



Government  
Actuary's  
Department

# Annual Report and Accounts 2019 to 2020

HC 508

# Government Actuary's Department Annual Report and Accounts 2019-20

(For the year ended 31 March 2020)

Accounts presented to the House of Commons pursuant to Section 6 (4) of  
the Government Resources and Accounts Act 2000

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Command of Her Majesty

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This is part of a series of departmental publications which,  
along with the Main Estimates 2020-21 and the document  
Public Expenditure: Statistical Analyses 2019, present the government's  
outturn for 2019-20 and planned expenditure for 2020-21.



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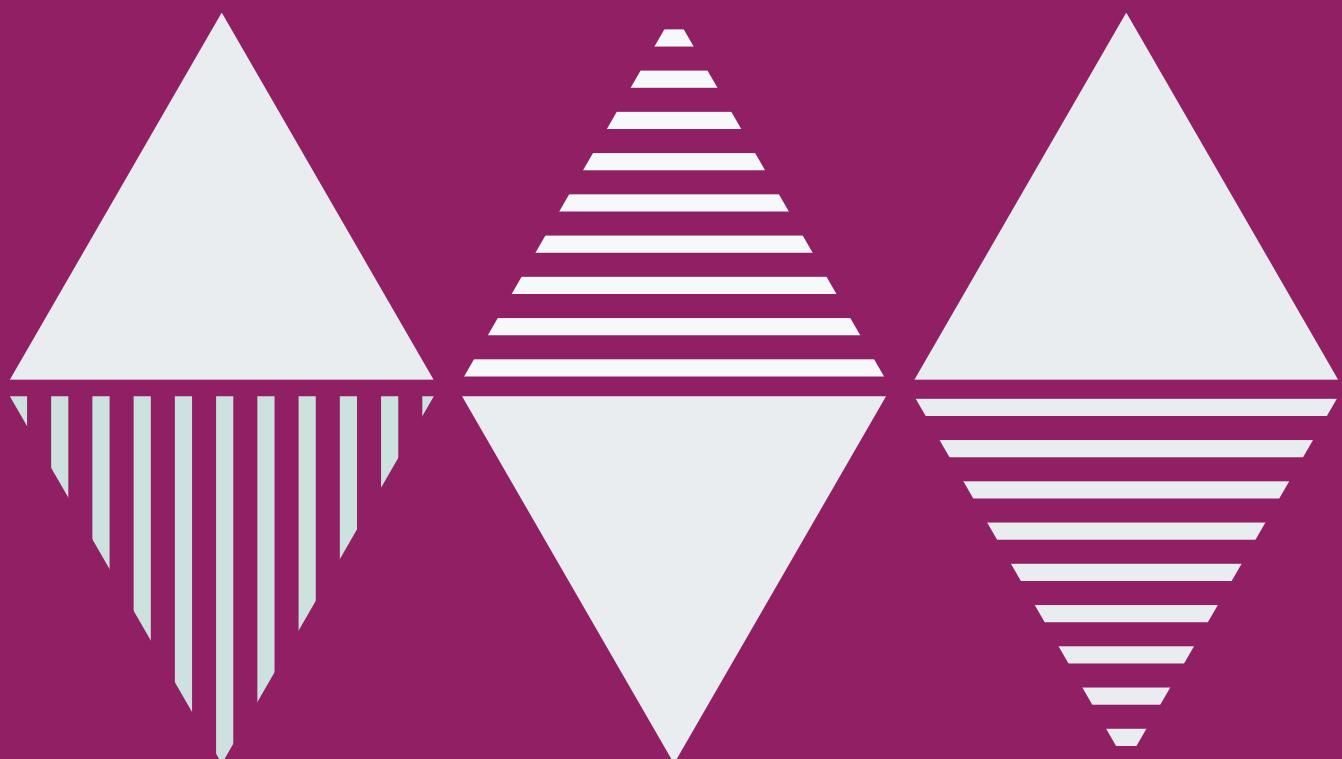
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# Section 1

## The Performance Report



# Our performance in numbers



## £19.6m

Actuarial income in 2019–20

29%

of which, actuarial  
income from non-  
pensions business

## £8.8m

Value of new  
business wins

**19** of the 24 ministerial departments were supported by GAD along with numerous other public bodies

**28** GAD staff experiencing secondments

**20** GAD actuaries contributing to Institute and Faculty of Actuaries (IFoA) work

**94%**

GAD is highly valued by 94% of our major clients



## Overview

This section contains a statement from the Government Actuary providing his perspective on the performance of the organisation over the period, as well as details of the purpose, vision and values of the Government Actuary's Department (GAD), GAD's strategy and principal activities, a list of key risks that could affect GAD in delivering its objectives, GAD's going concern assessment and a performance summary.



### Foreword by the Government Actuary

**Martin Clarke**  
**Government**  
**Actuary**

This year marked the centenary of the Government Actuary's Department and the final year in our five-year strategy to steer the department towards our shared vision for 2020.

It also heralded a most unwelcome test of the resources of government with the onset of the COVID-19 pandemic. While 2019-20 was the year that saw us celebrate the contribution that actuaries have made and continue to make to the stewardship of public finances and that saw us make further strides at GAD in our pursuit of even greater diversification and efficiency in the work that we do, it has ended amid a global lockdown and unprecedented recession that will test the resources of us all for many years to come.

In marking the contribution of government actuaries over the 100 years since 1919, we were able to showcase the continued relevance of our skillset and the actuarial mindset to the modern challenges of public finances, little knowing such a massive challenge lurked just around the corner. In the event we completed the year working entirely and safely from home, advising many of our clients on emergency COVID-19 issues, and with a large number of us poised to deploy those skills during 2020-21 in emergency secondments to government departments, as these departments seek to tackle a crisis that is unprecedented in our modern times.

Against that backdrop it seems a little inconsequential to introduce our report of the year just past. Yet it was a year for record levels of consulting fee income, of continued diversification in our advisory services and of serial progress in the modernisation of our internal processes, innovation in our outputs and the development of all of us as individuals.



We also completed a strategy review, which culminated in a new five-year strategy. Built on the confidence from our recent performances, this commits to further development towards 2025, a major theme being the anticipation of future demand and the maintenance of and investment in our “fitness for the future” in order to meet it. This means the continued modernisation of our approach, the development of efficiencies in repeatable work and the innovative use of data analytics and artificial intelligence where this can add value and extra insight to our assignments. Our relatively small team of around 200 actuaries, analysts, business professionals and trainees are committed to developing their skills as part of this theme.

The strategy now also includes a specific theme of inclusivity aligned to the overall leadership position of the Civil Service generally and features particularly challenging objectives. Good mathematicians are already a scarce resource and we want to ensure that we are open to all who wish to make use of these skills in public service. Indeed, we have now added “inclusive” to our other departmental values of “expert”, “innovative” and “collaborative”.

Once again, our Leadership group has responded positively to staff feedback, provided through the Civil Service People Survey and otherwise, which showed improvements during the year. We managed our performance through monitoring detailed targets, Key Performance Indicators (KPIs) and budgets. We welcomed Alison White and Ian Wilson, two new non-executive Board members during the year. And, through open and collaborative discussions at this and other levels, we sought to ensure that we continually reviewed our performance and met the expectations of our clients. Our performance during the year is explained in more detail in the Executive’s Report and the Performance and Operating Review.



**Martin Clarke**

Government Actuary  
Accounting Officer

# Purpose, vision and values of the Government Actuary's Department

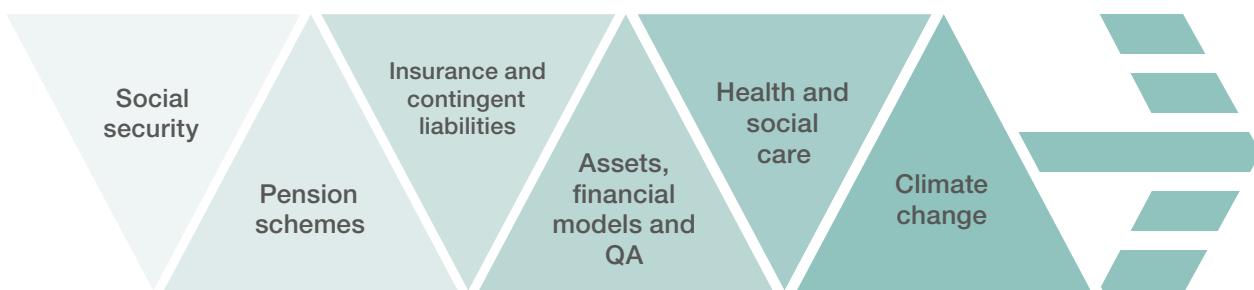
The mission of the Government Actuary's Department (GAD) is to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice.

We provide actuarial solutions including financial risk analysis, modelling and advice to support the UK public sector.

We apply the actuarial profession's technical skills, consultancy discipline, high standards of professionalism and industry sector knowledge to solve financial challenges faced by the UK public sector.

We are part of the analysis function in government.

Our areas of expertise continue to evolve and include:



GAD is a non-ministerial department whose funding is budgeted to be met entirely from the fees charged to its clients.

Most of GAD's staff are based in London, with a small, but growing, operation in Edinburgh.

**Our vision is that:**

- **We make a difference:** our work improves outcomes for the public and helps the government achieve its objectives.
- **We partner effectively with our clients:** we proactively help our clients where we can add value and deliver innovative, cost-effective solutions to a wide range of issues.
- **We are seen as a great place to work:** we provide fulfilling careers for all our people.
- **Our value is recognised:** we are widely recognised and respected throughout the public sector as trusted experts in the fields of financial risk analysis and modelling.

Our **values** are the beliefs and behaviours which define us as an organisation:

- Expert – we provide high-quality, professional advice.
- Collaborative – we partner effectively with our clients to understand and address their business needs.
- Inclusive – we value and develop all our people.
- Innovative – we are forward-looking, continually developing and improving to meet evolving client needs.

## GAD's strategy

We launched a new five-year departmental strategy in April 2020. The document can be read in full on our website.<sup>1</sup> Our strategy is centred around four strategic themes as set out below.

### Clients

GAD aims to partner effectively with our clients to understand and address their changing business needs while raising our profile and developing new business to ensure we are helping the public sector wherever our actuarial skills can add value.

### People

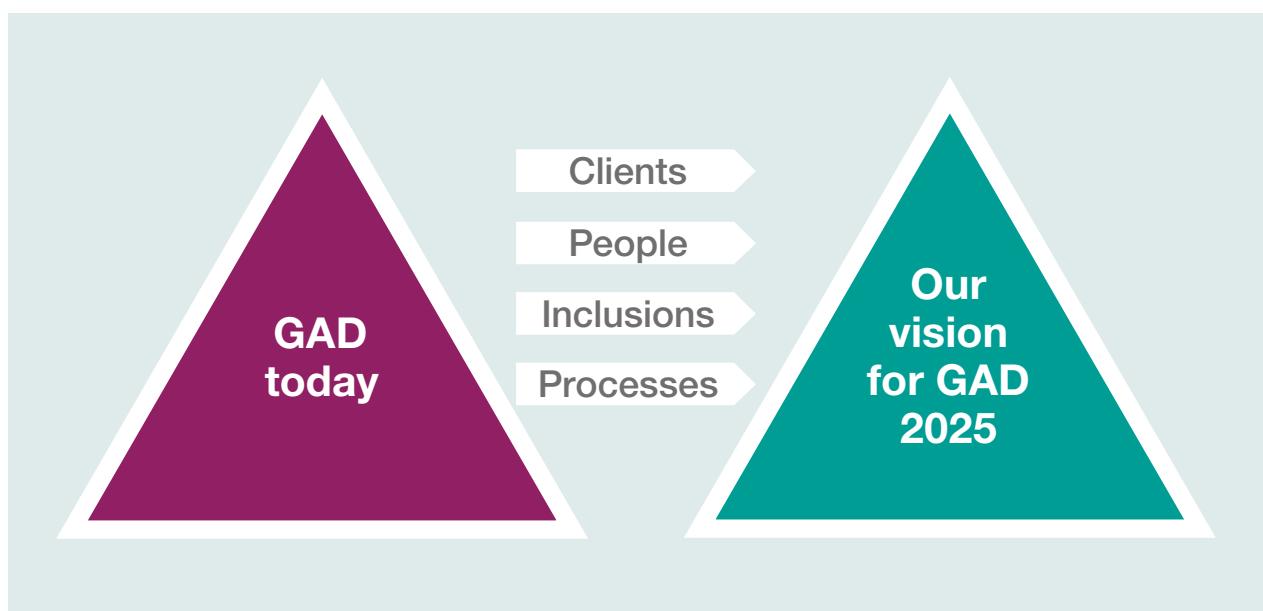
GAD aims to have people with the right skills in the right place, driven by what our public sector clients need us to do.

### Inclusion

GAD aims to be a diverse, engaged team, all working together to achieve our shared aims.

### Processes

GAD aims to operate modern, innovative processes that support efficiency, quality and security.



<sup>1</sup> <https://www.gov.uk/government/publications/government-actuaries-department-gad-2025-strategy>

# Principal activities

## **GAD's principal activities are divided into the following areas:**

### **Insurance and risk transfer**

We provide actuarial advice to government departments, public bodies and local authorities on life, general and health insurance related matters. Examples include NHS Resolution, Department for Education (DfE) (Risk Protection Arrangement) and Department for International Development (DFID). We value contingent liabilities (working out what organisations could be financially liable for in the future) and provide advice on the underlying risks, which might arise from self-insurance or risk transfer schemes. We also assist in managing financial risks and, where our actuarial and insurance expertise is relevant, in developing government policy. Our analysis and advice apply to a wide range of challenges from climate change to social care funding.

### **Investment and risk**

We provide advice on investment aspects of pensions and insurance as well as undertaking specialist projects on the management of risk within UK government departments and financial institutions. We undertake a wide variety of assignments for public sector bodies on issues such as investment strategy, risk modelling and project risk management. We also produce monthly articles on topics of interest and summaries of the latest market and economic news.

### **Modelling and quality assurance**

We advise governments and organisations in the UK and around the world on financial modelling, demographic modelling and other bespoke modelling services. This includes: (i) expert external assurance on a client's model quality assurance approach, the models themselves or specific aspects of the modelling; (ii) advice and assistance on a model that a client wishes to develop internally; and (iii) providing a full modelling service, from initial consideration of model design to producing and interpreting results and making recommendations.

### **Data science**

We continue to develop our data analytics capability within the department, adding new software and methods to our analytical toolbox. Our data analytics expertise helps UK government departments understand the information contained within large data sets. We use interactive dashboards, maps and visualisations to help identify trends and inform strategic decisions.

### **Public service pension schemes**

We provide actuarial advice to all of the main UK public service pension schemes such as those for the Civil Service, armed forces, police, fire service, teachers, local government and National Health Service. Our advice impacts a significant proportion of the population, covering around 15 million members in total. We advise and assist UK and overseas government departments on strategic pension scheme policy and implementation, including the implications of legal cases affecting public service pension schemes such as the McCloud case. We also support the ongoing management of the schemes by measuring scheme costs and employer contributions, providing financial information for government accounts, and producing and maintaining schemes' actuarial factors.

## Funded pension schemes

We advise funded occupational pension schemes (those which have a pool of assets backing the liabilities) in the wider public sector and the private sector. This work includes consultancy services for trustees of schemes; advice to sponsors; and strategic benefit and investment reviews.

