department's estate, GPA could be left with surplus workforce capacity which would be inefficient and it could cause GPA costs to exceed its budget. To manage this risk, GPA is on-boarding properties in stages and has adapted the on-boarding schedule in collaboration with prospective clients, with some now being on-boarded earlier than previously planned and others later. This has mitigated the effect in the short-term, but protracted delays could not be accommodated.

- **Implementation and use of modern technology:** If GPA does not fully exploit property data using modern technology, it will miss a significant opportunity to improve the efficiency and effectiveness of the government estate. To manage this risk, GPA has developed a data and technology strategy. As part of that strategy, it has invested in an asset management platform and a common data environment for projects. There is a residual risk that GPA will not get the maximum benefit from these tools due to the quality of the data. To manage this, GPA identifies data quality risks during the on-boarding process for resolution either before or after on-boarding.

- **Health and safety risks:** If GPA does not fulfil its responsibilities for managing risks to the health and safety of our staff, and the people in and around our properties, people could be injured. To manage this risk, arrangements for managing health and safety have been established. These arrangements are discussed in more detail in section 4.21.

- **Business continuity:** If a GPA building was unexpectedly made unavailable for use (e.g. due to damage), our customers who normally occupy the building may not be able to deliver public services. To manage this risk, GPA has put in place arrangements for the continuity of its business and co-ordinates with its clients so they are able to develop their own business continuity arrangements.

  GPA has in place additional measures to support business continuity of its clients during the COVID-19 emergency as set out above.

- **Risks associated with vacant space:** If GPA tenants leave a leased property before the head lease expires, and there is no new tenant to move in, GPA would have a cost to fund. To manage this risk, GPA seeks new tenants but they may not always be available. Therefore, for the on-boarded estate, the originating departments retain this risk until March 2021 or the financial year after on-boarding if later. Where tenants leave earlier than set out in their occupation agreement, the tenants remain liable for the void cost. In the case of hubs and Whitehall Campus, GPA retains the risk but no vacant space is anticipated before March 2021. From March 2021, the GPA plan to make provision for these costs in its financial plans (subject to the next Spending Review) by, for example, charging higher rents (especially for occupations shorter than the head lease) and retaining cashable benefits from its property deals.

3.8. Effectiveness of risk management

At the end of 2018, the GIAA carried out an audit on the agency's risk management processes. Areas of improvement were agreed by the executive team, including development of a GPA risk policy to more adequately reflect the specialist needs of the agency, as up until this time the Cabinet Office policy had been adopted. The agency's risk appetite has been set by the board and is captured in the risk management strategy. As described above, during 2020/21 the agency reviewed and updated its risk management arrangements (documented in a new risk register).

3.9. Statement of internal control

GPA follows HM Treasury guidance on internal control, intended to provide reasonable assurance and maintain propriety and regularity of expenditure. This is a proportionate approach and not intended to eliminate all risk of failure, so the Accounting Officer can only provide reasonable, not absolute, assurance. Our internal control processes are designed to:

- identify and prioritise the risks affecting our business aims and objectives
- evaluate the likelihood of those risks happening and their likely impact
- manage those risks efficiently and effectively

Internal control processes ensure value for money. Investment decisions over £100,000 (increased to £250,000 from March 2020) require Investment Committee approval, and the Cabinet Office approval to these spends is granted via representation at this committee. Investment decisions over £5 million must be authorised by the GPA board before approval is sought from HM Treasury.

3.10. Audit assurance

Representatives from the National Audit Office (NAO) and the GIAA attend the GPA Audit and Risk Committee meetings. During the year GIAA conducted five internal audits. These internal audits focused on the areas of capability and capacity, health and safety, business continuity, physical security and contracting fraud. Actions to address the recommendations made by these audits have been agreed by the executive. The actions will be monitored by both the executive team and the Audit and Risk Committee.

The Head of Internal Audit annually provides an independent opinion on the adequacy and effectiveness of the department's governance, risk and control arrangements. The Internal Audit reviews conducted during the year contribute to that opinion. GIAA's opinion for 2019-20 was 'moderate', which means some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. Particular areas Internal Audit drew management's attention to were:

- Financial management has been enhanced by in-sourcing production of management and financial accounts, work is still ongoing to refine this. A new debt policy was introduced but there remains work to bring down the level of debt.
- The GPA risk policy introduced at the end of last year is now bedding in and the Board agreed a risk appetite. Internal audit noted an absence of physical security risk assessments. Therefore, GPA may not be identifying security risks adequately throughout the government estate. The audit of contracting fraud identified the need for GPA to put a counter-fraud risk assessment in place.
- The governance structure was reviewed by management to ensure it remained fit for purpose, with some changes to committees and revision to terms of reference. A Board effectiveness review was also conducted. Health and safety governance was enhanced by the introduction of a new committee and a GPA health and safety policy. The audit of physical security noted there is an absence of overall governance of physical security by GPA. While there are good security controls on capital projects, there are weaknesses in control of physical security in the existing estate which GPA has inherited from departments. There is a need to appoint a departmental security officer, put a security strategy in place and enhance the capacity and capability of GPA staff dealing with this area. Further work is needed to establish a counter-fraud culture including appointment of a counter-fraud champion and definition of a counter-fraud strategy.
- The audit of GPA's internal business continuity management (BCM) arrangements noted a number of weaknesses. There is currently no executive level BCM champion reporting to the board. The BCM plan had not been reviewed and updated nor approved by the board. There was no testing schedule or reporting mechanism. No business impact assessments had been conducted and there is more work to be done to ensure BCM risks are highlighted. However, internal audit acknowledge that in the COVID-19 crisis GPA reacted quickly to maintain operations and support its clients.

- The strategic risk register recognises that if GPA does not attract high-calibre staff it will not be able to manage its property portfolio efficiently and effectively. The GPA Business Plan details the aims and objectives for workforce planning, supported by the five-year GPA people Strategy 2018-20, and the GPA Capability Plan. The Capability Plan, for which data was being gathered at the time of our 2019/20 audit, will identify key skills individuals have and those that are required across GPA. A training plan was also being developed linked to the Capability Plan. There was work still to be done to complete and implement some key documents referred to in the People Strategy (including the Resourcing Strategy, Diversity and Inclusion (D&I) Plan; Talent Strategy, Succession Plan, Development Plan, Location Strategy and Location Implementation Plan). Workforce information needs enhancement including improvements to diversity and inclusion and location data.
- Following the implementation of the agreed action plan from the 2018/19 on-boarding audit, the processes for on-boarding have been modified and documented, but GPA recognise it is still immature.
- Improvements to data standards, processes and governance together with enhancements to the use of technology are to be taken forward by the GPA 2021 working group, although this work has been impacted by COVID-19.
- There is a risk that GPA's financial model is not fit for purposes and a lack of financial flexibilities prevent effective management of property risk leading to financial loss. Current arrangements do appear not to be scalable as GPA grows. GPA is working with HM Treasury on future flexibilities. Management advise that good progress has been made on freehold rebate, capital pooling and RDEL flex, but the underlying structure of the financial model still needs work.

3.11. Whistleblowing

GPA adheres to the whistleblowing policy that is applicable to all civil servants, including adherence to the Civil Service Code. Information regarding this policy is available for all staff on the agency's intranet site. The Audit and Risk Committee is informed at the start of every meeting if any whistleblowing cases have been raised. In 2019-20 there were no such cases.

3.12. Fraud

The GPA adheres to Cabinet Office policy regarding fraud, which requires staff at all times to act honestly, with integrity, and to safeguard the public resources for which they are responsible at all times. All staff must complete mandatory Civil Service e-learning on this topic each year.

There were no cases of fraud identified in 2019-20.

Remuneration and staff report

4. Overview

This report sets out the remuneration policy and provides details on remuneration and staff that Parliament considers key to accountability. The following sections are subject to audit:

- 4.4 Remuneration (salary, benefits in kind and pensions) of Officials who are Board members
- 4.8 Fair pay disclosure
- 4.9 Fees paid to Non-Executive Board Members
- 4.10 Pension benefits of official Board members
- 4.14 Staff costs
- 4.16 Average number of persons employed
- 4.24 Reporting of compensation schemes and exit packages

Remuneration Report

4.1. Remuneration Policy

The pay of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries (SSRB).

The SSRB takes a variety of factors into consideration when formulating its recommendations. These include:

- the need to recruit, retain and motivate suitably able and qualified people
- regional and local variations in labour markets and their effects on the recruitment and retention of staff
- government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target
- the evidence it receives about wider economic considerations and the affordability of its recommendations.