## Pensions policy, regulation and supervision

Drawing on our actuarial knowledge, wide-ranging experience, and understanding of pensions issues, we offer technical and analytical advice on pensions issues which recognises the broader policy context. This includes the provision of actuarial analysis for government departments and public bodies requiring actuarial input to policy development. While the main focus is on the provision of actuarial support to officials in HM Treasury and the Department for Work and Pensions (DWP), we also support to a number of autonomous bodies such as the Pension Protection Fund and the Pensions Regulator.

## Staff transfers

We advise public sector bodies where staff are set to have their pensions arrangements changed. Our key services include broad comparability assessments and advice on bulk transfers including early assessment of potential shortfall costs. We help with communications with staff and liaising with pensions administrators and lawyers. We often work alongside clients in managing the whole process too.

## Social security

We provide regular reports to Parliament on the financial position of the UK National Insurance Fund (the Fund) as required by legislation. These include an annual report concerning the impact on the Fund of the proposed up-rating of benefits or changes in contributions, and a report every five years which summarises projections of the estimated balance in the Fund over the longer term. We also provide advice to social security organisations in other countries.

More information about GAD's services is available on the GAD website.<sup>2</sup>

## Key organisational risks

### **Strategic risks identified by the Management Board are as follows:**

Clients: Risk that GAD's reputation for providing high-quality advice to clients effectively and efficiently is damaged

Financial: Risk that GAD does not meet financial targets or has poor financial control

People: Risk that GAD is unable to provide future advice effectively due to an ineffective people policy

Processes: Risk that GAD's advice is not value for money owing to poor processes in place

Further details about how these could affect GAD in delivering its objectives can be found in the Governance Statement within the Accountability Report (p42).

Within the Governance Statement, we explain how we manage the strategic risks of the organisation. The corporate risk register is regularly reviewed at Board meetings.

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<sup>2</sup> <https://www.gov.uk/government/publications/gad-services/government-actuaries-department-services>

The performance of the department is measured through the balanced scorecard Key Performance Indicators (KPIs). The KPIs are produced on a monthly basis, and are presented at Management Board meetings for review, discussion and action.

## Going concern assessment

In common with other government departments, the future financing of the department's liabilities is to be met by the Supply Estimate process and the application of future income generated from clients. These are stated in the department's annual Supply Estimate which are approved by Parliament. As the department will continue its operations for the foreseeable future these financial statements have been prepared on a going concern basis.

## Performance summary

In 2019-20, GAD achieved all of its Parliamentary estimate targets. Actuarial income of £19.6 million is an all-time high for GAD and an increase of £0.5 million from 2018-19. GAD has continued to improve efficiency on regular work and has diversified its portfolio of new work. During the year GAD sought to maintain its reputation for providing high-quality advice. We obtained feedback from our clients through a client survey. The results from the survey were excellent and the full GAD Client Survey 2019-20 report can be accessed on the GAD website.<sup>3</sup>

As part of our modernisation programme GAD outsourced its IT to the Government Legal Department (GLD) from 1 April 2019, which has extended our capabilities and provided greater resilience. The work with GLD included continued improvement of our remote working facilities, which has proved invaluable as a result of the COVID-19 pandemic, permitting GAD staff to continue to work to a high standard from their homes.

For the last few weeks of 2019-20 GAD staff were required to work remotely, but due to the nature of our work we have continued to be able to provide a high-quality service to our clients, therefore minimising the impact of COVID-19 on our 2019-20 results. The impact may be greater in 2020-21 with several GAD employees entering secondments to other government departments to assist in these unprecedented times.

The UK withdrew from the European Union in 2019-20; however, this has had minimal impact on GAD.

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<sup>3</sup> <https://www.gov.uk/government/publications/gad-client-feedback-april-2019-to-march-2020>

## Performance analysis

### Performance and operating review

2019-20 has been another very successful year for the department. As well as continuing to support an ever-widening range of government policymaking and implementation, we have significantly improved a number of our processes, as well as enhancing data analytic and modelling capability.

Our key organisational risks are as described in the overview section above: clients, people, process and finance. The key highlights of our performance against our key organisational risks are as follows:

#### Clients



##### **Client engagement, new business and client satisfaction**

During the year we worked with multiple government departments to develop remedy options following the successful challenges of the transitional protection elements of the 2015 public service pension scheme reforms. We provided advice to HM Treasury on a review of the government balance sheet and its contingent liabilities, to the Pensions Regulator on a new funding regime and to DWP on aspects of the new Pension Schemes Bill and on other pensions policy work. The Government Actuary was also formally consulted on a review of the personal injury discount rate both in England and Wales and in Scotland.

Our onsite actuary proposition and client secondments continue to be popular with staff and clients alike. Together with our rotation policy for trainee actuaries they provide development opportunities for individuals, while also improving our partnering approach with clients, cementing our strong relationships.

Feedback from clients has remained excellent and this has led to further assignments because of our growing reputation and profile. In particular, we have significantly increased our portfolio of insurance-related assignments with over a quarter of our fee income now coming from non-pensions business. This greater diversification of GAD business also provides opportunities for GAD staff to engage in new fields of work.

## People



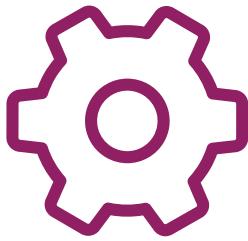
We continued to modernise our ways of working while recognising the value of improving diversity and inclusion and the importance of effective communication to support successful change leadership. We increased our emphasis on GAD as a learning organisation, increasing the number of secondment opportunities and introducing a number of innovative training initiatives over the year. The latest annual staff survey (which is carried out across government) results continued to provide encouraging signs that leadership and change management within the department are improving and that staff enjoy their work and work well with their colleagues.

**Diversity and wellbeing.** We are fully committed to providing equal opportunities for all staff. Our aim is that the department should have a diverse workforce at all levels and be recognised as an inclusive employer, with all staff able to progress and reach their potential. To support this, work to improve diversity, inclusion and wellbeing within GAD continues. There is a Diversity and Inclusion group within the department which has arranged numerous events during the year including a wellbeing breakfast, a wellbeing walk, yoga and mindfulness sessions. A particular focus of the group's work this year has been around gender. Focus groups have been held to explore issues encountered and the group is currently working to analyse the inputs and recommend actions.

**Developing people.** Throughout the year we have placed greater emphasis on GAD as a learning organisation, striving to actively identify opportunities to improve our knowledge and skills as individuals and as a department to promote our growth and nurture our greatest resource, our people. During the year we have introduced a number of data analytics initiatives, including trialling an online training facility which has been well received by staff and has enabled new and innovative approaches to our work. We have also implemented sessions to support the development of line management skills across the Department, as well as providing a series of well attended knowledge share sessions through the year.

**Leadership and awareness.** We have made further progress towards our 'One GAD' goal with a refresh of the leadership roles within each functional area, with responsibilities aligned similarly across all GAD teams to give greater focus and clarity to all within and outside the teams. We have continued to encourage staff at all levels to express leadership in both their client work and in contributing to our wider development and modernisation. Examples of this include the development of an intelligent client function within GAD to support the outsourced provision of IT services, and the development of flexible and remote working practices and tools which were stress-tested towards the end of the year.

## Processes



Over the course of the year progress has been made in a range of areas. Some of the most significant developments include:

- Further progress integrating the Actuarial Services Team (AST) with all client facing teams. AST provides for greater standardisation of our work, with tools and processes being developed and refreshed to both improve efficiency and offer a wider range of analysis and techniques to support better informed decision making.
- After a transitional period of collaborative working, we formally moved to a shared IT service provided by the Government Legal Department's (GLD) IT team during the year, with GAD IT staff being transferred to the GLD. The shared service approach has improved our capabilities and resilience in this area.

## Finance

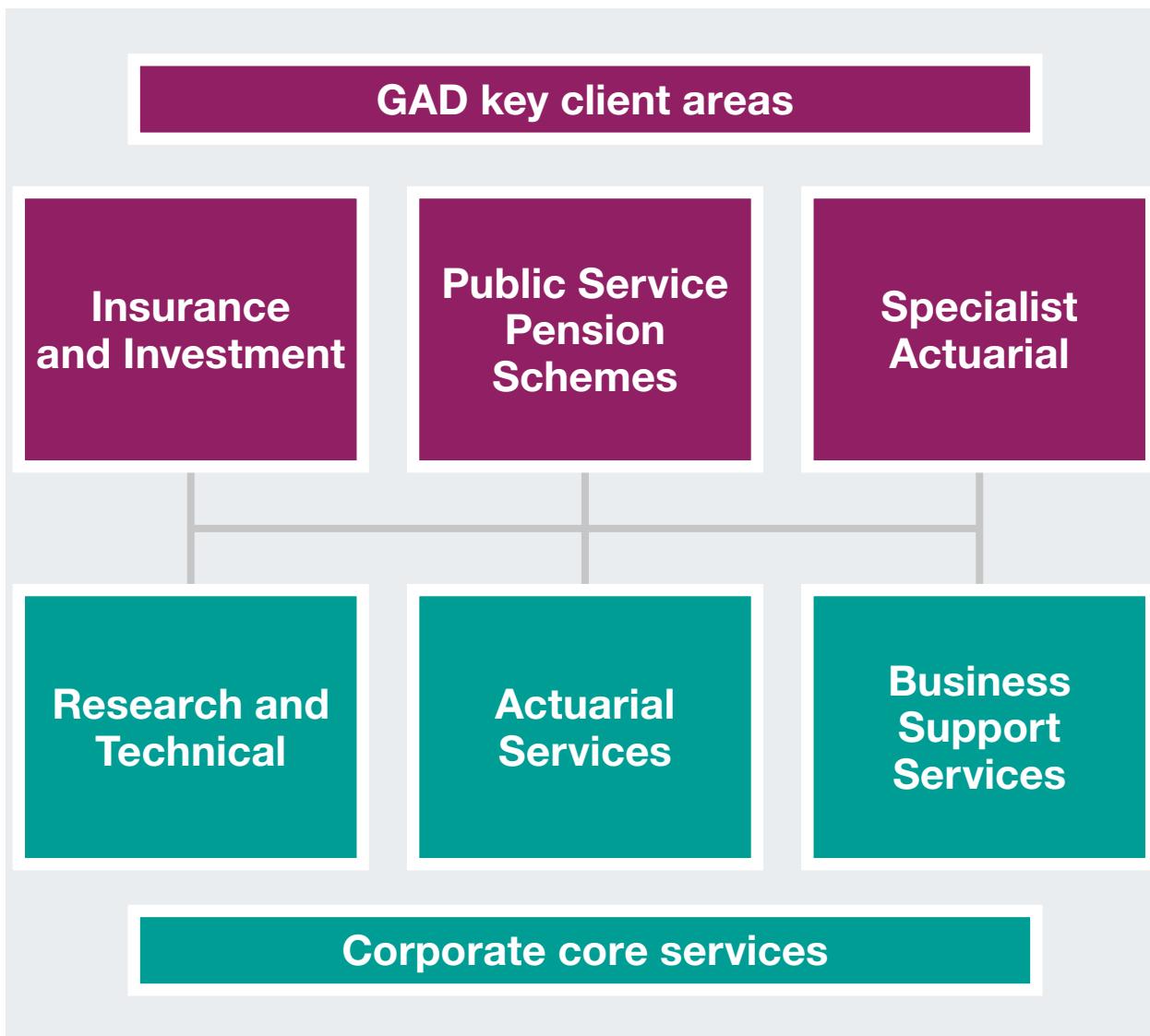


We have made considerable progress with our approach to business and finance management supported by our newly appointed Actuarial Operations Manager. New tools and metrics have been designed to support this activity looking at client demand forecasting and capacity planning. These provide a means to monitor progress against the business plan, and identify potential resource bottlenecks and surplus capacity at an early stage, facilitating appropriate and flexible responses and supporting our continued growth in areas of demand while maintaining sound financial planning. Client revenues for the year were in line with revised expectations, with expenditure lower than the revised plan. As stated above, this was achieved against a background of continued positive client feedback, and strong performance from both pensions and non-pensions areas.

## Review of progress, 2019 to 2020

### GAD's team structure

GAD's client services are organised across our three client-facing teams, with support from the Research and Technical team, Actuarial Services and Business Support Services.



### Insurance and Investment

The Insurance and Investment team had a very successful year in 2019-20, expanding the team, completing a wide range of projects for existing and new clients and continuing to build deeper relationships with clients and contacts across the public sector.

Notable successes include:

- Providing analytical support to deliver the implementation of the government's state-backed indemnity scheme for primary healthcare clinical negligence claims, while continuing to increase the range and quality of our advice to NHS Resolution on their management of clinical negligence claims for secondary healthcare.

- Advising the Lord Chancellor in relation to the methodology and level for setting the Personal Injury Discount Rate in England and Wales and determining the Personal Injury Discount Rate to apply in Scotland.
- Assisting the Pensions Regulator to consider the risks and implications of adopting different approaches to establish a proposed low dependency funding target for a new defined benefit pension scheme code of practice.
- Developing our support for the Department for International Development (DFID) and the Centre for Disaster Protection, in particular with advice on sovereign disaster financing.
- Assisting the Department for Education (DfE) to develop the Risk Protection Arrangement for Academies by introducing new elements of cover and embarking on a consultation process to explore the benefits of extending the scheme to local authority maintained schools.
- Assisting HMT to consider improvements to the approach to managing contingent liabilities within other departments and arm's length bodies as part of the Balance Sheet Review.
- Providing a wide range of insurance-related advice to clients including the Department for Transport (DfT), Defra, Department for Business, Energy and Industrial Strategy (BEIS), HMRC, Land Registry and the UK Space Agency.
- Completing quality assurance reviews and informing continued development plans for various financial models prepared by a range of clients such as the Scottish National Investment Bank, UKEF, Ofgem and BEIS.
- Further developing our data analytics capabilities using new tools and techniques to improve the data insights we provide.

## **Public Service Pension Schemes**

With the various court proceedings concerning the *transitional protection* arrangements introduced within the 2015 reforms and other legal challenges continuing over the year, we have continued to work with colleagues in government to develop plans for providing remedy for all affected parties.

Work has commenced in readiness for the March 2020 *actuarial valuations*, with their outcomes due for implementation from April 2023. In particular we have worked with some departments on improving data quality. We have also begun to produce periodic estimates of the impacts of known parameters on future valuation outcomes. Work has also begun on the second 'Section 13' report under which GAD is required to report on the valuations undertaken by the actuaries to the individual Local Government Pension Funds.

Following completion of a number of recent *reviews of schemes' actuarial factors* we have this year revised the 400+ associated guidance notes. We have also undertaken a review of our production methods and are now in the process of transferring this material onto a modern platform which will enable future updates to be completed much more efficiently.

We have continued to provide *input for accounting and forecasting* purposes for all the public service schemes and continue to support policy development work for the scheme sponsors, which extends to advice across the remuneration range, notably for higher earners and in relation to pension tax charges in year.

**Support for public service schemes.** Our actuaries have continued to regularly attend the public service scheme governance forums, both the Scheme Advisory Boards and Pension Boards. We also continue to work closely with government colleagues, with regular onsite working with most of our clients.

## Specialist Actuarial

During the year the team have focused on client service and combining the three previous teams of Advice to Government (AtG), Staff Transfers Team (STT) and Funded Pension Schemes (FPS) into a single high-performing unit. Client demand remained strong over the year. We increased the level and range of engagement across the team and held our first team away day in early December.

The team has taken significant steps towards moving almost all actuarial calculation work to the Actuarial Services Team (AST) representing around 25% of team income. This transfer of work has helped develop resilient and standardised processes and established the framework to benefit from technological advances such as improved modelling tools and systems.

Our policy work has centred on advice to HMT and DWP. In the annual Uprating Report of the National Insurance Fund we successfully transitioned modelling to AST and improved the communication aspects of our final report.

We continued to support our range of funded pension scheme clients or their sponsoring authorities. A very large transfer of members' pensions, involving engagement with multiple government and non-government stakeholders, was successfully completed to timetable. We have used the features made available by our new pension scheme calculation software to improve the range and presentation of results to clients.

In staff transfer work we continued to work closely with other government departments on implementing staff transfer policies. We have continued to develop more integrated ways of working with colleagues at both the Cabinet Office and DHSC, who are responsible for the management of the Civil Service and NHS pension schemes respectively. Our ties with the Government Legal Department and Ministry of Defence have also been strengthened, in particular with those colleagues who provide legal advice to public sector bodies on staff transfers.

## Actuarial Services

**Central hub for analysis.** Our Actuarial Services Team (AST) now works to support all of GAD's actuarial teams. Highlights of the year include our work supporting public service pension schemes with new and complex calculations to cost the impact of potential remedies following the McCloud judgement, the successful transition of GAD's annual National Insurance Fund work to AST, and supporting our Insurance and Investment team in their advice to the Pensions Regulator on funding targets and to UK Government Investments on student loans.

**Upgraded pension valuation system.** AST completed our transition to a new, cloud-based, pension valuation system. This has provided an opportunity to continue to ensure that a consistent and robust methodology is applied across all of GAD's pension work, as well as allowing us to more easily take advantage of asset liability modelling. The move to a cloud-based system has allowed GAD to reallocate IT infrastructure away from our previous software needs and support wider use of R and Python. The benefits of a modern system have also allowed AST to streamline the production of disclosures for public service pension scheme accounts.

**Planning for the future.** AST continues to invest in new ways to produce analysis and support advice, supported by developing deeper data science skills within the team. This includes using a combination of R and LaTeX to produce automated individual data reports for each local government scheme in England and Wales, and exploring the use of Python and HTML to automate the delivery of actuarial pension scheme factors. The team has also developed a number of tools to increase the efficiency of data processing, analysis and report population for the upcoming 2020 PSPS valuations.

## Other key achievements

Over the course of the year progress has been made in a range of areas. Some of the most significant developments have included:

- **2020-25 Strategy** – A new strategy for the next five years was launched at the start of April 2020. The new strategy aims to apply the technical skills, consultancy discipline, high standards of professionalism and industry sector knowledge of the actuarial profession to solve financial challenges faced by the UK public sector. We have many strengths on which to build but the environment in which we operate changes fast, so continuous improvement is essential if we are to achieve our mission and vision. Our strategy is therefore centred around ensuring that GAD continues to learn, evolve and improve to ensure we are fit for the future.
- **IT support agreement** – After a transitional period of collaborative working, we formally moved to a shared IT service provided by the Government Legal Department's (GLD) IT team from April 2019. As part of this move GAD IT staff were transferred to the GLD team. The shared service approach improves our capabilities and resilience in this area, reduced costs from greater economies of scale, and provides a more streamlined supplier base and development opportunities for the staff involved.
- **HR system and payroll** – Following the roll-out of core parts of a new HR information system during early 2019 (core system, absence management and payroll), modules for learning and development (learning events), probation and performance management have been rolled out. During 2020, further modules for recruitment, and development plans will follow. The expanded system will drive greater efficiency with more self-management of information by staff, much improved reporting functionality as well as improving HR workflows.
- **Modernisation follow-up** – In recent years we have made significant improvement in the working from home technology available to all staff. This has proved invaluable since the start of the COVID-19 pandemic and has permitted GAD to continue to provide a high level of service to its clients while ensuring our staff are appropriately supported during the “lockdown”.
- **Branding refresh** – GAD's branding was refreshed and relaunched on 1 April 2019. The refreshed styles now appear on all GAD's main outputs, including letters, memos, reports, email signatures and PowerPoint presentations.

## COVID-19

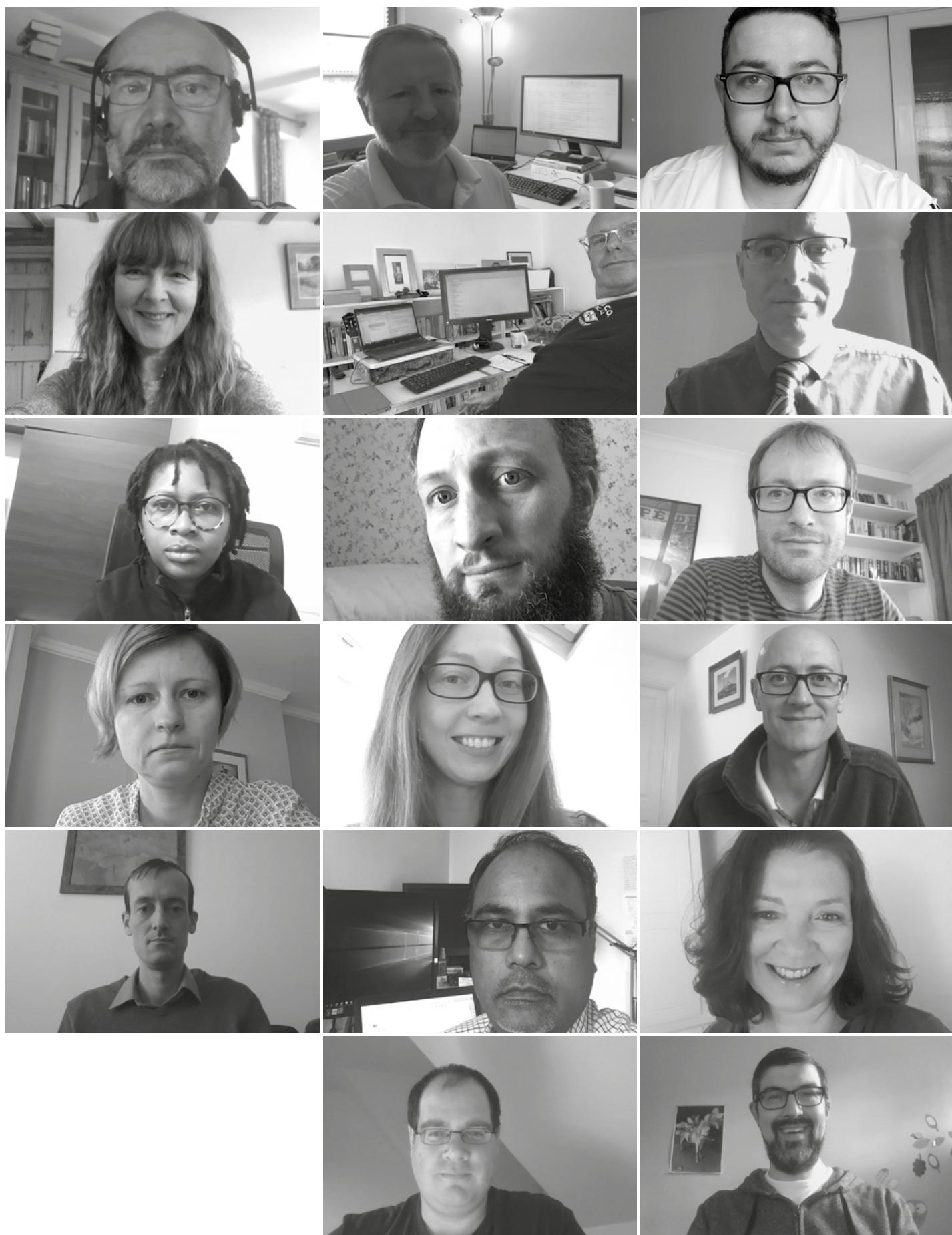
We have responded and adapted to the changes in normal working practices resulting from the COVID-19 pandemic, to enable us to maintain services to our clients. Finlaison House in London was closed from 23 March and our office in Edinburgh from 27 March. The great majority of staff have been able to work effectively from home and maintain the delivery of services to clients. Our remote working facilities enable full access to the IT network, and include videoconference facilities for person to person, team or client contact. Meetings of the Management Board and the Audit and Risk Assurance Committee have taken place using the videoconferencing facilities.

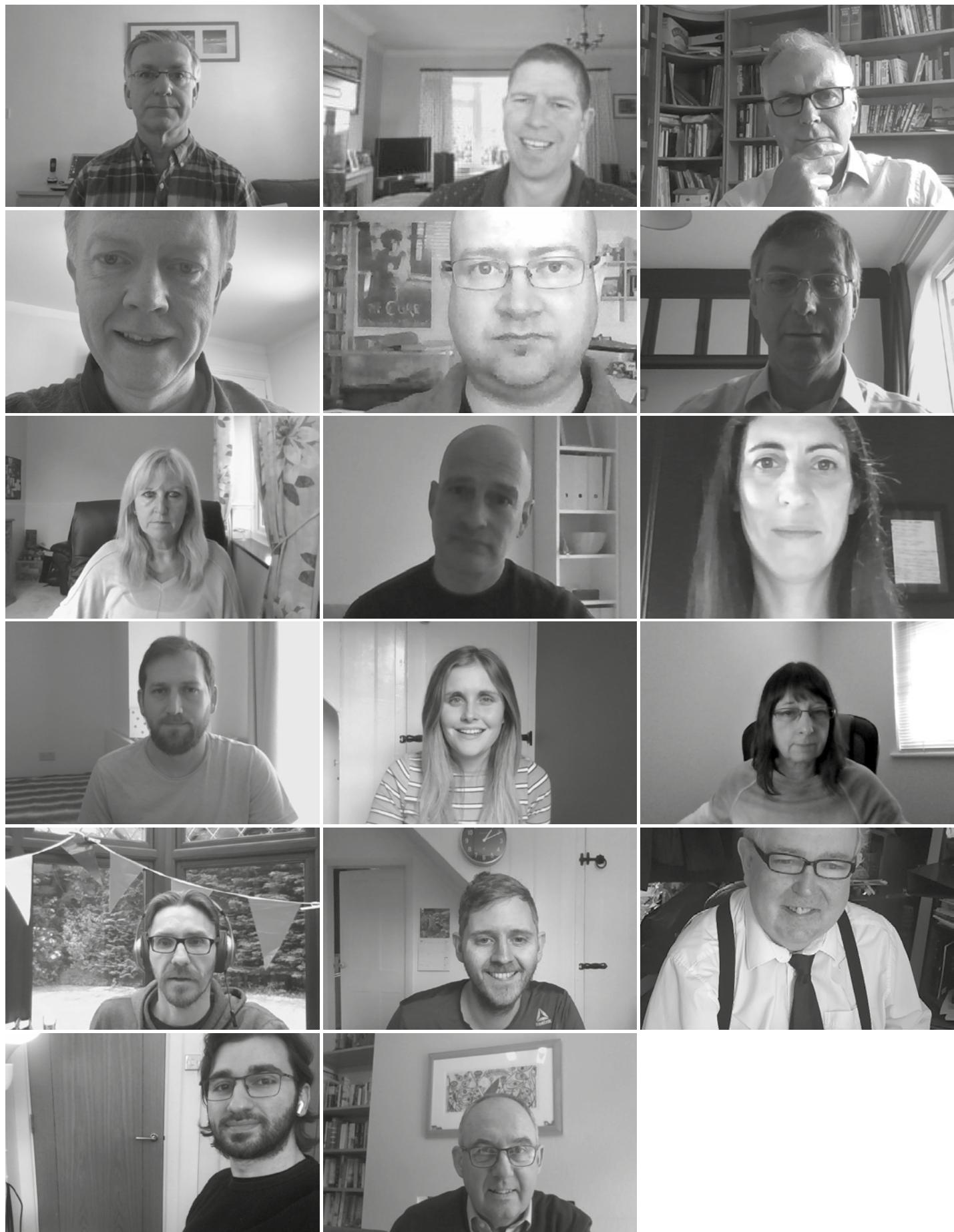
During this disruption, line managers maintained contact with staff working from home to ensure any problems were identified and addressed, including any welfare or confidential issues. Teams held social activities to maintain regular contact, in particular where staff were younger, more isolated or had onerous childcare or other caring responsibilities.

We have responded promptly to requests for GAD staff to undertake work on the COVID emergency and to support the work of other government departments, either through work undertaken directly by GAD teams or through secondment of a number of staff to other departments.

The ramifications of the pandemic will be wide-ranging and its impact on our business plan is highly uncertain. The priorities of our clients may change significantly, which could result in an increase or reduction of work for GAD. We will regularly monitor the staff resource available to ensure that we remain able to meet our clients' needs and to commission the advice they require.

## Government Actuary's Department working remotely





## Case studies – some of GAD’s work during 2019 to 20

### GAD analysis helps improve ways of working

#### We offer advice and recommendations on training and culture

We reviewed business-critical spreadsheet models used by the Department for Transport (DfT). These spreadsheets are used to inform policy and funding decisions for DfT.

GAD was commissioned by the Government Internal Audit Agency to identify how to improve both current practice and the quality of spreadsheet models by looking at the:

- model, purpose, requirements and development history
- assurance process and documentation
- model use, structure and calculations

As part of this exercise, we identified and conducted more detailed reviews of four of these models. They were chosen based on identified high-risk factors around the quality assurance process and whether the model outputs were high impact. The reviews covered the calculation methodology, modelling approach, documentation, controls and high-level reasonableness of results.

#### Results and recommendations

Our recommendations were based on a combination of our experience and work we’d undertaken for other public sector clients, so we:

- identified the level of assessment required for each model reviewed and provided key findings and recommendations
- found cross-cutting issues across models reviewed
- provided quick-win recommendations for the DfT modelling community, covering documentation, governance, training and culture

This illustrated how we worked flexibly and collaboratively to come up with an alternative approach for efficient model audit, given limited time and budget, and a large number of models to review.



# Reviewing the costs of utility companies digging up the roads

## We undertook quality assurance analysis of Ofgem's methodology

We provided a quality assurance review of methodology used by the regulator Ofgem, the Office of Gas and Electricity Markets.

In the report [Specified Street Works Costs Reopener assessment](#) GAD examined how Ofgem planned to assess funding claims from utility companies which planned to carry out street works.

### Funding requests

Ofgem assessed submissions in the Specified Street Works Costs reopener. Funding requests are based on expenditure that utility companies incur or expect to incur when they carry out road works such as removing, repairing and replacing cables.

After assessing applications Ofgem allowed £45 million of funding requests by electricity distribution network companies to invest in street works projects.

### Calculations and method

GAD's quality assurance review focused on the calculations and method that Ofgem used when working out the level of funding requests.

As a result of GAD's quality assurance analysis of Ofgem's methodology, we made five recommendations, which included:

- retaining one source of data for benchmark calculations
- using a weighted average to calculate benchmarked average unit costs
- splitting out component parts of costs

Actuarial experts considered permit fee costs, administrative costs and permit condition costs. We also examined the material provided as part of the consultation with the focus on the calculations and method.