The **SSRB website**[6] contains further information about its work.

The performance management system for senior civil servants is common across all government departments. Pay awards are made in two parts:

- non-consolidated variable payments, which are used to reward members of staff who demonstrate exceptional performance;
- base pay progression, to reward growth in competence.

Non-consolidated payments are paid one year in arrears, so those paid to GPA staff in 2019-20 relate to their performance during 2018-19 year, and are restricted to the top 25% of performers within the Senior Civil Service (SCS).

The Cabinet Office in-year bonus scheme for senior civil servants is applicable to those within GPA, and recognises outstanding contributions for up to 15% of senior civil servants. An additional cross-government in-year bonus scheme for senior civil servants is also available to recognise corporate values and behaviours, with rewards of up to £1,000 available for senior civil servants under this scheme.

4.2. Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

4.3. Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior management (i.e. Board members) of the agency. In accordance with HM Treasury guidance per the Financial Reporting Manual (FReM) paragraph 5.3.1, all entities are required to prepare a remuneration report containing certain information about the directors' remuneration. "Directors" shall be interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the entity. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or sections within the entity. The Accounting Officer and the Audit and Risk Committee have decided that this requirement encompasses the three posts listed below, whose emoluments and pension details are disclosed. The GPA considers that no other key management staff details need to be disclosed under this guidance for 2019-20.

6 (https://www.gov.uk/government/organisations/review-body-on-senior-salaries)

4.4. Remuneration (salary, benefits in kind and pensions) of officials who are board members

Single total figure of remuneration											
Board member officials	**Salary (£'000)**		**Non-consolidated payments (£'000)**		**Benefits in kind (to nearest £100)**		**Pensions benefits[7] (to nearest £1,000)**		**Total (£'000)**	
	2019-20	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**
Mike Parsons[8]	160-165	155-160	5-10	5-10	-	-	-	23	170-175	180-185
Steve Blake	105-110	95-100	5-10	-	-	4,300	71	80	180-185	180-185
Steven Boyd	115-120[9] (FTE: 140-145)	-	-	-	-	-	45	-	160-165	-

4.5. Salary

'Salary' includes:

- gross salary
- overtime
- reserved rights to London weighting or London allowances
- recruitment and retention allowances
- private office allowances
- any other allowance to the extent that it is subject to UK taxation

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

8 Mike Parsons is employed by the Cabinet Office, and does not sit on the GPA payroll. The GPA does not provide any payment for Mike Parsons' role as Interim Chief Executive of the Agency. The remuneration above is in relation to his work in Cabinet Office. His pension benefit is for a partnership pension scheme.

9 Reflects start date part-way through the year of 10 June 2019

4.6. Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the agency and treated by HMRC as a taxable emolument. The disclosed benefits in kind include income tax and national insurance liabilities that are met by the GPA.

4.7. Non-consolidated payments

Non-consolidated payments are based on performance levels attained and are made as part of the appraisal process. They are not accrued or provided for at 31 March, because the appraisal process is not complete until the summer and entitlement is not agreed until after the appraisal process is complete. As a result, the payments reported in 2019-20 relate to performance in 2018-19 for entitlement which arose for performance in transferring departments.

4.8. Fair pay disclosure

	2019-20	2018 -19
Band of highest paid board member's total remuneration (£000)	140-145	100-105
Median remuneration of the workforce (£)	47,340	44,182
Remuneration ratio	3.0	2.3

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Board member in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid board member in the GPA in the financial year 2019-20 was £140,000-£145,000 (2018-19 £100,000-£105,000). This was 3.0 (2018-19 2.3) times the median remuneration of the workforce, which was £47,340 (2018-19 £44,182). This remuneration ratio was higher than 2018-19 due to the CEO in 2018-19 being on the Cabinet Office payroll and not the GPA payroll. The remuneration of agency and other temporary staff employed by the GPA was excluded when calculating the median remuneration.

The remuneration of GPA employees ranged from £22,653 to £145,000 (2018-19: £22,354 to £105,000), excluding Government Commercial Organisation employees, who are invoiced separately.

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.

4.9. Fees paid to non-executive board members

Non-executive board bembers	Annual fee entitlement (£)	Fees paid 2019-20 (£)	Fees paid 2018-19 (£)
Jane Hamilton	15,000	£15,000	13,917
Janet Young	-	-	-
Liz Peace[10]	37,500	25,000	46,875
Pat Richie	37,500[11]	5,000[12]	-
Mark Collins	15,000	15,000	13,917
Mickola Wilson	15,000	15,000	13,917
Rupert McNeil	-	-	-
Robert Razzell	-	-	-
Sarah Harrison	-	-	-

Non-executive board members (with the exception of the chair) are offered a fee of £15,000 per annum. Individual board members may waive all or part of their fee entitlement. Fees paid or accrued are included within professional services.

Janet Young, Rupert McNeil, Robert Razzell and Sarah Harrison are not entitled to an annual fee as they are already members of the Civil Service and paid by their current department.

Liz Peace was engaged as a board member until 31st December 2019. Pat Ritchie joined the Board on 1st January 2020. All other board members were engaged for the full financial year.

4.10. Pension benefits of official board members

Board Member Officials	Accrued pension at pension age as at 31 March 2020 and related lump sum (£'000)	Real increase in pension and related lump sum at pension age (£'000)	CETV at 31 March 2020 (£'000)	CETV at 31 March 2019 (£'000)	Real increase in CETV (£'000)	Employer contribution to partnership pension account (nearest £100)
Steve Blake	25 - 30 plus a lump sum of 50 - 55	2. 5 - 5 plus a lump sum of 2.5 - 5	496	422	48	-
Steven Boyd	10 - 15	2. 5 - 5	188	145	28	-

10 The contractual fee entitlement for Liz Peace changed on 1 January 2019 when the number of days per week worked was reduced. For the period 1 April 2018 to 31 December 2018 the fee entitlement was £50,000. From the 1 January 2019 the fee entitlement was £37,500.

11 Pat Ritchie is employed by Newcastle City Council and her fee is split between the council and Pat Ritchie, with Pat Ritchie receiving £20,000 p.a. and Newcastle City Council receiving £17,500.

12 Pat Ritchie joined GPA on 1 January 2020 and this fee is for January to March 2020

4.11. Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during his period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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 from a panel of providers. 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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

4.12. Cash equivalent transfer value (CETV)

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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

4.13. 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.

Remuneration and staff report

4.14. Staff costs

£'000	Permanently employed staff	Others	Total 2019-20	Total 2018-19
Wages, salaries and fees[13]	6,776	-	6,776	5,106
Social security costs	774	-	774	747
Apprenticeship levy	41	-	41	20
Other pension costs	1,832	-	1,832	1,038
Untaken annual leave	98	-	98	202
Agency/temporary	1,263	2,280	3,543	2,656
Total staff costs	10,784	2,280	13,064	9,769

4.15. Staff pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme – known as "alpha" – are unfunded multi-employer defined benefit schemes but GPA is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation here (https://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

For 2019-20, employers' contributions of £1.8 million were payable to the PCSPS at one of four rates in the range of 26.6% to 30.3% of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £11,037 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employer contributions to the partnership pension scheme for Mike Parsons were paid by the Cabinet Office.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,112, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

There were no contributions due to the partnership pension providers at the 31 March 2020.

13 This includes the following: Salaries, Overtime, Apprenticeship Levy, Statutory Sick Pay, Statutory Maternity Pay, Honorarium and Childcare Admin Vouchers

4.16. Average number of persons employed

	2019-20			2018-19		
	Permanent[14]	Temporary[15]	Total	Permanent[16]	Temporary[17]	Total
Directly employed	100.5	29	129.5	68	40	108
Others	7.5	13	20.5	4	15	19
Staff engaged on capital projects	-	1	1	-	-	-
Total	108	43	151	72	55	127

In September 2019, eight roles transferred to GPA from the Ministry of Justice.

In March 2020, the GPA had 20 senior civil servants working in the agency. The breakdown of these by level is shown below.

4.17. Senior civil servants

The table below shows the number of senior civil servants (SCS) employed by GPA as of 31 March 2020.