# Interactive dashboards, maps and visualisations

## GAD uses data science to help identify trends and information

We advise the Department for Education (DfE) on the risk protection arrangement (RPA). The RPA is used by academies as an alternative to commercial insurance and includes cover for losses arising from property damage, business interruption, public and employers' liability.

### Interactive information

To support the RPA's work, GAD has developed interactive dashboards, maps and visualisations to help inform strategic and investment decisions.

Data science experts design and deliver monthly dashboards which summarise insurance claim data into a collection of interactive graphs and summary statistics. The user-friendly dashboards help clients easily identify trends and help decide which areas of claims management to focus on.

### Wider risks

We also analyse various wider insurance risks and how they vary across England, representing these risks visually using interactive maps. Using a clear colour coding system, these maps identify areas of higher claim risk which can inform strategic decision making.

### Analytical support

We have helped with the operation of the RPA since it was set up in 2014. Since then, we have worked in partnership with DfE to further improve the value for money that RPA offers to academies.

We provide analytical support to better understand the risk profile and potential costs of new areas of cover. This led to the expansion of RPA coverage so that it now includes overseas travel and cultural assets protection at no additional cost compared to earlier academic years.



## Data science in GAD helps clients

### GAD uses data science to identify patterns, gain detailed insights and offer better advice to clients

We use a wide suite of technologies to help interrogate data, infer patterns and communicate results. These include using sophisticated machine learning algorithms to identify and analyse complex patterns in data. This emphasis on data science is an important and growing part of GAD's client offer.

#### Insights and data

GAD uses machine learning approaches to identify and gain insights into patterns and drivers of change within large and multi-faceted data sets. These insights enable us to provide an improved predictive quality to our modelling.

We combine actuarial judgement and advanced technical output with data visualisation tools to create powerful visual representations. This leads to greater understanding and the ability to deliver clear and relevant messages and better advice to our clients.

#### Data science in action

##### Student loans

Working alongside UK Government Investments (UKGI) on preparing and implementing the sale of the student loans book, GAD used machine learning techniques to analyse earnings paths of student loan borrowers. This approach helped us gain a better understanding of what was driving graduate earnings and how these changed over time.

We used that information to confirm the robustness of UKGI's existing model while also identifying areas to prioritise for possible refinement. Demonstrating robust modelling performance to investors increases their confidence in the behaviour of the underlying asset which could ultimately lead to increased proceeds for government from the sale of the student loans book.

##### NHS medical negligence claims

NHS Resolution helps the NHS to manage claims that arise when things go wrong. GAD advises on the likely costs relating to such claims and provides insights from the data to help understand the risks of future clinical negligence claims. We used machine learning techniques to help identify how relationships between multiple factors in the data drive likelihoods of settlement outcomes of claims. This provided additional assurance on the current modelling methods as well as exploring potential benefits of alternative modelling approaches.



## GAD's advice helped people on TUPE transfer

### Protecting pensions of NHS supply chain workers

We helped protect the pensions of a large group of public sector workers, when they were transferred from one employer to another.

GAD provided advice to Supply Chain Co-ordination Limited (SCCL), the limited company set up by government to manage the NHS Supply Chain service. The NHS Supply Chain contract was let in 2006 to DHL (Excel Europe). At that time around 2,000 people transferred to the private sector under TUPE – the Transfer of Undertakings (Protection of Employment) regulations. These regulations protect the rights of workers being transferred but they give limited protection in respect of pensions.

### Transferring staff

When the DHL contract ultimately expired 13 years later in March 2019, around 550 of the original public sector staff had transferred to other private sector employers or back to the public sector. These moves were again carried out under TUPE. The staff received further protection under HM Treasury's Fair Deal policy which protects pension arrangements for public sector staff compulsorily transferred to other employers.

### Support and advice

GAD actuaries who specialise in staff transfers advised SCCL on various pension aspects of the re-let of the NHS Supply Chain contract, which has resulted in staff coming back to both the Civil Service pension arrangements and the NHS pension arrangements under Fair Deal. We also advised on alternative pension arrangements to meet Fair Deal requirements for staff who could not re-join the relevant public service pension scheme.

### Bulk transfer options

Having advised SCCL on the bulk transfer options, we are now working with other advisers to deliver them. Relevant staff will have an option to transfer their past service benefits under the DHL plan to their current pension arrangement.



## Sustainable development reporting

We are committed to integrating sustainability across our operations to support the UK Government Sustainable Development Strategy. As a small department with fewer than 250 staff it is not mandatory for GAD to report in accordance with HM Treasury Public Sector Annual Reports: Sustainability Reporting. However, as a matter of good practice, we are reporting voluntarily, following the guidance where practical to do so.

Since 2009 we have met the international standard (ISO 14001) for our Environmental Management System (EMS). The EMS is a management toolkit that enables us to document procedures and continuously monitor progress in environmental performance through regular measurements, reviews and audits.

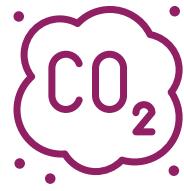
## Summary of performance

Our objectives and targets are based on the Greening Government Commitments (GGC) – 2016 to 2020. These targets concentrate on reducing emissions and water use, improving waste management, buying “greener” products and services, and being open and transparent. We set yearly targets for each GGC measure. These targets set out how we plan to achieve reductions in CO<sub>2</sub> emissions from building energy use through efficient use of accommodation and IT, how waste will be diverted away from landfill via methods based on the waste hierarchy principle and how to manage the consumption of water.

In summary, compared with 2018-19:

- consumption of paper, water, gas and electricity have all reduced
- waste generation has reduced





## Greenhouse gas emissions

		Baseline 2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Non-financial indicators (CO <sub>2</sub> e)	Scope 1 and 2 emissions <sup>1</sup>	248	199	226	177	169	151	143
	Scope 3 emissions (indirect – official business travel)	33	16	9	25	33	48	17
	Total emissions	281	215	235	202	202	199	160
Other non-financial indicators	Number of domestic flights	93	70	59	71	99	133	155
Related energy consumption (KWh) <sup>2</sup>	Electricity	373,921	318,126	361,001	344,043	317,791	257,515	247,623
	Gas	247,799	146,097	127,072	133,714	140,418	193,648	170,588
Financial indicators (£)	Expenditure on energy	51,667	41,389	46,149	43,372	46,112	34,897	40,815
	CRC <sup>3</sup> licence expenditure	–	1,290	1,290	1,290	1,290	1,290	–
	CRC <sup>3</sup> emissions allowance	–	6,396	5,797	5,349	4,814	4,978	–
	Expenditure on official business travel	66,135	33,590	30,813	31,121	40,975	57,783	33,686

1 CO<sub>2</sub> emissions figures are taken from the Cabinet Office electronic Property Information Mapping Service (ePIMS) database.

2 The figures for energy consumption are based on our occupied floor space as a proportion of the total building space as the building is multi-occupied and sub-metering is not available.

3 CRC ended as of 2018-19.

The GGCs are that by 2020 the government will:

- reduce greenhouse gas emissions by at least 43% from a 2009-10 baseline
- reduce the number of domestic business travel flights by 30% from the 2009-10 baseline

For GAD, gas consumption at Finlaison House has decreased slightly by around 12% and electricity use has continued to decrease since the 2009-10 baseline. Total consumption for 2019-20 has decreased by 4%.

Reported CO<sub>2</sub> emissions from travel have decreased following a change in travel provider with a different recording methodology. The number of domestic flights is higher this year than the 2009-10 baseline owing to a significant increase in client activity in Scotland.



## Waste

		Baseline <sup>1</sup> 2010-11	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Non-financial indicators (tonnes)	Non-recycled	7	0	0	0	0	0	0
	Total reused/recycled	15	17	21	8	38	7	5
	Composted	-	2	3	2	3	2	2
	Energy recovery	-	1	1	1	2	2	2
	Total waste	22	20	25	11	43	11	9
Financial indicators (£)	Total disposal cost	8,162	6,716	8,000	7,208	6,941	6,059	5,276

<sup>1</sup> The baseline year used is 2010-11 as figures for 2009-10 are not available.

The GGCs are that by 2020 the government will:

- reduce the amount of waste going to landfill to less than 10%
- reduce the overall amount of waste generated and increase the proportion which is recycled

For GAD, waste generation has reduced at Finlaison House. Our policy and practice is to recycle all redundant ICT equipment that cannot be reused using approved Waste Electrical and Electronic Equipment (WEEE) brokers.



## Finite resource consumption: Paper

	Baseline 2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Non-financial indicators (A4 Reams)	1,610	1,242	931	911	785	595	395

The GGC is that by 2020 the government will achieve a 50% cut in paper use from a 2009-10 baseline.

For GAD, up to and including 2019-20 we have achieved a 75% reduction in paper use at Finlaison House.



## Finite resource consumption: Water

		Baseline 2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Non-financial indicators (m3)	Water consumption	1,010	738	955	931	842	784	770
	m3 per FTE	7.70	4.70	5.90	5.70	5.20	4.60	4.40
Financial indicators (£)	Water supply and disposal costs	2,030	1,885	2,383	2,184	2,340	1,654	2,103

The GGCs aim to further reduce water consumption.

GAD has decreased water consumption at Finlaison House by around 2% from last year.

## Biodiversity and adaptation plans

We are not required to have a biodiversity plan as our site is in a city centre and a street front building.

## Climate change adaptation

We are committed to limiting the extent to which we contribute to climate change. Reduction measures are designed to do this by reducing carbon dioxide emissions from energy use and transport. To support us in this we have engaged with the facilities management provider, Interserve, to ensure that their use of facilities reflects energy conservation and lighting reduction during off-peak hours.

## Sustainability awareness

The GAD sustainability lead is a registered member of the Institute of Environmental Management and Assessment. Sustainability is covered as part of the induction process for new recruits to the department. For existing staff periodic updates or refresher training sessions are provided. A green week is planned for 2020.

## Procurement

The GGC is to ensure procurement of sustainable and efficient products while reducing the impact of the supply chain.

Our procurement policy includes using the framework contracts under the Crown Commercial Service and we are subject to the sustainability policy which it operates.

We promote sustainability in procurement by:

- working closely with our suppliers – particularly in the areas of catering, cleaning and stationery – to improve sustainable processes
- using a furniture clearing house to acquire and donate second hand furniture between public sector departments
- buying less environmentally damaging products and services
- complying with environmental legislation and regulatory requirements

- including relevant environmental conditions or criteria in specification and tender documents, and evaluating supplier offers accordingly
- raising awareness of environmental issues within GAD, and among suppliers and contractors

**Martin Clarke**

Government Actuary  
Accounting Officer

29 June 2020



## Section 2

# The Accountability Report



# Corporate governance report

## Executive's report

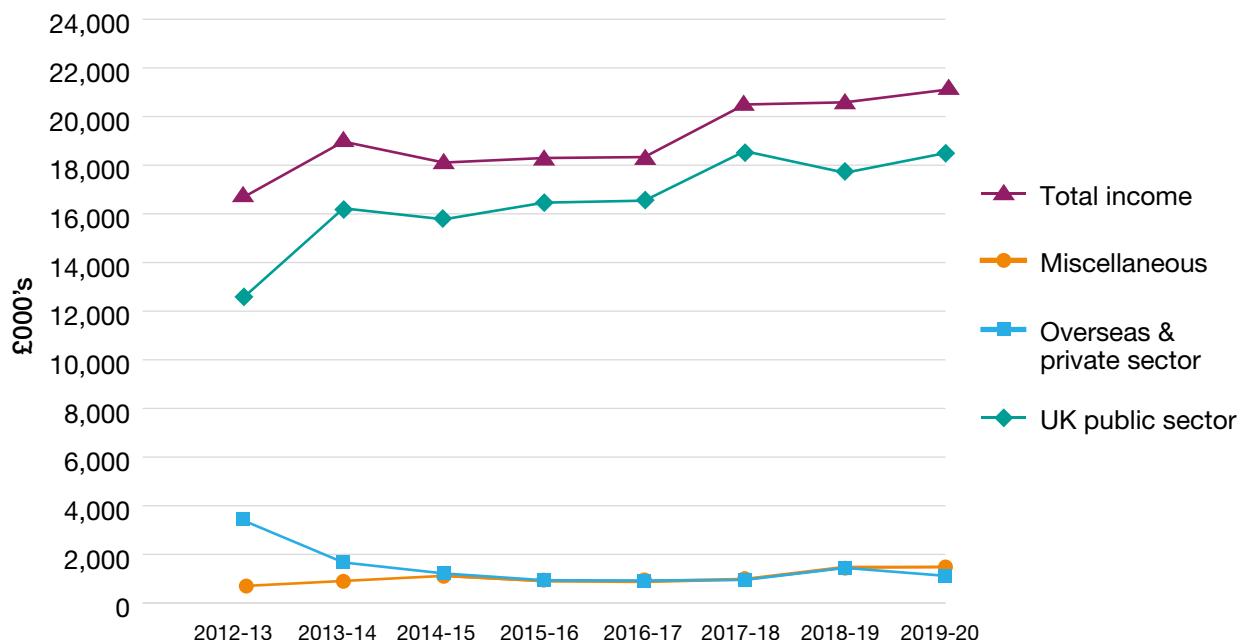
GAD is a non-ministerial department led by the Government Actuary. Details of the chair and the composition of the Management Board can be found in the Governance Statement. Board members' interests are disclosed in the Remuneration report.

During the year we generated an operating surplus of £698k. Income for the year was £21.099 million. Fee income (income from actuarial services) increased by 2.5% (£485k) from £19.133 million in 2018-19 to £19.618 million in 2019-20. Our fee rate increase for 2019-20 was 3%, compared to an increase of 1% in 2018-19.

Income generated from within the UK was £20.996 million (2018-19: £20.064 million).

Overseas income was £103k (2018-19: £522k).

### Income analysis



Miscellaneous income was £1.481 million in 2019-20 an increase of £28k from £1.453 million in 2018-19. Miscellaneous income is generated by the sub-letting of floor space in Finlaison House.

Administration and finance costs in 2019-20 amounted to £20.382 million, a £2.552 million increase from £17.830 million in 2018-19. Staff costs of £14.672 million are the main component of administration costs. Staff costs in 2019-20 increased by 6.2% (£862k) due to a general 2% pay increase for staff in post and an increase in the employer pension contribution rates. The cost of employing agency and some other temporary staff is classified under other administration costs in our accounts. These additional staff costs have decreased from £304k in 2018-19 to £93k in 2019-20.

Other administration expenditure in 2019-20 amounted to £5.710 million, a £1.690 million increase from £4.020 million in 2018-19. The overall increase is largely due to expenditure being significantly reduced in 2018-19 by the reduction in value of the dilapidations provision held relating to Finlaison House. This was a one-off for 2018-19 and therefore distorts the year on year comparison. As well as this there were increases in IT spend to support the move towards flexible working and increases in rent and rates.

Our capital budget (or Capital Departmental Expenditure Limit, CDEL) for 2019-20 was £200k of which £175k was utilised. The majority of the capital spend was on improved IT infrastructure, laptops and related equipment to support flexible working, as well as some improvements to Finlaison House.

Our Supply Estimate had a net cash requirement of £181k against which we achieved an outturn which contributed £383k. Surplus cash at year end will be returned to the Consolidated Fund during 2020-21.

Our running and capital costs were met through income from actuarial fees and rental income.

The Statement of Financial Position shows total assets of £8.360 million (2018-19: £7.915 million), non-current and current assets less current liabilities £6.517 million (2018-19: £6.236 million), and non-current liabilities of £1.782 million (2018-19: £1.903 million).

### **Payment of suppliers**

Our aim, in accordance with government policy, is to pay 80% of undisputed invoices within five working days of the receipt of goods or services or the presentation of a valid invoice, whichever is the later. During 2019-20, 97% of invoices by value (82% by number) were paid within five working days. The equivalent figures for 2018-19 were 94% of invoices by value (83% by number). No interest payments were made under the Late Payment of Commercial Debts (Interest) Act 1998.

### **Expenditure on consultancy, professional services, publicity and advertising**

During 2019-20 we spent £55k (2018-19: £215k) on consultancy and professional services. We spent an unusually high amount in 2018-19 due to the transition to a new provider for actuarial valuation software and the provision of legal advice. The spend in 2019-20 is back in line with prior years.

In 2019-20 we incurred costs of £93k (2018-19: £304k) on the employment of temporary staff. These were mainly temporary finance staff, HR advisers and a seconded Head of Communications. We aim to have a small proportion of staff on temporary and fixed term contracts to provide flexibility to meet fluctuating demand. The reason for the drop in costs compared to 2018-19 is that our IT services were outsourced to the Government Legal Department from 1 April 2019. We incurred costs of £440k on IT specialists employed by the Government Legal Department in 2019-20. This amount is higher than in 2018-19 as this year we built greater resilience in the team, and further improved the robustness of the IT infrastructure.

In 2019-20 £3k was incurred on publicity and advertising costs, all of which was for recruitment (2018-19: £18k).

## **Financial risk**

We have only very limited exposure to financial instruments which play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. More detail is given in Note 9.

## **Political and charitable donations**

GAD made no political or charitable donations in 2019-20 (2018-19: £nil).

## **Financial outturn**

Our financial outturn for 2019-20 is reported in a number of different ways. The accounts show a negative net resource outturn (a significant favourable movement) of £717k against an Estimate of £143k, net surplus Resource Departmental Expenditure Limit (RDEL) of £719k surplus against an estimate of £2k and Capital DEL (CDEL) of £175k against an estimate of £200k. The tables in the Statement of Parliamentary Supply Notes 1 and 2 reconcile these figures.

## **Recruitment and turnover**

GAD's staff turnover this year was 14.6% to the end of March 2020 (12.9% in 2018-19).

The bulk of external recruitment activity took place in quarters 3 and 4. The pace of our recruitment activity continued despite uncertainty around COVID-19 and the subsequent lockdown. We rely on contingent labour, mostly in the form of agency contractors, to manage short term and/or cyclical demands.

Turnover 2019/20	Turnover 2018/19
14.6%	12.9%

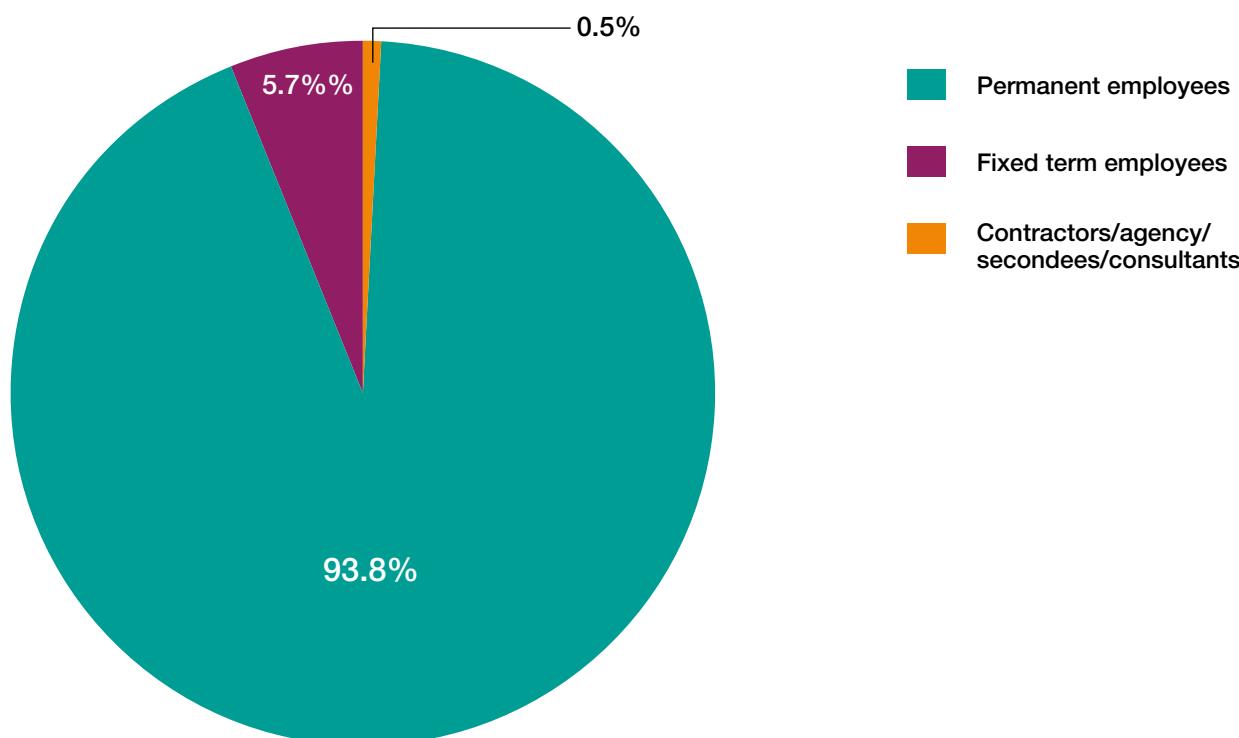
## **Staff in post as at 31 March 2020**

	Staff in post 31/03/2020	Male 31/03/2020	Female 31/03/2020	Staff in post 31/03/2019	Male 31/03/2019	Female 31/03/2019
Actuaries <sup>1</sup>	99	60	39	90	59	31
Trainee actuaries <sup>1</sup>	35	26	9	39	29	10
Analysts	27	15	12	23	12	11
Support staff <sup>1</sup>	32	15	17	36	19	17
Agency/non-payroll	1	0	1	4	3	1
Total	194	116	78	192	122	70
Of which: leadership group <sup>2</sup>	18	14	4	19	16	3

<sup>1</sup> Permanent and fixed term contract employees.

<sup>2</sup> Although not formally constituted as a committee, the leadership group, which consists of the Management Board, Senior Chief Actuaries, Chief Actuaries and a number of other senior staff, is responsible for setting the tone and direction of the department.

**The following chart shows the workforce mix as at 31 March 2020:**



### **Staff engagement survey**

The annual Civil Service-wide Staff Survey for 2019 took place in October 2019 and was completed by 154 GAD staff (87%), a slightly lower proportion than in 2018 (157, 89%).

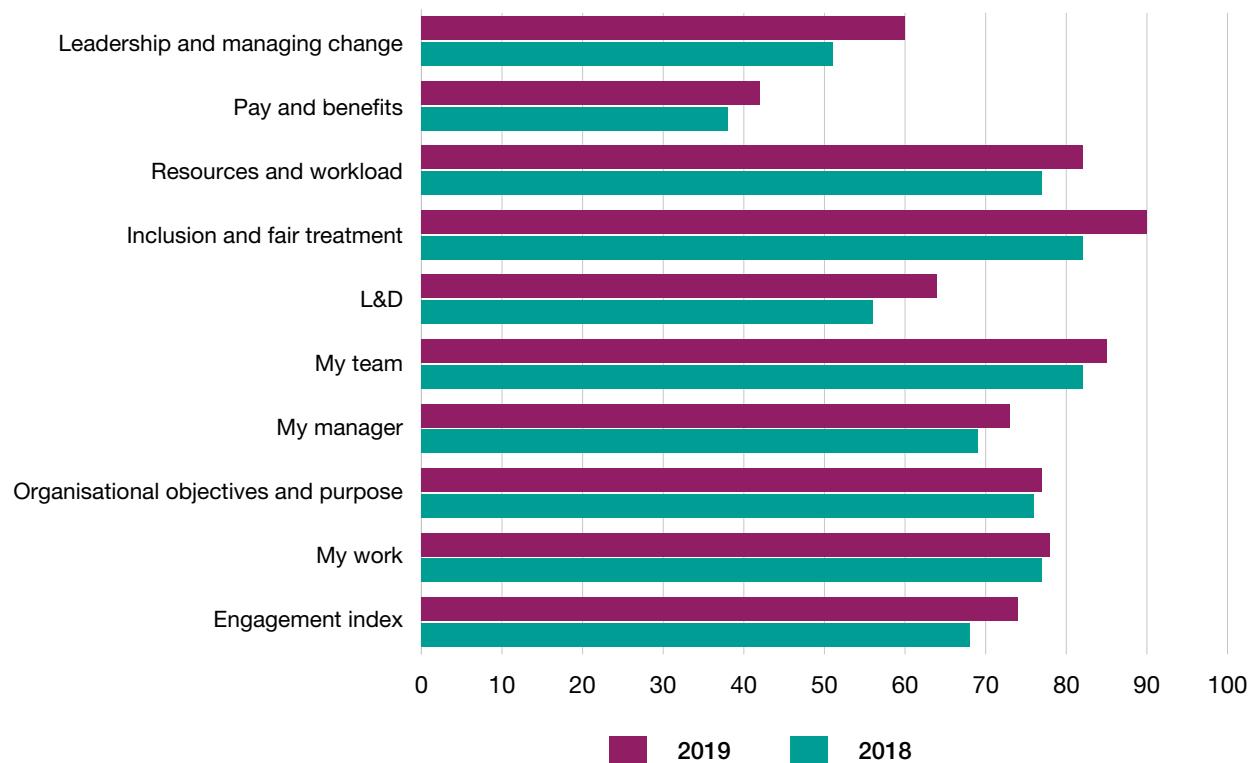
The majority of scores for the main themes were higher than in 2018. The overall Employee Engagement Index, which increased by six points to 61% in 2018, increased further to 68%, among the highest of the organisations that took part. In most other aspects of the survey GAD scored similar or improved ratings compared to last year, and in many cases, scores are at or close to the Civil Service ‘High Performers’ level.

Overall, these results show that there is much to be encouraged about, including recognition of the positive influence of managers on the working experience at GAD. Highest positive scores included “I am trusted to do my job effectively”, “I am interested in my work”, “I am treated with respect by the people I work with”, “I have the skills I need to do my job effectively” and “I think that GAD respects individual differences” (cultures, working styles, etc.).

There are areas where although we have recorded improvements, we will continue to work on, such as learning and development, leadership and managing change, and providing clear career pathways. We must also acknowledge the data relating to discrimination and bullying/harassment and maintain that any such incident in the workplace is unacceptable and needs to be addressed when it occurs.

Question theme	GAD score 2019	Change from 2018
Engagement index	68	+6
My work	77	+1
Organisational objectives and purpose	76	-1
My manager	69	+4
My team	82	+3
L&D	56	+8
Inclusion and fair treatment	82	+8
Resources and workload	77	+5
Pay and benefits	38	+4
Leadership and managing change	51	+9

## Staff engagement survey



## Diversity, inclusion and wellbeing

GAD has a diverse workforce and is committed to being an inclusive employer and treating everyone fairly and with respect. We recruit, train and promote people regardless of race, colour, religion, national origin, gender, age, sexual orientation or disability and are recognised as a Disability Confident Employer.

Seeking to establish a culture which welcomes diversity, with everyone confident to be themselves in the workplace, and where all staff are able to progress and reach their potential, we have been offering appropriate support to make this happen. We have also sought to establish a culture that supports mental health and wellbeing and where support and mutual respect are the norm.

Improving and maintaining good employee engagement, morale and health is important to us. This was evident in the increased Staff Survey score of 82% for 2019 for our approach to inclusion and fair treatment, compared to the previous year, 2018 of 73%. We appointed a senior Diversity and Wellbeing Champion, established staff groups to look at diversity and inclusion and to act as wellbeing champions. We also trained a group of Mental Health First Aiders and reviewed and updated all our family friendly policies.

We continued with a range of initiatives throughout the year to further support our aims, including name blind recruitment, gender diversity workshops, and encouraging interaction and dialogue with colleagues across the organisation with the introduction of a 'Coffee Lottery'.

Further promotion and raising awareness on equal opportunities and diversity continued with activities such as presentation meetings, analysis of gender pay gap and the creation of One GAD, a one-stop-shop on our intranet site for highlighting events and achievements across our department, giving everyone the opportunity to get involved and ensuring GAD is inclusive.

### *Gender pay gap*

GAD currently has fewer than 250 employees and so the reporting of gender pay gap information is not compulsory. We calculate our mean gender pay gap in hourly pay as at 31 March 2020 to be 13% in favour of males and the median pay gap to be 7% in favour of females. Comparative figures for 31 March 2019 for the mean gender pay gap in hourly pay stood at 13% in favour of males and the median pay gap at 0.3% in favour of males. Pay comparability within grades is kept under review and, if appropriate, adjustments are made.

## Information for staff and communications policy

GAD's Head of Communications is responsible for the department's communications strategy. Our key priorities include enhancing GAD's profile and promoting the department to clients, stakeholders and the wider public via external media. Teams across the department, including the new communications champions, work with the Head of Communications to identify suitable stories which illustrate the significance of GAD's work.

We promote GAD by:

- sharing stories about projects and successes on our newly revitalised website
- revealing personal observations from our people on our new blog site, [Actuaries in government](#)
- publishing a monthly newsletter all about GAD
- responding to media enquiries about our work

We keep our people informed of changes across GAD by sharing messages on the intranet, via email, in our lunchtime “knowledge shares”, in newsletters and in online staff groups. There are several operating committees and working groups to encourage people to input into departmental decision-making. The Government Actuary publishes an internal blog each week on the intranet. Staff receive alerts and updates (also published on the intranet) about specific projects that affect them.

## **Talent and reward**

We continued to make improvements throughout the year to strengthen our people-related practices. The following interlinking aspects were priority areas of focus for 2019-2020.

### ***Software systems***

System software improvements and the launch of various new HR system modules has helped to streamline HR management and administration processes. Enhancements have included those to core HR and payroll systems and our MyHR Self Service. The latter now provides an improved employee experience with staff readily able to access a secure online portal with the ability to update their personal details, access their payslips, and P60, and request and book leave and absence. Enhanced manager functionality has also improved workflow, data analytics and reporting functionality.

### ***Resourcing and talent management***

During the year we ran a total of 45 recruitment campaigns, including seven internal opportunities.

In line with the Civil Service Commission Recruitment Principles, our recruitment processes seek to select based on merit through fair and open competition. Compliance with these principles and the continuous monitoring and improvement of our recruitment processes remain a priority. Briefing sessions on the recruitment principles and unconscious bias training provided via the Civil Service Learning website continue to be mandatory requirements for managers involved in recruitment. This has helped to ensure staff understand the legal requirements of recruiting into the Civil Service and the importance of selection to be made on merit on the basis of fair and open competition for external recruitment campaigns.

Following the launch of our actuarial undergraduate placement scheme in the academic year of 2018-19, we continued to successfully attract and place a number of highly capable potential recruits for future actuarial recruitment. We also continued to recruit apprentices, once again adding five new apprentices during the year.