	Headcount	
	2019-20	2018-19
Chief Executive, Director General (SCS3)	1	1
Director (SCS2)	3	3
Senior Commercial Specialist (SCS2)	2[18]	2
Deputy Director (SCS1)	12[19]	7
Commercial Specialist (SCS1)	2	2
Total Senior Civil Servants working in GPA	**20**	**15**

14 Includes those employed permanently on Government Property Agency Payroll and those through the Government Commercial Organisation

15 Includes those on Loan or Fixed Term Appointments with the Government Property Agency, as well as contingent labour

16 Includes those employed permanently on Government Property Agency Payroll and those through the Government Commercial Organisation

17 Includes those on Loan or Fixed Term Appointments with the Government Property Agency, as well as contingent labour

18 One of these was temporarily promoted to this SCS2 grade

19 One of these was temporarily promoted; one was on a fixed term appointment and one was interim labour

4.18. Staff composition[20]

The below tables provide a breakdown, by gender, of all the staff employed by GPA as of 31 March 2020.

	2019-20			2018-19		
	Male Headcount	Female Headcount	Total Headcount	Male Headcount	Female Headcount	Total Headcount
Board members	2	-	2	1	-	1
Senior civil servants	17	3	20	5	4	9
All other staff	80	60	140	56	42	98
Total	99	63	162	62	46	108

	2019-20		2018-19	
	Male (%)	Female (%)	Male (%)	Female (%)
Board members	100	-	100	-
Senior civil servants	85	15	56	44
All other staff	57	43	57	43

4.19. Sickness and absence

The sickness absence figure for the rolling 12 months to 31 March 2020 stands at 4.61 (2018-19: 1.28) average working days lost per member of staff.

4.20. Employment, training and advancement of disabled persons

GPA applies the Recruitment Principles of the Civil Service Commission, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which has a core focus of raising awareness of unconscious bias, is offered to all chairs of GPA recruitment panels.

GPA promotes training for all staff on avoiding unconscious bias, and for managers, the Disability Confident leaders training is a requirement.

GPA promotes a number of cross-government talent schemes to disabled staff. This includes Civil Service-wide talent schemes such as the Future Leaders Scheme (aimed at staff in grades 6 and 7) and the Senior Leaders Scheme (aimed at staff in senior Civil Service pay band 1). It also promotes development schemes aimed specifically at disabled staff, including the Accelerate Talent Programme (for senior civil servants) and the Positive Action Pathway (for staff below the senior Civil Service).

20 Staff composition relates to staff employed by Government Property Agency payroll

4.21. Health and safety

We take the health and safety of our people and those that use our buildings very seriously. GPA's health and safety management system and fire safety management plan are now published and in use. We are also working hard to ensure roles and responsibilities in this area for both GPA and our clients are clearly defined and communicated.

Over the 2019-20 reporting period there were no contractor reported fatalities, one lost time injury, 72 minor injuries, 123 unsafe acts and 102 corrective actions implemented.

GPA recognises its obligations under the Health and Safety at Work etc. Act 1974, for ensuring, so far as is reasonably practicable, the health, safety and welfare of its employees and others that may be affected by its operations and / or activities.

The offices occupied by GPA provide a safe working environment for our staff. Currently, this is done in accordance with Cabinet Office health and safety policy, including access to qualified first aiders. The GPA is currently developing its own health and safety policy for staff, and will publish this guidance on the GPA intranet. There is a GIAA audit underway around health and safety as part of this development.

Health and safety provision for the buildings managed by the agency is provided and reported on by the workplace services team. Regular reporting is cascaded to the executive team and GPA board. This includes a monthly update on any health and safety related incidents, as well as relevant actions and mitigations for the future, and a health and safety update is included within the CEO report for each Board meeting with inputs from all directors.

On a wider scale, the Government Hubs Programme is focusing on health and wellbeing through the incorporation of the principles behind the WELL building standard. WELL is the world's first, and to date, only building standard focused exclusively on human health and wellness. By adopting some of these principles, GPA aims to facilitate the creation of workspaces that promote and enhance occupant health and wellbeing to be central to the design and fit out of government hubs.

4.22. Monitoring spending on consultancy and temporary staff

Expenditure on consultancy and temporary staff not included within staff costs was £229k (2018-19: £54k) in 2019-20.

Expenditure on consultancy and the need for temporary staff within GPA is largely dependent on the nature of the projects being undertaken and the expertise required.

4.23. Reporting of off-payroll appointments

GPA provides information about appointments of consultants or staff that last longer than six months and where the individuals earn more than £245 per day, where we pay by invoice rather than through the payroll. We only use these arrangements where we cannot avoid them and minimise their use.

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of existing engagements as of 31 March 2020	12
Of which[21]…	
Number that have existed for less than one year at time of reporting.	11
Number that have existed for between one and two years at time of reporting.	1
Number that have existed for between two and three years at time of reporting.	-
Number that have existed for between three and four years at time of reporting.	-
Number that have existed for four or more years at time of reporting.	-

New off-payroll working rules for public sector organisations called 'IR35' were put in place from April 2017 to make sure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax as an employee, with the requirement for the employer to deduct tax at source.

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	18
Of which…	
Number assessed as caught by IR35	9
Number assessed as not caught by IR35	9
Number engaged directly (via PSC contracted to department) and are on the departmental payroll	-
Number of engagements reassessed for consistency / assurance purposes during the year.	-
Number of engagements that saw a change to IR35 status following the consistency review.	-

21 Where the date is greater than the year, the individual worked on activities that are now part of the GPA in a transferring organisation

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	-
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year.	10

4.24. Reporting of compensation schemes and exit packages

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in this section. In cases where the employee has accepted the offer made by the department, the cost of termination benefit is accrued within wages, salaries and fees.

There were no costs incurred relating to compensation schemes or exit packages in 2019-20 as GPA had no exits of this nature, (2018-19: nil).

4.25. Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

GPA has a Recognition Agreement with PCS, Prospect and the FDA for the purpose of negotiation and consultation. No facilitation time was required for the period between 1 April 2019 and 31 March 2020 as the representatives are currently full time officials rather than GPA employees.

5. Parliamentary accountability and audit report

5.1. Overview

This section contributes to the agency's accountability to Parliament and is subject to audit. Regularity of expenditure reports losses and special payments - regularity refers to the principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and the principles set out in *Managing Public Money*. Disclosures on fees and charges and remote contingent liabilities are required by *Managing Public Money*.

In his certificate and report to the House of Commons, the Comptroller and Auditor General provides their opinion on regularity and whether the Remuneration and Staff Report and Parliamentary Accountability Disclosures have been properly prepared and are consistent with the financial statements, and whether the information given in the Performance Report and Accountability Report is consistent with the financial statements. The following sections are subject to audit:

- 5.2 Regularity of expenditure
- 5.3. Fees and Charges
- 5.4. Remote Contingent Liabilities

5.2. Regularity of expenditure

Where they occur, the Statement of Comprehensive Net Expenditure includes losses, such as write-offs of irrecoverable debts and fruitless payments. The Statement of Comprehensive Net Expenditure includes extra contractual special payments. GPA had no reportable losses or special payments in 2019-20 (2018-19: nil).

5.3. Fees and charges

GPA has been established to support better utilisation of the government estate. As part of its ordinary course of business, the GPA charges fees to other government bodies to recover its costs. Details are included within the segmental analysis in note 4 to the accounts.

5.4. Remote contingent liabilities

There are no remote contingent liabilities that require disclosure and reporting to HM Treasury in the Annual Report and Accounts (2018-19: nil).

5.5. European Union exit

On 29 March 2017, the UK government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending 31 December 2020. Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. There are no significant impacts on the financial statements in the short-term.

5.6. Covid-19

In November 2019, a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the financial year end. The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020.

Steven Boyd
Chief Executive Officer and Accounting Officer
8 July 2020

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 Government Property Agency for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, Statement of Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Government Property Agency's affairs as at 31 March 2020 and of the net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Emphasis of matter

Without qualifying my opinion, I draw attention to the disclosures made in notes 1.4 and 1.11 to the financial statements concerning the material uncertainty in the property valuation, highlighting that a higher degree of caution should be attached to valuations at this time.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Government Property Agency in accordance with the ethical requirements that are relevant to my audit and 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Government Property Agency's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Government Property Agency have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Government Property Agency's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government Property Agency's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- conclude on the appropriateness of the Government Property Agency's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Government Property Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Government Property Agency to cease to continue as a going concern.

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 that I identify during my audit.

I am required to obtain evidence sufficient 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.