Development opportunities continued to be identified for employees to gain wider experience, either through secondments or internally. Our strategic approach to secondments is well established and we have placed a number of secondments with other organisations which has enabled staff to add to their experience in a targeted way. Since the introduction of our progression principles in 2018, the number of employees who have been successful in seeking promotion to higher grades has also continued.

### ***Reward and recognition***

To assist in the retention of high-performing staff, a limited part of the annual pay award was applied to reward those staff who had consistently sustained high performance over a long period. Additionally, reward vouchers continue to be used as a timely in-year method for recognising employees’ contribution and performance with the aim of providing an immediate motivational impact.

### *Performance management*

Following a review of the line management in the department, we initiated a number of improvements identified by the review. Line managers were provided with continued support through training and other resources to improve their capability and skills. Performance management was closely monitored through qualitative and quantitative measurement to obtain regular feedback on engagement and performance practice.

Considerable work was carried in the latter part of the financial year with the revision of new performance management and probation procedures and guidance in readiness for the launch of our new online performance management module. Working collaboratively across the organisation, our People Leads were actively involved in developing the functionality to ensure that it fully aligned with their objectives to improve line management and to ensure that performance management remained consistent throughout the organisation.

### *Development*

The Learning and Development Portfolio published in August 2016 continues to expand as more courses have been introduced that meet specific skills and competence requirements identified in the portfolio. The portfolio is an interactive map which shows what knowledge, skills and competencies are either essential, important or optional for each of the current grades.

As part of our software system updates, towards the end of the year we launched a “Learning events” function to manage all staff learning and associated record-keeping. The capability the system offers in this area is expected to be exploited further as more learning is delivered and undertaken.

### **Effectiveness of staff whistleblowing procedures**

Guidance on GAD’s whistleblowing system, which is a professional requirement for qualified actuaries and is explained within the Institute and Faculty of Actuaries code of conduct, can be accessed by all staff via the GAD intranet. No whistleblowing cases were raised during the year.

### **Personal data**

One, low-risk breach of policy and one breach of personal data occurred in 2019-20.

The low-risk breach of policy related to data sent unencrypted to the correct recipient. The data breach related to GAD staff performance markings and this was addressed by increasing communication to staff. Details on the implementation of the General Data Protection Regulation are provided separately.

### **The General Data Protection Regulation (GDPR)**

As a data controller of personal data, GAD takes its responsibilities seriously and we currently comply with GDPR. Internal policies and processes are regularly reviewed and updated. GAD’s privacy notice has also been updated on GOV.UK.<sup>4</sup> Secure methods of data transfer are used to ensure that personal data is transmitted securely to authorised recipients.

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4 <https://www.gov.uk/government/publications/government-actuaries-department-gad-privacy-notice>

A Security Strategy Group (SSG) headed by GAD's Senior Information Risk Owner (and executive member) provides an overview of strategic security issues and compliance in GAD. This group meets every quarter. An operational Security Group meets every month and reports any significant issues to the SSG. GAD has been audited by the Government Internal Audit Agency (GIAA) and has made the recommended improvements to achieve full GDPR compliance.

## **Health and safety reporting**

We are committed to providing a safe and healthy working environment and recognise the importance of our employees' health.

During 2019-20 our staff were primarily office-based, so the main risks arise within the office environment and staff working practices. We have procedures in place to ensure a safe working environment is maintained.

- All new starters to the department received an induction covering the department's health and safety policy and procedures and a display screen equipment (DSE) assessment of their workstation.
- Risk assessments were carried out for expectant mothers and for new mothers returning to work.
- Discussions continued with the safety representative from Prospect (the recognised trade union in GAD) on all aspects of health and safety.
- All statutory health and safety inspections and testing were carried out. These included fire evacuation drills, fire alarm and fire extinguisher testing, water systems monitoring and lift inspections.
- No reportable accidents occurred.

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 Section 5(2), HM Treasury has directed the Government Actuary's Department to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the department during the year.

The accounts are to be prepared on an accruals basis and must give a true and fair view of the state of affairs of the Government Actuary's Department at the year end and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis

HM Treasury has appointed the Permanent Head of the Department (the Government Actuary Martin Clarke) as Accounting Officer of the Government Actuary's Department. 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 Government Actuary's Department's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in Managing Public Money.

The Accounting Officer confirms that:

- as far as he is aware, there is no relevant audit information of which the department's auditor is unaware
- he has taken all the steps that he ought to have taken in order to make himself aware of any relevant audit information
- he has taken all the steps that he ought to establish that our auditor is aware of that information

He confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable, and that he takes personal responsibility for it and the judgements required for determining that it is fair, balanced and understandable.

### Auditor

The Comptroller and Auditor General is the statutorily appointed auditor for the Department's accounts. The notional cost of audit services in 2019-20 was £68,000 (2018-19: £60,000). No fees, either actual or notional, were incurred for non-audit work (2018-19: £nil).

# Governance statement

## Governance framework

The Government Actuary's Department (GAD), which was established in 1919, is a non-ministerial department responsible for providing actuarial services and advice to public sector clients (UK and overseas) and private sector clients, where this is consistent with government policy and does not impair our ability to serve the UK government. Ministerial responsibility lies with the Financial Secretary to the Treasury, Jesse Norman MP.

I, Martin Clarke, have been the Government Actuary since August 2014. I have a number of statutory duties in connection with public service pensions and social security. I am also the Department Chief Executive and Accounting Officer of GAD in which capacity I am accountable to the Permanent Secretary of HM Treasury.

## Governance committees

### *Management Board*

The Management Board (MB) comprises eight executive members, including me, and three non-executive members. It is the principal advisory body and supports me in providing leadership to GAD, framing the overall strategy for GAD and exercising oversight over the performance of the department, including its identification and management of risks.

Membership of the Management Board as at 31 March 2020 was:

	Martin Clarke	Government Actuary
	Wendy Dabinett	Director of Human Resources
	Stephen Humphrey	Functional and Technical Lead for Specialist Actuarial team (April-June 2019) Technical Lead for Specialist Actuarial team (from July 2019)
	John Ogden	Director of Finance and Operations
	Geoffrey Podger	Non-executive director and Chair since November 2015 on a three year appointment which was renewed for a further three years
	Aidan Smith	Head of Technical and Professional
	Sue Vivian	Head of Public Service Pensions

	Alison White	Non-executive director since September 2019 on a four year appointment
	Ian Wilson	Non-executive director since September 2019 on a three year appointment
	Colin Wilson	Deputy Government Actuary Functional Lead for Insurance and Investment team (April-June 2019) Functional Lead for Specialist Actuarial (from July 2019)

Alison White and Ian Wilson joined the Management Board and Audit and Risk Assurance Committee as non-executive directors from September 2019, replacing Angela Marshall and Louise Redmond, who stepped down in July 2019 when their appointments ended. Aidan Smith joined the Management Board on an interim basis from July 2019.

Ian Rogers, Head of Business Development, was a member of the Management Board from April 2018 until September 2019 on temporary secondment.

### ***Non-executive Board Members***

GAD's Management and Audit Boards include three non-executive members, who are appointed following open competition for terms of three or four years, which may be renewed once.

Geoffrey Podger	Currently Senior Visiting Research Fellow at the Centre for Risk Management, King's College, London and also acts in a number of non-executive roles and undertakes consultancy work. In his previous public service career, he successively managed four regulatory agencies in the UK, the European Union and New Zealand. He has also worked in three UK Departments. Geoffrey was awarded the CB in 2003. He has been a non-executive board member and chair of the Management Board of the Government Actuary's Department since November 2015 on a three-year appointment, which was renewed in 2018.
Alison White	Alison is an experienced non-executive director and chair, who works with a range of public sector organisations undergoing transition and change. Her executive background is in business: having qualified as an accountant and MBA, she led operations and commercial business for the Royal Mail Group and then for the next five years, a range of businesses in turnaround as an interim Chief Executive. She has been a non-executive director since September 2019 on a four year appointment.
Ian Wilson	Ian is a chartered accountant and was previously the Director of Business Services at Network Rail where he was responsible for the delivery of shared services across the organisation. Prior to joining Network Rail in 2013, Ian worked in the global IT industry with Hewlett-Packard for over 20 years holding a number of senior international finance and business services roles. Other roles include: chair of EDS UK Pension Funds since November 2017; non-executive director with the Ministry of Defence's Defence Business Services Risk and Assurance Committee since May 2018; non-executive director with BPDTS Limited since June 2018. He has been a non-executive director since September 2019 on a three year appointment.

Between April 2019 and March 2020, the Management Board met 11 times, with attendance as follows:

Martin Clarke	11/11
Wendy Dabinett	1/11
Stephen Humphrey	10/11
Angela Marshall	4/4
John Ogden	11/11
Geoffrey Podger	10/11
Louise Redmond	4/4
Ian Rogers	4/5
Aidan Smith	6/8
Sue Vivian	9/11
Alison White	7/7
Ian Wilson	7/7
Colin Wilson	9/11

Wendy Dabinett was on extended absence during the year.



### ***Audit and Risk Assurance Committee (ARAC)***

GAD has an Audit and Risk Assurance Committee (ARAC) comprising the three non-executive members of the Management Board. The Committee supports me in my responsibilities for issues of risk, governance, financial controls and associated assurance.

The Committee meets at least quarterly during the year. When necessary, it meets separately after the main meeting, with the External and Internal Auditors.

Between April 2019 and March 2020, the Audit and Risk Assurance Committee met four times with attendance as follows:

Angela Marshall (chair until July 2019)	1/1
Geoffrey Podger	4/4
Louise Redmond	1/1
Alison White (chair from Sept 2019)	3/3
Ian Wilson	3/3
Martin Clarke	4/4
John Ogden	4/4
Internal Audit	4/4
External Audit	3/4

The Committee works to an annual work schedule that is a part of its terms of reference and covers not only matters that the department is obliged to consider but also any other matters that both the Management Board and the Committee consider to be areas of concern from an internal control, assurance and governance perspective.

ARAC looks to a number of sources of assurance throughout the year to assist it effectively to discharge its responsibilities as set out in its terms of reference. Such assurances are provided either by third parties, i.e. bodies independent of management, or internal sources, i.e. management representations.

The Committee reviewed the annual internal audit plan to ensure the overall audit coverage and recommended its adoption to Management Board. During the year ARAC reviewed the findings of the audits carried out and followed up on the implementation of any agreed actions using the quarterly tracker report. In addition, the Committee considered the External Audit plan and any subsequent findings, reviewed the risk management processes and made some recommendations for improvement and approved this Governance Statement.

### **Other committees**

#### ***Executive Committee***

An Executive Committee (ExCo), comprising the executive members of the Management Board and Functional Leads, meets weekly, principally on an informal basis with one formal meeting each month, to consider operational and management issues.

Although not formally constituted as a committee, the leadership group, which consists of the Management Board, Senior Chief Actuaries, Chief Actuaries and a number of other senior staff, is responsible for setting the tone and direction of the department.

### ***Technical Committee***

Professional and technical matters are overseen by the Head of Technical and Professional. In performing this role, he is assisted by the Technical Committee (and sub-committees covering different technical areas) whose purpose is to develop and maintain appropriate technical and professional practices across GAD. The Technical Committee consists of the Head of Technical and Professional, Government Actuary, the actuarial members of the Executive, the Head of Research, the Chief Actuaries and the chairs of the seven Technical sub-committees. It is chaired by the Head of Technical and Professional and reports to the Management Board.

The purpose of the Technical Committee is to develop and maintain appropriate technical and professional practices across GAD. In particular, this includes promoting consistency and defensibility in the provision of client advice.

### ***Strategic Security Group***

The Strategic Security Group provides oversight on general issues relating to the security of GAD, in terms of the physical security of its staff and estate, sensitive personal or business information, and IT systems. It is responsible for the development and communication of appropriate policies and information and the effectiveness of monitoring and reporting relating to security measures.

### ***Technology Committee***

The Technology Committee's purpose is to support the delivery of first-class IT services and actively promote technology improvements that support the delivery of first-class actuarial and business services. The Committee works actively as a liaison group between users and the Finance Director and Programme Manager who manage the relationship with the IT service provider GLD. The Committee also works to ensure that GAD users have a platform to discuss and make proposals for IT developments which will allow them to operate as efficiently as possible (and in doing so will support GAD's stated 2025 vision).

In particular, the Committee makes recommendations and suggestions which seek to: identify where services may be improved through better use of technology; make the most of the technology GAD already has; and ensure that opportunities to introduce new technology are explored, as they arise.

In addition to these strategic committees and groups, GAD's work is also supported through a range of other working groups which are involved in the management of specific issues across the department, many of which report into the groups listed above, as well as a number of project boards which oversee specific pieces of work that are frequently time-limited.

### ***Business Development Steering Group***

Established to support GAD's business development strategy and vision, which aims to ensure our potential to contribute is recognised where it could add value, ensure we are able to deliver this potential, and maximise our actual contribution where this represents value to government. The group works to assess and improve how we manage our relationship with clients, to actively seek appropriate new business opportunities (with £8.8 million of new business income generated in 2019-20), and raise GAD's profile through thought leadership activities including regular publications and events.

## **GAD Change Board**

The GAD Change Board was established to provide oversight to significant projects and change activity. The Change Board's remit is to:

- ensure that change within the department is managed well
- challenge the robustness of plans for change and track progress
- ensure a good standard of communication throughout the department
- assess risks to delivery and remedial action plans
- report progress to the Executive Committee and to the Management Board

## **Corporate Governance Code**

Government policy on departmental governance is outlined in Corporate Governance in Central Departments: Code of Good Practice (Cabinet Office, April 2017). This Code operates on a comply or explain basis, whereby departments are asked to disclose any element of the Code with which they are not fully compliant, explaining their rationale and any alternative measures which have been put in place to meet the objectives of the Code.

The Management Board has assessed GAD's corporate governance against the Code and agreed which measures in the Code are relevant to a Department of GAD's size and can be implemented in a cost-effective way.

## **Members' interests**

Ian Wilson, a non-executive director, declared an interest as a non-executive director for MOD Defence Business Services (DBS), which prepares the accounts for the Armed Forces Pension Scheme (AFPS) for which GAD is the scheme actuary, though no actual conflict was identified. No other directorships or other significant interests that may have caused a conflict with their management responsibilities were held by Management Board members. The opportunity to disclose conflicts with items on the agenda is provided at every meeting.

## **Risk management**

GAD is a relatively small organisation, but the advice we provide impacts on decisions which can have significant national financial consequences and be relatively high risk given their political profile. Risk management is therefore integrated as far as possible into the normal process of managing the business and the advice that we provide, but with clear responsibilities.

The strategic risks of the department are considered as part of an enterprise risk management framework that is closely aligned to its five year strategy and annual business plans. The risks are aligned to our strategic themes and they represent a longer-term view than our operational risk planning. The Management Board reviews these risks at each meeting during the year. During 2019-20 we continued to focus on mitigation actions that are effective in reducing original and residual risks. We will continue this focus in 2020-21, but also consider any changes needed to align with the new strategy of GAD2025.

Our risk management processes operate at three levels, strategic, balanced scorecard and operational. Operational risks are managed within the relevant business areas, with a number of corresponding operational risk registers being used as management tools. Highly rated risks and significant individual risks are escalated to the Executive Committee where they are grouped into the relevant quadrant of the balanced scorecard (finance, clients, processes and people) alongside a number of key risk indicators which are

produced as part of the regular management information. A member of the Executive has oversight responsibility for the risk management processes for each quadrant, alongside any other risks identified by the Executive Committee in addition to the four strategic themes (also see below).

The most significant of these risks are further escalated to Management Board on the strategic risk register. There is also a quarterly review of longer-term strategic risks, the main value of which is to focus attention on long-term issues that may not be picked up by day-to-day management of the business and the operations risk registers that operate on a “bottom-up” basis. In addition to consideration of this information, Management Board aims to perform a deep dive into each balanced scorecard theme at least once during the financial year.

The Audit and Risk Assurance Committee (ARAC) is responsible for reviewing that the risk management processes are working effectively. During the year the Committee reviewed a selection of risk registers in detail. The ARAC also agrees the three-year rolling Internal Audit plan and explores in more detail individual risks where necessary. Internal and External Audit reports are all received and reviewed by the ARAC.

Issues and risks that were considered by the Management Board and Audit Committee included: the implementation of a major actuarial software product and the transition to use the product routinely for GAD’s work; the implementation of a new HR system and outsourcing of payroll delivery; review of the performance of the IT service provided to GAD by GLD; assurance around the upgrade to the finance system; the implementation of financial key controls; and the use of an actuarial assurance map validation.

During early 2020 we started a review of how risk should be best managed at GAD, at both strategic and operational levels, to ensure that the risks were appropriately identified, articulated and prioritised, and incorporated consideration for GAD’s appetite for risk. The outcomes of this review will be considered by the ARAC and the updated approach and mechanisms for future risk management at GAD defined and agreed.



## Clients



Risk that GAD's reputation for providing high-quality advice to clients effectively and efficiently is damaged such that future advice is not requested or acted upon, or that GAD's services do not match the evolving needs of its clients. The specific risks associated with these arise from failure to:

- deliver high quality advice
- provide client advice on time
- develop innovative solutions and knowledge
- maintain strong client relationships and understand their future requirements
- work efficiently and to budget
- use appropriate software
- manage complaints appropriately

We have a high appetite for providing a service that will add value to government decision making. Conversely our reputation is paramount to GAD being a trusted provider in government, such that we have a low appetite for risks that are likely to undermine that status.

We maintain client plans for all key clients to help us manage the relationships and provide a consistently high-quality service. We also seek client feedback to inform our client plans and improve the quality of our work. For the most high-profile projects we apply additional senior oversight to ensure the appropriate level of governance, planning and focus.

## Finance



Risk that GAD does not meet its financial targets or has poor financial control, with specific risks arising from failure to:

- generate sufficient income due to significant uncertainty in client demand
- recruit the required volume and mix of staff
- correctly recognise, account for and control its income and expenditure
- effectively manage client invoicing, debt collection and maintain liquidity
- meet our HM Treasury control totals

We have a high appetite for increasing our output to costs ratio or improving the quality of our management information or reporting. Conversely, we have a low appetite for major financial surprises or financial risks that are likely to undermine our sustainability as a service provider. To mitigate these financial risks, an active approach has been taken to income, expenditure and cash-flow forecasting, with these activities carried out at regular intervals through the year. Resource forecasting within the actuarial teams remains a business-critical activity, enabling accurate income forecasting as well as, where appropriate, resource balancing across the teams.

There will be a continued focus on the department's balance sheet with focus on improving credit control and reporting and management of work in progress. Following the upgrade of the department's accounting platform to Open Accounts version 8, we will focus on developing the financial system, improving purchase to pay and cash flow management activities. Enabled by the continued cross and up-skilling of the finance team which will further improve resilience and flexibility, we will focus on improving reporting, insight and business partnering.

## People

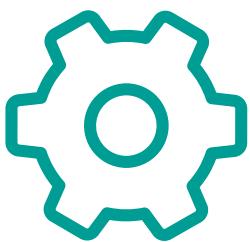


Risk that GAD is unable to provide future advice effectively due to an ineffective people policy, with specific risks arising from the failure to:

- recruit the appropriate number and mix of staff
- manage resource requirements and allocate them appropriately
- motivate staff to work as One GAD
- retain and develop staff, ensuring that their skills and behaviours are relevant to, and able to meet the needs of, the business
- ensure that staff are able to work in an agile way both within and outside of the office

Hence, we have a high appetite for investing in our staff to ensure they can meet current and future client needs. Conversely, we have a low appetite for risks that are likely to prevent us recruiting and retaining the quality of people we need. We will continue to recruit high calibre staff using a range of approaches to market, deliver improved line management training and support, as well as developing and implementing a robust talent management and learning and development strategy.

## Processes

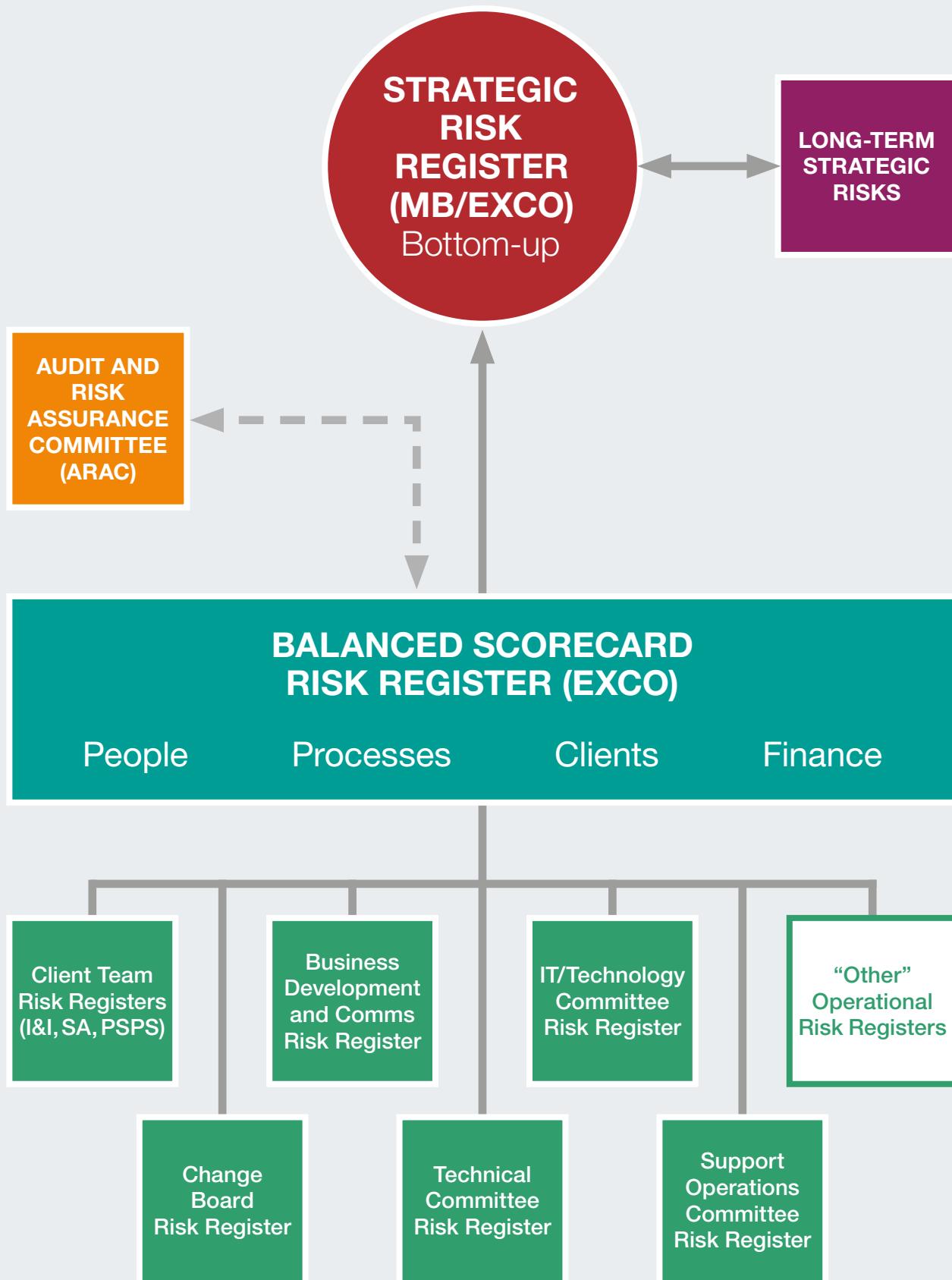


Risk that advice is not value for money due to poor processes in place, with specific risks arising from failure to:

- appropriately embed project management tools (including risk management) to scope projects systematically
- communicate the scope to the team responsible
- manage the project effectively
- utilise resources efficiently
- work consistently across teams
- adopt adequate internal or technical guidance
- assess risks inherent in new business projects

We have a high appetite for seeking to enhance our consistency or efficiency. Conversely, we have a low appetite for risks to delivering our statutory obligations or meeting our professional requirements. To mitigate risks, we have been implementing project management tools on all business-critical projects and progress is regularly reported to the Management Board as part of the balanced scorecard.

## Risk management at GAD



## Principles

### Bottom-up strategic risk register

comprises key balanced scorecard risks or issues that have been escalated for attention or action by MB (monthly), functioning bottom-up.

### Long-term strategic risks

functions top-down to identify risks that threaten the department's ability to deliver its responsibilities at a strategic level, which may differ from those identified through a bottom-up approach.

### Balanced scorecard risk register

comprises key risks identified by operational risk registers, grouped by balanced scorecard quadrant.

Escalates risks where necessary or appropriate for attention or action by MB/ARAC.

ARAC conducts deep dive reviews on the risk registers for one BS Quadrants or operational level risk register at each quarterly meeting.

Operational level groups (programmes or activities), responsible for identifying risks to operational delivery, and actions to mitigate their impact.

Where necessary, these groups identify and escalate risks that are considered to need attention or action at a higher level, i.e. by ExCo.

## Process

### Bottom-up strategic risk register

is updated by risk owners and reviewed each month by ExCo and MB.

### Long-term register of strategic risks

is updated by balanced scorecard quadrant owners and reviewed quarterly at ExCo and MB.

ExCo reviews the updated

### balanced scorecard risk register (BSRR)

each month and:

- agrees whether risks escalated from operational level should be included in the BSRR
- includes new risks identified at ExCo level
- where necessary or appropriate, escalates BSRR risks for attention or action by MB/ARAC

ARAC selects on balanced scorecard quadrant or operational risk register to review through a deep dive at each quarterly meeting.

Executive services team request risk register owners and named risk owners to update risks status (RAG rating and mitigation on a monthly basis, on any change in the risk rating (RAG), progress in completing mitigating actions, and any risks to be removed or escalated).

Executive Support team updates centrally held operational risk registers and ensures that escalated risks are added to the balanced scorecard risk register.

## **Overall assurance**

The assurance from Internal Audit is supplemented by a formal system of assurance statements produced by Executive Committee members. These statements, supported by other internal controls, require senior managers to give evidence to support their assurance that they and their teams comply with departmental policies and procedures and, where appropriate, professional standards. The assurance statements cover governance arrangements, delivery and performance management, financial, people, information and project management. No significant issues were identified, and Executive Committee members and GAD's wider leadership team have provided adequate assurance to the Accounting Officer to support GAD-wide statement.

Overall assurance is further supported by two assurance maps for the organisation: one for actuarial activities and another for corporate activities. The maps identify the critical functions in key areas and the sources of assurance for internal control processes across the department, following HM Treasury's Three Lines of Defence model: management control and reporting as the first line; functional control as the second; and independent review/assurance/regulatory controls as the third. Both maps are updated and reviewed by the Audit Committee every six months. The Actuarial Assurance Map was reviewed by the Government Internal Audit Agency (GIAA) during the summer of 2019 and received a Substantial Opinion on management of risk.

In accordance with plans developed following the Macpherson review of quality assurance of government models,<sup>5</sup> GAD maintains an up-to-date list of its business-critical models, which is available on our website. For these purposes a model is defined as a set of calculations / assumptions / mathematical manipulations that supports a decision and is defined as business critical if it plays such a role in decision-making that an error could have a significant reputational, economic or legal impact to GAD and its clients.

An updated balanced scorecard approach was adopted which aligned the key performance indicators with GAD's 2019-20 business plan objectives. The performance against balanced scorecard KPIs was reported to each Management Board meeting.

## **Quality Assurance Scheme**

Since October 2016, GAD has been accredited under the Institute and Faculty of Actuaries' Quality Assurance Scheme (QAS).

QAS is a voluntary global accreditation scheme which recognises the importance of the working environment in enabling actuaries to fulfil their professional responsibilities. The scheme aims to promote quality assurance at an organisational level and confidence in the work of actuaries. To gain accreditation organisations must demonstrate their commitment to the quality of actuarial work and comply with the standard APS QA1 Quality Assurance Scheme for Organisations.

The accreditation process included an independent assessment of GAD's approach to quality assurance, conflicts of interest, training and development, speaking up and our relationship with the users of actuarial information. Based on this assessment, suitability was then determined by the QAS Sub-Committee. Each year GAD submits an annual return, providing evidence of continued commitment to the QAS themes. The Sub-Committee has praised the quality of GAD's return – most recently saying that they were “very impressed with the level of information provided”.

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5 <https://www.gov.uk/government/publications/review-of-quality-assurance-of-government-models>

## **Internal Audit assurance**

The Internal Audit team has undertaken a range of work during the year, in line with the Audit Strategy agreed by the ARAC. Where weaknesses in controls have been identified by completed audits, we have agreed to implement the actions recommended by the Internal Audit team.

- **New actuarial software**

Review of the success of the delivery and benefits realisation of the programme to transition to a new Pensions Valuation Software product to be used for all core actuarial calculations by GAD staff from January 2019.

A **moderate** assurance opinion was confirmed, and no actions were recommended.

- **GLD IT Service**

Review the performance of the IT service provided to GAD by GLD including the governance structures in place to enable a successful contract. The IT Service provided by GLD for GAD went live from 1 April 2019.

A **moderate** assurance opinion was confirmed, and three medium priority actions were agreed.

- **New HR and payroll system project**

A **substantial** assurance opinion was confirmed, and one medium priority action was agreed.

- **Finance system upgrade**

To provide independent and objective assurance that the finance system upgrade had been operationally integrated.

A **moderate** assurance opinion was confirmed, and three medium priority actions were agreed.

- **Finance key controls**

To provide independent and objective assurance over the operation and compliance with GAD's key financial systems and controls in relation to the "purchase to pay" (P2P) process, client billing, account receivable (AR) and revenue recognition.

A **moderate** assurance opinion was confirmed, and one medium priority action was agreed.

- **Actuarial assurance map validation**

Assurance over GDPR post-embedding change.

A **substantial** assurance opinion was confirmed, and four low priority actions were agreed.

The audit programme was completed in full and reported before the end of the financial year.

The Annual Report from Internal Audit provided an overall assurance opinion of **moderate** for the year ended March 2020 in the annual assurance statement.

## **Implementation and embedding of the General Data Protection Regulation (GDPR)**

As a data controller of personal and other individual data, GAD takes its responsibilities seriously and we currently comply with GDPR.

During 2018-19 GAD's GDPR oversaw a complete data mapping exercise, establishment of GDPR compliant systems, policies and procedures, and communications and staff training. It also provided updates to all GAD clients on our GDPR readiness. Relevant policy documents and procedures were updated to reflect the operational changes required to enable GAD to comply with GDPR.