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, 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, 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:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report and Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with the applicable legal requirements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies **13 July 2020**

Comptroller and Auditor General

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

Financial statements

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
Operating income	2	(281,791)	(163,359)
Capital Grant-in-kind	16	(21,626)	(108,587)
Total operating income		**(303,417)**	**(271,946)**
Staff costs	3	13,064	9,769
Other operating costs	3	279,828	159,984
Non-cash costs	3	11,787	(3,827)
Total operating expenditure		**304,679**	**165,926**
Net operating expenditure		**1,262**	**(106,020)**
Gain on acquisition (transfer of function)	15	(3,920)	(33,851)
Total non-operating income		**(3,920)**	**(33,851)**
Net income for the year		**(2,658)**	**(139,871)**
Other comprehensive expenditure/(income)			
Net gain on revaluation of property, plant and equipment (PPE)	5	(5,709)	(2,219)
Total comprehensive net income for the year		**(8,367)**	**(142,090)**

All income and expenditure relates to continuing operations.

The notes on pages 71 to 94 form part of these accounts

Statement of Financial Position

As at 31 March 2020

	Note	31 March 2020 £'000	31 March 2019 £'000
Non-current assets			
Property, plant and equipment	5	216,202	195,325
Trade and other receivables	6	71,091	35,798
Total non-current assets		**287,293**	**231,123**
Current assets			
Trade and other receivables	6	157,798	52,553
Cash and cash equivalents	7	14,431	7,600
Total current assets		**172,229**	**60,153**
Total assets		**459,522**	**291,276**
Current liabilities			
Trade and other payables	8	(78,223)	(54,712)
Provisions	10	(2,671)	(2,415)
Total current liabilities		**(80,894)**	**(57,127)**
Non-current assets less net current liabilities		**378,628**	**234,149**
Non-current liabilities			
Provisions	10	(65,723)	(37,724)
Total non-current liabilities		**(65,723)**	**(37,724)**
Total assets less liabilities		**312,905**	**196,425**
Taxpayers' equity and other reserves			
General fund	SoCTE	274,394	164,714
Revaluation reserve	SoCTE	38,511	31,711
Total equity		**312,905**	**196,425**

Steven Boyd
Chief Executive Officer and Accounting Officer
8 July 2020

The notes on pages 71 to 94 form part of these accounts

Statement of Cash Flows

For the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(1,262)	106,020
Adjustment for non-cash items			
Adjustments for non-cash income	17	(25,546)	(142,438)
(Increase)/decrease in trade and other receivables	17	(111,549)	(81,829)
Increase/(decrease) in trade payables	17	47,492	28,134
Adjustments for non-cash expenditure	17	11,802	34,385
Movement in capital accruals		(1,308)	(1,241)
Net cash outflow from operating activities		**(80,371)**	**(56,969)**
Gain on acquisition	15	3,920	33,851
Net cash outflow from non-operating activities		**3,920**	**33,851**
Cash flows from investing activities			
Purchase of Property, plant and equipment	5	(8,560)	(24,723)
Movements from capital accruals		1,308	1,241
Net cash outflow from investing activities		**(7,252)**	**(23,482)**
Cash flows from financing activities			
Cabinet Office funding	SoCTE	90,534	54,200
Net financing		**90,534**	**54,200**
Net increase/(decrease) in cash in the period			
Net Increase in cash in year		6,831	7,600
Cash and cash equivalents at the beginning of the period	SoFP	7,600	-
Cash and cash equivalents at the end of the period	SoFP	**14,431**	**7,600**

The notes on pages 71 to 94 form part of these accounts

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2018		**-**	**-**	**-**
Cabinet Office funding		54,200	-	54,200
Net income for the year	SoCNE	139,871	-	139,871
Non-cash adjustments				
Auditors Remuneration	3	135	-	135
Movements in reserves				
Revaluation gain		-	2,219	2,219
Other reserves movements including transfers		(29,492)	29,492	-
Balance at 31 March 2019		164,714	31,711	196,425
Cabinet Office funding		90,534	-	90,534
Net income for the year	SoCNE	2,658	-	2,658
Assets and liabilities introduced and removed: Deemed settlement of intragroup net liability		17,459	-	17,459
Non-cash adjustments				
Auditors Remuneration	3	120	-	120
Movements in reserves				
Revaluation gain	5	-	5,709	5,709
Other reserves movements including transfers		(1,091)	1,091	-
Balance at 31 March 2020		**274,394**	**38,511**	**312,905**

The notes on pages 71 to 94 form part of these accounts

Notes to the Accounts

1. Statement of accounting policies

1.1. Statement of compliance

These accounts have been prepared under the Government Resources and Accounts Act 2000 and in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The accounts have been prepared under an accounts direction issued by HMT. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the GPA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the GPA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2. Basis of preparation

These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of Property, plant and equipment (PPE). The GPA was created to hold, manage and get the best out of the government's general purpose accommodation and has not been established with a profit motive. The GPA has grown through 2019-20 by the transfer in of assets from other government departments as part of its programme of on-boarding activities, which will continue over the next 2-3 years. The GPA is consolidated within the Cabinet Office Group. GPA has no subsidiaries.

1.3. Going concern

The accounts for the GPA have been prepared on the basis that the GPA is a going concern. Parliament has authorised spending for 2020-21 in the Central Government Main Supply Estimates 2020-21 (HC 239). In addition to the receipt of funding from the Cabinet Office, the GPA invoices property costs to the tenant occupiers with the longer term intention that the GPA becomes a self-funding Agency. For the next financial year, we have planned to strengthen our income through a new charging model for all clients which we are implementing in stages starting in April 2020. These charges will continue to grow as the GPA property portfolio expands and with time will provide the necessary funding for GPA to operate.

1.4. Judgements and key sources of estimation uncertainty

The preparation of accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position (SoFP) and amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the GPA's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the accounts:

a) Transfer of assets from other government departments

The transfer of assets and programmes to the GPA have been assessed in accordance with the FReM and other frameworks covering all such transfers.

Where it can be demonstrated that a "Transfer of Function" has taken place within a departmental group the transfer has been applied as Transfer by Absorption, with net assets being brought onto the accounts at carrying value from the date of transfer and recognition of a non-operating gain (or loss) on transfer.

Where individual assets have been transferred without a function, these have been transferred at fair value from the date of transfer with an equal and opposite operating capital grant-in-kind to the Statement of Comprehensive Net Expenditure. This treatment aligns with that applied under International Accounting Standard (IAS) 20 *Accounting for government grants and disclosure of government assistance* to assets funded by way of grant, and where assets transferred for nil consideration are considered to be donated assets in kind.

b) IAS 16 treatment for Property, plant and equipment

IAS 16 – *Property, plant and equipment* has been applied to all of the Property, plant and equipment held by the GPA. Under IAS 16, *Property, Plant and Equipment* assets are initially measured at cost, subsequently measured using either a cost or revaluation model, and depreciated so that the depreciable amount is allocated on a systematic basis over the useful life.

The prime objective of the GPA is to facilitate the efficient use of government estate assets and these assets are therefore not being held to generate a return or for capital appreciation. The adoption of IAS 40 *Investment Property* is not considered appropriate as assets are being held for operational purposes rather than as investment assets. The budgeting consequences of adopting IAS 16 will be no different than if properties had remained on an individual department's books. On this basis, HMT has agreed to the GPA adopting IAS 16.

c) Determining whether an arrangement contains a lease

The GPA makes judgements about the classification of long-term arrangements as containing a lease based on an evaluation of the terms and conditions of each arrangement, whether the arrangement depends on a specific asset or assets and whether the arrangement conveys a right to use the asset.

Lease classification

d) GPA as a lessee

The GPA determines, based on an evaluation of the terms and conditions of each arrangement, whether it retains or acquires the significant risks and rewards of ownership of the assets and whether it meets the criteria for recognition as a finance or operating lease in accordance with IAS 17 *Leases*.

The GPA uses the following criteria to determine if the lease is finance or operating in nature:

- Whether the lease transfers ownership of the asset to the lessee by the end of the lease term;
- Whether the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- Whether the lease term is for the major part of the economic life of the asset even if title is not transferred;
- Whether the leased assets are of such a specialised nature that only the lessee can use them without major modifications; and
- Whether at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset.

e) GPA as a lessor

The GPA makes judgement as to who in substance should recognise the asset under the provisos of IAS 16.7. For a tenant to recognise the asset they would be substantially consuming the benefit of the asset. To assist with the judgement the following criteria are considered in addition to the criteria as a lessee:

- Whether the signed Terms of Occupation Agreements (TOA) are of a similar length to the useful economic life of the asset;
- Whether the building is multi-tenanted or just occupied by the prior "owner";
- Whether the asset is shared or is in use for one particular tenant.

There is a materiality of £1 million for considering assets as standalone for the purposes of the above considerations; where an individual item falls below this threshold, they will be grouped together as appropriate with assets within the same GPA occupation (where possible).

f) Leasehold improvements

Where leasehold improvements have taken place, a review of the head lease and the TOA in relation to the property is undertaken by the GPA. If the majority of the property improved is occupied by a sole tenant and the occupant's tenancy is for the life of the head lease then the tenant is deemed to be in receipt of economic benefit and therefore the asset is recognised by the tenant rather than GPA. Where the improvements are deemed to be for the benefit of all tenants, the life of those improvements extends past individual tenancies, GPA recognises the leasehold improvements within property, plant and equipment.

g) Property Valuations

Freehold properties held by the GPA are shown at fair value as calculated by independent qualified valuation experts. Valuations are based on a number of key assumptions, including an estimate of future rental income, anticipated future costs, and a discount rate. The valuers also compare their valuations to market data for other similar assets. As at the year end, the independent valuers have stated that there is little to no empirical evidence available to accurately assess the impact of COVID-19 on commercial property activity or values. Additionally, they have commented that property indices reflect a reaction and summary of past market movements rather than projections, and it is still too early to see a genuine trend movement and where movement has occurred, to what extent.

Valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty and a higher degree of caution should be attached to valuations than would normally be the case. Given the unknown future impact of COVID-19, the GPA will keep the valuation of assets under frequent review.

h) Impairment of assets

The GPA assesses whether there are any indicators of impairment for all financial and non-financial assets at each reporting date. Assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Impairments of non-current property assets that are due to a clear consumption of economic benefit are recognised in the Statement of Comprehensive Net Expenditure (SoCNE) rather than set against an available revaluation reserve.

Impairments of trade and other receivables stem from doubtful debt provisions and bad debt write offs. A credit loss is recognised in the SoCNE and a loss allowance is established against specific debts by reference to payment history against settlement terms and the expectancy of future payments. Where the credit risk increased significantly and the risk is no longer considered low the full lifetime expected credit losses are recognised in the SoCNE.

i) Dilapidation Provisions

Provisions for dilapidation charges are based on the best estimate of the amount required to settle the obligation following an assessment of risks and uncertainties, terms of legal agreements, and where appropriate, independent professional valuation reports.

A provision is made for estimated costs based on valuations where the likelihood of settlement is material and imminent or via the use of industry standard calculations/methodologies. A corresponding receivable, calculated on the same basis will also be recognised in the SoFP with any difference from the established liability arising from voids being recognised in the SoCNE.

1.5. Operating segments

Operating segments are based on the main areas of business activity and align with performance reporting. They are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance. The CODM has been identified as the Accounting Officer supported by the Board.

1.6. Employee benefits

Short-term benefits

Where an employee has rendered service to the GPA during the financial year, the GPA recognises as an expense the undiscounted amount of short-term employee benefits expected to be paid wholly in exchange for that service before 12 months after the end of the reporting period.

Annual leave earned but not taken by year-end is recognised on an accruals basis.

Performance non-consolidated payments are recognised when the appraisal process has been finalised.

1.7. Revenue

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the GPA.

Operating income recognised in SoCNE

Rental income

Rental income, including fixed rental uplifts, is recognised in accordance with IAS 17 on a straight-line basis over the term of the lease which is considered to be the date of the lease commencement to the earliest termination date. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Lease incentives, such as rent free periods and contributions towards tenant costs are recognised evenly over the period from the date of the lease commencement to the earliest termination date.

Incentives for the agreement of a new or renewed operating lease given to tenants are recognised as a reduction of the rental income over the lease term, irrespective of the incentive's nature or form, or the timing of payments.

Other income

Other income relates to capital grant income and non-rental income, which have been recognised in accordance with IFRS 15 on revenue recognition. Service charge and utilities recharge revenue is recognised in accordance with IFRS 15 revenues from contracts with customers. This income arises from tenant leases, which provide for the recovery of all or a portion of the operating expense incurred by the GPA. The non-rental element of the contract is separated from the lease rental element and assessed by reference to the operating costs incurred in relation to each lease and rental space. Non-rental income is recognised in the same period as the expenses are incurred. This income is recognised when it is received or when the right to receive payment is established by the contract.

Non-rental income includes fees for commercial advisory work such as lease term renegotiation, whereby GPA receives a share of any savings achieved (gain share) compared to the terms of the existing lease arrangement.

On occasion this share of savings is given as an additional budget via a budget transfer. In this instance, the gain share is recognised through funding.

Non-operating income recognised in the SoCNE

Non-operating income relates to the on-boarding of activities into the GPA being capital grants in kind for assets transferred in line with the GPA functions and a gain on acquisition as a result of the "Transfer of Function" as described at 1.4a accounting judgements.

Capital grant-in-kind is the mechanism for the transfer of assets from one public sector body to another for nil consideration. The recognition criteria are set out in the FReM and results in assets recognised as donated assets with equal and opposite capital grant-in-kind income in accordance with IAS 20.

A net operating gain (or loss) on acquisition is reflected in the accounts of the two bodies involved. The GPA has recognised a non-operating gain on transfer in this 2019-20 Annual Report and Accounts, the information is reconciled in note 15.

1.8. Taxation

Some of the activities of the GPA are outside the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. The net amount due from/to HM Revenue and Customs (HMRC) in respect of VAT is included within receivables and payables in the SoFP as appropriate.

The GPA being a Crown body is not subject to corporation, income or capital gains taxes.

1.9. Property, plant and equipment

Property, plant and equipment is recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation, except for art and antiques which are treated as Heritage Assets which are non-depreciating. Cost comprises the value of the donated asset or the amount of cash paid to acquire the asset and includes any costs necessary to bring the asset into working condition for its intended use. The capitalisation threshold for expenditure on property, plant and equipment is £5,000.

Some heritage assets, have been transferred to the GPA. The value of these are immaterial and on this basis they are neither revalued, depreciated nor indexed.

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the SoCNE, in which case the increase is recognised in the SoCNE. A revaluation deficit is recognised in the SoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNE.

1.10. Depreciation and impairment on Property, plant and equipment

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Useful lives and residual values are reviewed annually and, where adjustments are required, these are made prospectively. Asset lives are normally in the following ranges:

Freehold buildings, including dwellings	17 to 60 years
Leasehold building improvements	over the remaining term of the lease
Information technology and office equipment	3 to 6 years
Plant and machinery	3 to 10 years
Furniture and fittings	3 to 14 years

Assets in the course of construction are not depreciated until the assets are available for use. No depreciation is provided on freehold land and heritage assets since they have unlimited or very long estimated useful lives, nor on non-current assets held for sale which meet IFRS 5 *Non-current Assets Held for Resale and Discontinued Operations* criteria. Assets continue to depreciate until they are derecognised, even if during that period they are idle.

The carrying values of Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If an asset is determined to be impaired, the asset is written down immediately to its recoverable amount.

Where there is no reasonable certainty that the GPA will obtain ownership at the end of the lease – the asset is depreciated over the shorter of the lease term or the life of the asset.

1.11. Revaluation of Land and Buildings and Dwellings

Land and buildings are restated to fair value every five years using professional valuations prepared in accordance with current Royal Institution of Chartered Surveyors (RICS) valuation standards. Each property is revalued on a rotational basis on a five year cycle. In the interim years annual indexation is applied at a rate deemed to be appropriate by the independent valuers.

Land and Buildings have been valued using the Office Index – Mid Town and West End which is 5.05% and Dwellings have been valued using the Residential Index – City of Westminster, which is 9.39% as advised by Montagu Evans, the independent valuers.

These valuation index figures are the best available at the time to give fair value at 31 March 2020.

As at the year end, the independent valuers have stated that there is little to no empirical evidence available to accurately assess the impact of COVID-19 on commercial property activity or values. Additionally, they have commented that property indices reflect a reaction and summary of past market movements rather than projections, and it is still too early to see a genuine trend movement and where movement has occurred, to what extent.

Valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty and a higher degree of caution should be attached to valuations than would normally be the case. Given the unknown future impact of COVID-19, the GPA will keep the valuation of assets under frequent review.

1.12. Donated assets

Donated assets which are held for their service potential are capitalised at current value in existing use.

The value of donated assets is recognised as capital grant-in-kind income. Any subsequent revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the SoCNE, in which case the increase is recognised in the SoCNE. A revaluation deficit is recognised in the SoCNE, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

1.13. Finance Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Finance leases are recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the finance interest charge and the reduction of the outstanding lease liability.

1.14. Operating Leases

Operating leases are charged to the SoCNE on a straight-line basis over the lease term.

Rental income arising from operating leases are accounted for on a straight line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight line basis. The aggregate costs of incentives provided by lessors are recognised as a reduction of rental expenditure over the lease term on a straight line basis.

1.15. Financial assets

IFRS 9 *Financial Instruments* reflects the business model in which assets are managed and their cash flow characteristics and contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit and Loss (FVTPL) or net operating expenditure as interpreted by the FReM.

Trade receivables

Trade and other receivables are recognised in line with IFRS 9 initially at fair value and recoverable amount and subsequently measured at amortised cost.

Impairments of trade and other receivables stem from doubtful debt provisions and the write off of bad debt. A credit loss is recognised in the SoCNE and a loss allowance is established against specific debts by reference to payment history against settlement terms and the expectancy of future payments.

Balances with core central government departments (including their executive agencies), the Government's Exchequer Funds, and the Bank of England are excluded from recognising stage-1 (12 month expected credit loss) and stage-2 (Lifetime expected credit loss) impairments. In addition, any Government Exchequer Funds' assets where repayment is ensured by primary legislation are also excluded from recognising stage-1 and stage-2 impairments. Arm's-Length Bodies (ALBs) are excluded from the exemption unless they are explicitly covered by guarantee given by their parent department. These liabilities are assessed as having zero 'own credit risk' by the entities holding these liabilities. Where the credit risk increased significantly and the risk is no longer considered low the full lifetime expected credit losses are recognised in the SoCNE.

1.16. Cash and cash equivalents

Cash in the SoFP comprises cash at bank and in hand. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash at bank only.

The GPA is funded by Parliamentary Funding drawn down through the Cabinet Office as part of the Supply process - the GPA draws down Funding from the Consolidated Fund via the Cabinet Office, up to the limits set and agreed as part of the Supply Estimates process.

1.17. Financial liabilities

Financial liabilities are classified as either financial liabilities at amortised cost through SoCNE or other financial liabilities. Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Trade payables and accruals

Trade payables and accruals are recognised initially at cost, which is deemed to be materially the same as the fair value and subsequently measured at amortised cost.

1.18. Provisions

A provision is recognised when the GPA has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

For dilapidations, a provision is made for estimated costs based on valuations where the likelihood of settlement is material and imminent or via the use of industry standard calculations/methodologies.

HMT discount rates for general provisions are applied where appropriate.

1.19. Contingent liabilities and contingent assets

Contingent assets and liabilities are treated in accordance with IAS *37 Provisions, Contingent Liabilities and Contingent Assets*, where they meet the criteria.

The GPA discloses a contingent asset where it is probable that there will be an inflow of economic benefits from an event whose outcome is uncertain. An estimate of the financial effect is indicated where possible.

1.20. Impending application of newly issued accounting standards not yet effective

The following standards and amendments are expected to be applied in future accounting periods as directed by the Financial Reporting Manual.

IFRS 16 Leases

IFRS 16 *Leases* deals with the definition of a lease and recognition and measurement of leases and establishes principles for disclosures. The standard replaces IAS 17 and is effective under the FReM for accounting periods beginning on or after 1 April 2021. The Agency will adopt IFRS 16 with effect from 1 April 2021.

Impact on Lessee Accounting

For arrangements where the Agency is the lessee, IFRS 16 will result in almost all operating leases being brought on the balance sheet, as the distinction between operating and finance leases is removed, and is replaced by a model where a right of use asset and a corresponding liability are recognised except for short term leases and leases of low value assets. The right of use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. Cost comprises the initial measurement of the lease liability together with lease payments made on or before the lease commencement date, initial direct costs and an estimate of any repairs and/or reinstatement costs. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. The classification of cash flows will also be impacted as operating lease payments under IAS 17 are presented in operating cash flows; whereas under the IFRS 16 model, the lease payments are split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. In addition, extensive disclosures are required by IFRS 16.

Impact on Lessor Accounting

The standard will also impact the Agency's financial position as a lessor, and it will have to assess whether the lease should be treated as finance lease or operating lease. Where it is determined that as lessor a finance lease is the appropriate treatment, the right of use asset (or in some cases freehold property asset) will be derecognised in favour of a lease receivable, which will be amortised in a similar manner to the lease liability as described above, but recognising interest as financing income. A gain or loss on disposal of the right of use or freehold property asset will be recognised in the Statement of Changes in Net Expenditure at the time of the recognition of the lease receivable.

The Agency will adopt the modified retrospective transition option provided by the standard which allows the right-of-use assets to be measured on transition at the amount of the lease liability on adoption calculated on the basis of prospective cash flows to the end of the lease.

The following disclosures relating to the remaining lease commitments are based on leases existing at the current reporting date and will be affected by leases contracted in the ensuing period to 1 April 2021.

The Agency as Lessee

The Agency as lessee, expects to recognise lease liabilities and an increase to Property, plant and equipment of approximately £797 million through the recognition of lessee contracts on 1 April 2021.

The Agency as Lessor

The Agency, as a lessor expects to reclassify a large portion of its sublease arrangements as finance leases. The leased assets of a total value of £748 million will be derecognised and finance lease asset receivable will be recognised.

The Agency expects that underlying net expenditure will increase by approximately £250k for 2021-22 as a result of adopting the new rules.

The impact of the adoption of IFRS 16 is still under review and accordingly adjustments may be subject to change as the company finalises its processes.

This impact assessment does not include an assessment of hub properties.

IFRS17 Insurance

The following standard is expected to be applied in 2023-24 following EU adoption and consultation, IFRS 17 *Insurance*. It is not envisaged that the expected changes will have any impact on the GPA.

Other changes

The EU has postponed the endorsement process of IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*. It is not envisaged that the expected changes will have any impact on the GPA.

2. Operating income

	Note	2019-20 £'000	2018-19 £'000
Rental income		114,652	79,993
Non-rental income		165,276	77,142
Capital grant income		1,863	6,224
Capital grant-in-kind transfers of assets from other government departments		21,626	108,587
Total		**303,417**	**271,946**

The GPA receives rental income for rent on landlord services.

The GPA receives non-rental income from the asset management and workplace services it provides to tenants of its freehold and leasehold buildings. GPA tenancies are with other government bodies and are supported by Memorandum of Terms of Occupation (MOTOs) and Terms of Agreement (TOAs), which set out the services to be provided. The GPA received £165.3 million (2018-19: £77.1 million) for these services in 2019-20. Services are billed quarterly in advance based on estimated costs for regular charges, with an annual adjustment to actual costs incurred. For ad-hoc work, services are billed monthly in arrears. Impairment reviews are carried out annually.

3. Expenditure

	Note	2019-20 £'000	2018-19 £'000
Staff costs			
Wages & salaries		6,776	5,106
Agency staff		3,543	2,656
Annual leave accrual		98	202
Other pension costs		1,832	1,038
Social security costs		774	747
Apprenticeship levy		41	20
Total		13,064	9,769
Operating costs			
Accommodation and utilities		232,064	130,088
Rates		38,170	22,332
Professional services		4,476	3,104
Other staff-related costs		326	1,761
IT costs		1,325	1,412
Supplies and services		535	433
Travel, subsistence and hospitality		1,069	800
Consultancy		229	54
Capital grant expenditure		1,634	-
Total		**279,828**	**159,984**
Non Cash items			
Depreciation	5	13,416	10,412
Movement in provisions	10	(1,749)	(14,374)
Auditors' remuneration		120	135
Total		**11,787**	**(3,827)**
Total expenditure		**304,679**	**165,926**

No payments have been made to the external auditors for non-audit work.

4. Segmental Analysis

In accordance with IFRS 8 *Operating* segments, the GPA is required to report financial and descriptive information about its operating segments. These are components about which separate financial information is available. Financial information is required to be reported on the same basis as is used internally by the GPA decision makers. These are the Board and the Chief Executive Officer who evaluate performance regularly using operating segments.

The GPA summarises its activities into two main segments as set out below:

	GPA Properties	GPA	2019-20 Total	GPA Properties	GPA	2018-19 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operating Income	(294,659)	(8,758)	(303,417)	(263,551)	(8,396)	(271,947)
Expenditure	282,745	21,934	304,679	147,758	18,169	165,927
Net Operating (Income) Expenditure	**(11,914)**	**13,176**	**1,262**	**(115,793)**	**9,773**	**(106,020)**

GPA properties include the operational running expenditure and income of our estate used by our Clients. GPA includes the operational running expenditure and income of the Agency.

There are no significant transactions between the segments and where costs relate to more than one segment they are apportioned appropriately with reference to the underlying substance of the transaction. Operating income includes Capital Grant-in-kind of £21.6 million (2018-19: £108.6 million) in note 2 arising from the donation of assets to the GPA as part of its on-boarding process.

All non-current assets, which form a significant part of the SoFP relate to GPA Properties.

Major customers

The GPA's largest customer, excluding Capital Grant-in-kind, is BEIS. Income from BEIS totalled £71.0 million (2018-19: £47.0 million) for the year ended 31 March 2020. Other major customers of the GPA are: Cabinet Office, HM Revenue & Customs (HMRC), Department for International Trade (DIT) and Department for Education (DfE).

5. Property, Plant and Equipment

	Land	Buildings excl. Dwellings	Dwellings	IT	Plant & Machinery	Leasehold Improvements	Furniture & Fittings	Heritage Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2019	44,388	51,764	6,853	3,871	290	89,293	4,095	58	5,160	**205,772**
Additions	-	-	-	-	-	-	-	-	8,560	**8,560**
Indexation										
Reclassifications	-	-	-	-	-	9,232	26	-	(9,258)	**-**
Asset transfer from other government bodies	-	13,036	-	-	-	2,442	626	-	-	**16,104**
Transfer of function	-	-	-	-	3,920	-	-	-	-	**3,920**
Revaluations	1,808	3,365	644	-	-	-	-	-	-	**5,817**
At 31 March 2020	**46,196**	**68,165**	**7,497**	**3,871**	**4,210**	**100,967**	**4,747**	**58**	**4,462**	**240,173**
Depreciation										
At 1 April 2019	-	1,629	149	823	35	7,272	539	-	-	**10,447**
Charged in year	-	1,846	149	860	195	9,819	547	-	-	**13,416**
Revaluations	-	94	14	-	-	-	-	-	-	**108**
At 31 March 2020	**-**	**3,569**	**312**	**1,683**	**230**	**17,091**	**1,086**	**-**	**-**	**23,971**
Carrying amount										
Net book value at 1 April 2019	**44,388**	**50,135**	**6,704**	**3,048**	**255**	**82,021**	**3,556**	**58**	**5,160**	**195,325**
Net book value at 31 March 2020	**46,196**	**64,596**	**7,185**	**2,188**	**3,980**	**83,876**	**3,661**	**58**	**4,462**	**216,202**
Asset financing:										
Owned	46,196	64,596	7,185	2,188	3,980	83,876	3,661	58	4,462	216,202
Finance leased	-	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2020	**46,196**	**64,596**	**7,185**	**2,188**	**3,980**	**83,876**	**3,661**	**58**	**4,462**	**216,202**

Land and Buildings have been valued using the Office Index – Mid Town and West End which is 5.05% and Dwellings have been valued using the Residential Index – City of Westminster, which is 9.39% as advised by Montagu Evans, the independent valuers.

Assets donated and transferred to the GPA have been included at fair value within Gross Book Value, and there is no accumulated depreciation.

All assets are classified as Level 3 assets in applying the fair value hierarchy. A measurement of fair value with reference to no active market for the asset at the measurement date but the assumptions are made on the best, reasonably available market information, at the measurement date.

	Land	Buildings excl. Dwellings	Dwellings	IT	Plant & Machinery	Leasehold Improvements	Fixtures & Fittings	Heritage Assets	Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2018	-	-	-	-	-	-	-	-	-	**-**
Additions	-	-	-	1	3	7	31	-	24,681	**24,723**
Donations –Other	-	7,714		-	-	58	-	-	-	**7,772**
Donations - CO	42,974	49,811	7,972		-	-	-	58	-	**100,815**
Transfer of function	-	-	-	1,540	287	3,916	2,576	-	61,889	**70,208**
Revaluations	1,414	1,959	(1,119)	-	-	-	-	-	-	**2,254**
Reclassifications	-	(7,720)	-	2,330	-	85,312	1,488	-	(81,410)	**-**
At 31 March 2019	**44,388**	**51,764**	**6,853**	**3,871**	**290**	**89,293**	**4,095**	**58**	**5,160**	**205,772**
Depreciation	44,388	51,764	6,853	3,871	290	89,293	4,095	58	5,160	**205,772**
At 1 April 2018	-	-	-	-	-	-	-	-	-	**-**
Charged in year	-	2,207	171	823	35	6,646	530	-	-	**10,412**
Revaluations	-	57	(22)	-	-	-	-	-	-	**35**
Reclassification	-	(635)	-	-	-	626	9	-	-	**-**
At 31 March 2019	**-**	**1,629**	**149**	**823**	**35**	**7,272**	**539**	**-**	**-**	**10,447**
Net book value at 1 April 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value at 31 March 2019	**44,388**	**50,135**	**6704**	**3,048**	**255**	**82,021**	**3,556**	**58**	**5,160**	**195,325**
Asset financing:										
Owned	44,388	50,135	6,704	3,048	255	82,021	3,556	58	5,160	195,325
Finance leased	-	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2019	**44,388**	**50,135**	**6,704**	**3,048**	**255**	**82,021**	**3,556**	**58**	**5,160**	**195,325**

6. Trade receivables and other current assets

	31 March 2020	31 March 2019
	£'000	£'000
Amounts falling due within one year		
Trade receivables	75,040	26,284
Prepayments	36,470	17,450
Lease incentive adjustment	9,367	-
Accrued income	29,721	6,088
VAT	4,592	2,731
Amounts from OGDs to offset GPA provisions	2,608	-
Total receivables within one year	157,798	52,553
Amounts falling due after one year		
Amounts from OGDs to offset GPA provisions	65,608	35,798
Deposits and advances	5,483	-
Total receivables after one year	**71,091**	**35,798**

Trade receivables in respect of contracts with customers amounted to £50.5 million (2018-19: £17.5 million) and accrued income in respect of contracts with customers amounted to £27.8 million (2018-19: £5.1 million).

The deposits and advances of £5.483 million relates to the amortisation of an operating lease premium on land at St Paul's Place, Sheffield. The lease term is for 250 years starting in 2007 and expiring in 2257. This was on-boarded from DfE in 2019-20 and is amortised annually over the term of the lease.

7. Cash and Cash equivalents

	31 March 2020	31 March 2019
	£'000	£'000
Balance at 1 April 2019	**7,600**	**-**
Net change in cash and cash equivalent balances	6,831	7,600
Balance at 31 March 2020	**14,431**	**7,600**
The following balances were held at:		
Government Banking Service	14,431	7,600
Balance at 31 March 2020	**14,431**	**7,600**

8. Trade Payables and Other payables

	31 March 2020	31 March 2019
	£'000	£'000
Amounts falling due within one year		
Deferred income	32,396	14,727
Other payables	1,145	267
Trade payables	4,796	28,939
Lease incentive adjustment	9,319	-
Accruals	30,267	10,577
Accrual for untaken annual leave	300	202
Total payables within one year	**78,223**	**54,712**

Trade payables in respect of contracts with customers amounted to £3.5 million (2018-19: £24.5 million) and deferred income in respect of contracts with customers amounted to £15.7 million (2018-19: £10.5 million).

9. Financial instruments

The GPA is not exposed to significant financial risk factors arising from financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change by the risks facing the entity in undertaking its activities.

Fair Value of financial instruments

The fair value of the financial instruments is equivalent to the carrying amount disclosed in the SoFP. Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, and trade and other payables. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

Credit risk

Credit risk is the risk that a third party will default of its obligations causing the GPA to incur a loss.

In general, exposure to credit risk arises from cash held by banks and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amounts in the SoFP.

The GPA's cash assets are held within the Government Banking Service only and is therefore not exposed to significant credit risk.

Other government funded entities make up a significant portion of the GPA's receivables and it has been assessed these are low risk due to being government funded. However, where there is doubt over the recoverability of debt, the GPA will recognise a provision for impairment of trade receivables.

Liquidity risk

Liquidity risk is the risk that the GPA will encounter difficulty in raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding. The GPA mostly manages liquidity risk by continuously monitoring forecast cash flow requirements and reporting these to the Cabinet Office.

Market risk

Market risk arises when changes in market price, such as foreign exchange rates, interest rates and equity prices, will affect their income of the value of its holding financial instruments.

The GPA's transactions are all undertaken in sterling so it is not exposed to foreign exchange risk. The company holds only cash balances and does not have any borrowings and as such operating cash flows are independent of changes in market interest rates.

The GPA is exposed to movements in the property market as the GPA's assets consist predominantly of land and buildings.

The GPA is not exposed to significant market risk in relation to rents because rent costs are passed through to tenants. The risks associated with vacant space are mitigated in a number of ways. Tenants remain liable for the void cost as part of their occupation agreement if they exit early. On boarded departments retain the risk until March 2021 or the financial year after on-boarding. GPA retains the risk for hubs and Whitehall Campus but no vacant space is anticipated before March 2021.

10. Provisions

	31 March 2020	31 March 2019
	£'000	£'000
Balance at 1 April 2019	40,139	-
Provided in the year	30,182	26,124
Transfer of function	-	16,301
Provisions not required written back	(1,927)	(2,286)
Balance at 31 March 2020	**68,394**	**40,139**
Analysis of expected timings of discounted flows		
Not later than one year:	2,671	2,415
Later than one year but not later than five years:	13,065	18,310
Later than five years:	52,658	19,414
Balance at 31 March 2020	**68,394**	**40,139**

Receivable recognised in respect of provisions

	31 March 2020	31 March 2019
	£'000	£'000
Balance at 1 April 2019	38,212	-
(Written back)/Created in the year	30,004	38,212
Balance at 31 March 2020	**68,216**	**38,212**

The above receivable is split in the SoFP with £65.6 million recognised as non-current trade and other receivables and the balance of £2.6 million within trade and other receivables in current assets (note 6).

Reconciliation of provisions movement to the SoCNE

	31 March 2020	31 March 2019
	£'000	£'000
Provided in the year	30,182	26,124
Provisions not required written back	(1,927)	(2,286)
Provision recharged to tenants	(30,004)	(38,212)
Balance at 31 March 2020	**(1,749)**	**(14,374)**

Provisions relate to dilapidations for buildings managed by GPA and occupied by tenants. Amounts recognised are subject to annual assessment and, where appropriate, valuation techniques to ensure amounts recognised are appropriate, adhere to the relevant standard and are supportable. Where appropriate, the charge is passed on to the occupying tenant and the GPA recognises a receivable balance in respect of these amounts as set out above, with the difference arising from voids being recognised in the SoCNE.

11. Capital Commitments

	31 March 2020	31 March 2019
	£'000	£'000
Property, plant and equipment	3,286	-
Total capital commitments	**3,286**	**-**

12. Leasing

Operating Leases with tenants

The GPA leases out all of its properties under operating leases for average lease terms of 7 to expiry. The future aggregate minimum rentals, excluding contingent rents receivable under non-cancellable leases are as follows:

	31 March 2020	31 March 2019
	£'000	£'000
Less than one year	117,856	61,418
Between one and five years	291,897	118,740
More than five years	398,421	88,422
Total operating leases with tenants	**808,174**	**268,580**

Operating leases where the GPA is lessee

The GPA has various operating leases under non-cancellable operating lease agreements. The average lease term is 12 years and the majority have the ability to renew at the end of the term at a market rate. The future aggregate minimum payments are as follows:

	31 March 2020	31 March 2019
	£'000	£'000
Less than one year	123,212	76,670
Between one and five years	359,900	204,878
More than five years	452,677	250,714
Total operating leases with landlords	**935,789**	**532,262**

GPA has arranged to lease a number of Hub buildings in the future. As these are under construction and the commitment is currently of uncertain amount and timing, no commitment amounts have been included in the tables above for these Hubs.

13. Other Financial Commitments

Commitments relate to facilities management in buildings owned or leased by the GPA. This excludes financial commitments generated where the GPA is acting as agent for an asset owner. The asset owner will record the financial commitment.

	31 March 2020	31 March 2019
	£'000	**£'000**
Not later than one year	33,133	14,401
Later than one year and not later than five years	25,713	-
Total Other Financial Commitments	**58,846**	**14,401**

14. Contingent Liabilities

Prior to on-boarding with the GPA, the Cabinet Office held a provision of £2.3 million for dilapidations in respect of Windsor House. GPA and the various occupiers have since made a significant level of improvements to the property and therefore, the likelihood of a dilapidations liability arising is deemed possible but not likely.

The provision was written back in 2018-19 and was disclosed as a contingent liability at 31 March 2019 and again at 31 March 2020. Where appropriate, the dilapidations charge is passed on to the occupying tenant.

15. Transfer of Function

The transfer of assets and programmes to the GPA, are assessed for recognition and application in accordance with the FReM and other frameworks covering all such transfers.

The following table reflects the impact on the GPA Accounts arising from the transfer of Whitehall Systems on 1 April 2019:

	1 April 2019	1 April 2018
	£'000	£'000
Non-current asset		
Property, plant and equipment	3,920	70,208
Total non-current assets	**3,920**	**70,208**
Current assets		
Trade and other receivables	-	6,522
Cash and cash equivalents	-	-
Total current assets	**-**	**6,522**
Total assets	**3,920**	**76,730**
Current liabilities		
Trade and other payables	-	(26,578)
Provisions	-	-
Total current liabilities	**-**	**(26,578)**
Total assets less current liabilities	**3,920**	**50,152**
Non- current liabilities		
Provisions	-	(16,301)
Total non- current liabilities	**-**	**(16,301)**
Total assets less total liabilities	**3,920**	**33,851**
Taxpayers' equity and other reserves		
General fund	3,920	33,851
Total equity	**3,920**	**33,851**

The GPA was donated one asset to the value of £3.9m via a Transfer of Function arrangement. No restrictions have been placed on these assets by the donor.

16. Asset Transfers

The GPA was donated assets to the value of £21.6m (2018-19: £108.6 million). £20.2 million of this was from DfE. No restrictions have been placed on these assets by the donor. £5.5 million is in respect of an operating lease premium and treated as a prepayment instead of Property, plant and equipment.

17. Cash Flow Reconciliations

	Note	2019-20 £'000	2018-19 £'000
Capital Grant-in-kind asset transfer	2	21,626	108,587
Transfer of function	15	3,920	33,851
Total non-cash income		**25,546**	**142,438**

	Note	2019-20 £'000	2018-19 £'000
Short term receivable	6	(105,245)	(52,553)
Long term receivable	6	(35,294)	(35,798)
Transfer of function		-	6,522
Deemed settlement of intragroup asset		(6,522)	-
Dilapidation provisions recharged to tenants		30,006	-
Capital Grant-in-kind asset transfer		5,506	-
Change in trade and other receivables		**(111,549)**	**(81,829)**

	Note	2019-20 £'000	2018-19 £'000
Payables	8	23,511	54,712
Transfer of function	15	-	(26,578)
Deemed settlement of the intragroup liability		23,981	-
Change in trade and other payables		**47,492**	**28,134**

	Note	2019-20 £'000	2018-19 £'000
Depreciation	5	13,416	10,412
Provisions	10	(1,749)	40,139
External auditors' remuneration	3	120	135
Transfer of function	15	-	(16,301)
Capital Grant-in-kind transfer		15	-
Total non-cash expenditure		**11,802**	**34,385**

18. Related Party Transactions

GPA is an executive agency of and sponsored by, the Cabinet Office which is regarded as a related party. During the year, GPA has had material transactions with the Cabinet Office and other entities for which the Cabinet Office is regarded as the parent Department including Crown Commercial Services.

In addition, GPA has received transferred assets, rental income and non-rental income from on-boarded clients. Assets have been transferred by DfE, Ministry of Housing, Communities & Local Government (MHCLG) and DIT. The most significant income has been received from BEIS, the Cabinet Office, HMRC, DIT and DfE.

No guarantees were given or received from any of the outstanding balances, and no credit loss impairments have been recognised in respect of any amounts outstanding at the reporting date.

Details of remuneration for Board members can be found in the Remuneration Report section of the Accountability Report. Non-Executive and Executive Board members must declare to the Accounting Officer and Board any personal or business interest which may, or may be perceived to, influence their judgement as a Board member.

As referred to in the Register of Interests (paragraph 1.2), the GPA holds a register of interests for Board members and each interest is assessed to determine whether this represents a conflict. During the year no Board member, key manager or other related parties, other than those mentioned, have undertaken any material transactions with the GPA.

Pat Richie, GPA Chair, is also CEO of Newcastle County Council which could be considered a conflict due to her position. Pat absents herself from any decisions or discussions related to Newcastle County Council.

19. Events after the Reporting Date

In accordance with the requirements of IAS 10 *Events after the reporting period* are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

As at the date of the Audit Certificate and Report, there were no reportable events to disclose.

CCS0520628368
ISBN 978-1-5286-2021-5