During 2019-20 GDPR requirements were applied as business as usual. The recommendations made by an internal audit report into GAD's preparedness to implement the Regulation were completed. The Personal Data Security policy, summarising the GDPR provisions and their application at GAD, was updated.

# Remuneration and staff report

## Remuneration report

### 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, 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 on its website.<sup>6</sup>

### Remuneration policy

The current head of the department, Martin Clarke, was appointed as Government Actuary on 1 August 2014, but did not formally take over the responsibility of Accounting Officer until 1 September 2014. The position was appointed through an open competition run by HM Treasury and the appointment was made following the general rules for Senior Civil Service appointments initially for a period of five years. With effect from 1 August 2019, the Government Actuary was re-appointed for a further five-year period. The appointment may only be terminated in accordance with the Civil Service Management Code.

The pay of the Government Actuary is determined on an annual basis, under agreed arrangements with the Permanent Secretary of HM Treasury. The determination of the pay of the remaining senior staff has been formally delegated to the Government Actuary and is subject to the annual pay negotiation arrangements for GAD staff.

Due to the nature of the performance appraisal system for the Government Actuary, bonuses are paid in the year following the year for which performance has been assessed. Martin Clarke was awarded a bonus of £17,500 relating to the performance year to 31 March 2019 which was authorised by the Permanent Secretary for HM Treasury and paid in financial year 2019-20.

### Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Management Board members of the department. These details are shown in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury.

### Remuneration (salary, bonus payments, benefits in kind and pensions) (Audited)

Included in the table is the remuneration of the non-executive Board Members (NEBMs) the Government Actuary's Department has appointed to the Management Board and the Audit and Risk Assurance Committee. The NEBMs receive no emoluments except for fees of £500 per seven hours of service plus their travelling expenses.

6 [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

## Single total figure of remuneration

	Salary (£'000)	Salary (£'000)	Bonus payments (£'000)	Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000)*		Total (£'000)	Total (£'000)	
				2019-20	2018-19	2019-20	2018-19			
Martin Clarke Government Actuary <sup>1</sup>	190-195	190-195	15-20	15-20	—	—	74	67	285-290	280-285
Colin Wilson <sup>2</sup> Deputy Government Actuary	115-120 (150-155 full year equivalent)	115-120 (150-155 full year equivalent)	0-5	0-5	—	—	45	45	160-165	160-165
Sue Vivian <sup>2</sup> Head of Public Sector Pension Schemes	115-120 (140-145 full year equivalent)	125-130 (140-145 full year equivalent)	0-5	0-5	—	—	50	44	165-170	170-175
Stephen Humphrey Head of Specialist Actuarial	145-150	140-145	0-5	0-5	—	—	57	44	200-205	185-190
Ian Rogers <sup>3</sup> Acting Director, Business Development	70-75 (140-145 full year equivalent)	135-140	0-5	0-5	—	—	27	55	100-105	195-200
Aidan Smith <sup>4</sup> Head of Technical and Professional	100-105 (130-135 full year equivalent)	—	0-5	—	—	—	51	—	150-155	—
John Ogden <sup>5</sup> Director of Finance and Operations	85-90	45-50 (80-85 full year equivalent)	0-5	—	—	—	33	18	115-120	60-65
Wendy Dabnett <sup>2,6</sup> Director of Human Resources	65-70 (75-80 full year equivalent)	75-80	0-5	0-5	—	—	10	11	75-80	85-90
Geoffrey Podger Non-executive Board Member	10-15	10-15	—	—	—	—	—	—	10-15	10-15
Alison White Non-executive Board Member (From Sept 2019)	5-10	—	—	—	—	—	—	—	5-10	—
Ian Wilson Non-executive Board Member (From Sept 2019)	0-5	—	—	—	—	—	—	—	0-5	—

	Salary (£'000)	Salary (£'000)	Bonus payments (£'000)	Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000)*		Total (£'000)	Total (£'000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Angela Marshall Non-executive Board Member (Until July 2019)	0-5	5-10	-	-	-	-	-	-	0-5	5-10
Louise Redmond Non-executive Board Member (Until July 2019)	0-5	5-10	-	-	-	-	-	-	0-5	5-10

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

1 The 2018-19 pension benefits for Martin Clarke have been restated due to an unfortunate discrepancy in the information provided by our payroll provider. We now have robust reconciliation processes in place to prevent this issue in future.

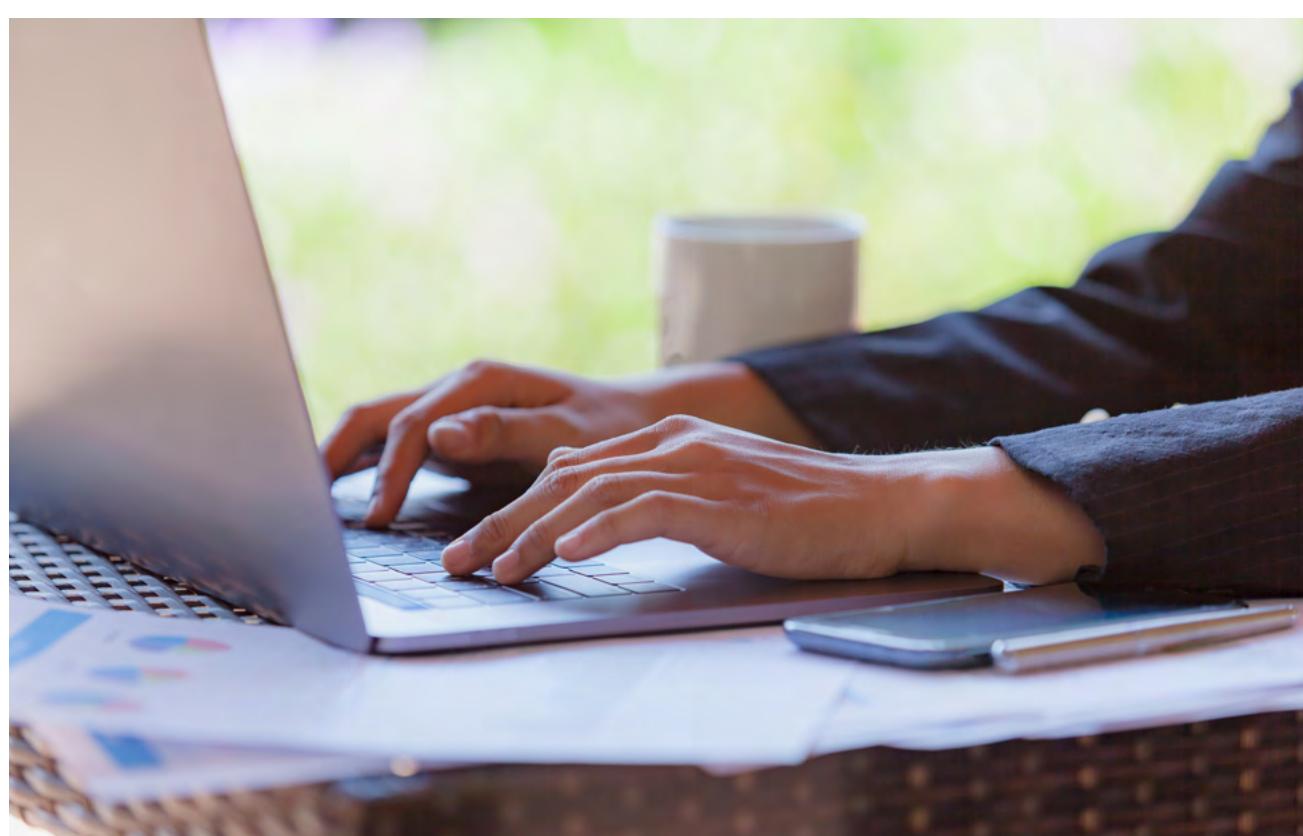
2 Where there is a difference between the full-year equivalent salary and the actual amount paid, this is because the actual shows the payment for time worked.

3 Ian Rogers was the Acting Director for Business Development, seconded to the Management Board from April 2018 until September 2019.

4 Aidan Smith joined the Management Board on an interim basis from July 2019 until the end of June 2020.

5 John Ogden joined the Management Board in September 2018.

6 Wendy Dabinett's pension benefit relates to the partnership pension contribution by GAD.



## **Salary**

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

## **Benefits in kind**

The monetary value of benefits in kind covers any benefits provided by the department and treated by HM Revenue and Customs as a taxable emolument.

## **Bonuses**

Bonuses are based on performance levels which are assessed as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual.

The bonus reported for the Government Actuary in 2019-20 relates to performance in 2018-19.

## **Pay multiples (audited)**

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. This is based on the full-time equivalent staff at 31 March 2020 on an annualised basis.

The banded remuneration of the highest-paid director in GAD in the financial year 2019-20 was £210k-£215k (2018-19: £205k-210k). This was 3.71 times (2018-19: 4.03 times) the median remuneration of the workforce, which was £57,203 (2018-19: £52,017).

No employees received remuneration in excess of the Government Actuary.

Remuneration ranged from £20k-£25k to £210k-£215k (2018-19: £20k-£25k to £205k-£210k).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The following table shows the median earnings of the department's workforce and the ratio between this and the earning of the highest paid director.

	<b>2019-20</b>	<b>2018-19</b>
Band of highest paid director's total remuneration (£'000)	210-215	205-210
Median total (£)	57,203	52,017
Remuneration ratio	3.71	4.03

## Pension benefits (audited)

	Accrued pension at pension age as at 31/03/2020 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2020	CETV at 31/03/2019	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Martin Clarke Government Actuary*	30-35	2.5-5	572	466	66
Colin Wilson Deputy Government Actuary	40-45	2.5-5	636	573	29
Sue Vivian Head of Public Service Pensions*	35-40	2.5-5	709	632	35
Stephen Humphrey Head of Specialist Actuarial	50-55 plus a lump sum of 110-115	2.5-5 plus a lump sum of 0	1016	933	33
Ian Rogers Acting Director, Business Development	20-25	0-2.5	261	235	14
Aidan Smith Head of Technical and Professional	40-45 plus a lump sum of 80-85	2.5-5 plus a lump sum of 0-2.5	630	575	27
John Ogden Director of Finance and Operations	0-5	0-2.5	41	14	20
Wendy Dabinett Director of Human Resources	Partnership pension scheme benefits			Partnership pension scheme benefits	

\* The CETV at 31/03/2019 has been restated for Martin Clarke and Sue Vivian. This was due to an unfortunate discrepancy in the information provided by our payroll provider. We now have robust reconciliation processes in place to prevent this issue in future.

Some board members may incur annual allowance tax charges as a result of pension accrual during the accounting period. No allowance has been made for consequential benefit reduction that may arise if these members elect to meet this tax liability, or similar ones from previous years, through a reduction to their pension benefits.

The figures above, including the opening and closing CETVs reflect these members' periods of Management Board membership. Following GAD advice, the factors used to calculate CETVs were revised during the year. CETVs have been calculated in accordance with the factors effective at the relevant date.

## Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. Following the introduction of the pension scheme for civil servants in 2015 – the Civil Servants and Others Pension Scheme or alpha – benefits are provided on a career average basis with a normal pension age equal to the member's State Pension age (or 65 if higher). From this date all newly appointed civil servants and the majority of those already in-service join alpha. Prior to this date, civil servants participated in the Principal Civil Service Pension Scheme. 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 premium, classic, 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 their 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](http://www.civilservicepensionscheme.org.uk)

### **Cash equivalent transfer values**

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent dependant'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.

### **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.

### **Compensation on early retirement or loss of office (audited)**

No compensation on early retirement or loss of office was made in 2019-20 (£nil in 2018-19).

### **Payments to past directors (audited)**

No payments to past directors was made in 2019-20 (£nil in 2018-19).

### **Off-payroll engagements**

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, departments and their arm's length bodies must publish information on their highly paid and/or senior off-payroll engagements.

**Off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than six months**

	GAD
No. of existing engagements as of 31 March 2020	1
<i>of which</i>	
No. that have existed for < 1 year	1
No. that have existed for between 1 and 2 years	–
No. that have existed for between 2 and 3 years	–
No. that have existed for between 3 and 4 years	–
No. that have existed for > 4 years	–

All existing off-payroll engagement(s), outlined above, have at some point been subject to a risk based assessment as to whether assurance needs to be sought that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

**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**

	GAD
No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	–
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	–
No. for whom assurance has been requested	–
<i>of which</i>	
No. for whom assurance has been received	–
No. for whom assurance has not been received	–
No. that have been terminated as a result of assurance not being received	–

**Engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020**

	GAD
No. of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year.	–
Total no. 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. This figure should include both on payroll and off-payroll engagements.	13

# Staff report

## Staff costs (audited)

	Permanently employed staff	Others*	2019-20 £000 Total	2018-19 £000 Total
Wages and salaries	10,942	24	10,966	10,819
Social security costs	1,320	2	1,322	1,308
Other pension costs	2,974	–	2,974	2,359
<b>Total costs</b>	<b>15,236</b>	<b>26</b>	<b>15,262</b>	<b>14,486</b>
Less recoveries in respect of outward secondments	(590)	–	(590)	(676)
<b>Total costs</b>	<b>14,646</b>	<b>26</b>	<b>14,672</b>	<b>13,810</b>

\* Includes non-executive Board members.

Of the total, £nil has been charged in capital (2018-19: £nil).

Of the total, £nil has been charged to the programme budget (2018-19: £nil).

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS), known as alpha, are unfunded multi-employer defined benefit schemes and generally government departments are unable to identify their share of the underlying assets and liabilities. Due to its role as Scheme Actuary, GAD would be able to identify its share but has not done so in line with normal practice. The Schemes were valued as at 31 March 2016. Details can be found at their website.<sup>7</sup>

For 2019-20, employers' contributions of £2,953,187 were payable to the PCSPS (2018-19: £2,293,369) at one of four rates in the range 26.6% to 30.3% (2018-19: 20% to 24.5%) of pensionable pay, based on salary bands. This is a significant increase compared to the prior year and is caused by the increase in the employer contribution rates from 1 April 2019. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £24,038 (2018-19: £65,037) were paid to four appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2018-19: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

7 [www.civilservicepensionscheme.org.uk/about-us/scheme-valuations](http://www.civilservicepensionscheme.org.uk/about-us/scheme-valuations)

Employers' contributions due to the partnership pension providers at the reporting date were £nil. Contributions prepaid at that date were £nil.

### **Average number of persons employed (audited)**

The average number of whole-time equivalent persons employed during the year was as follows:

	Permanently employed staff	Others	2019-20 Total	2018-19 Total
Total	176	11	187	186

### **Senior Civil Service (SCS) salaries (actual) as at 31 March 2020**

Salary bands	31/03/2020	Total	Male	Female
		31/03/2020	31/03/2020	31/03/2020
£115,000-£120,000	2		1	1
£130,000-£135,000	1		1	
£145,000-£150,000	1		1	
£195,000-£200,000	1		1	
<b>Total</b>	<b>5</b>		<b>4</b>	<b>1</b>

### **Reporting of Civil Service and other compensation schemes – exit packages (audited)**

No exit packages were paid to GAD staff in 2019-20 (2018-19: £nil).

### **Sickness absence**

The Management Board monitored sickness absence on a monthly basis and in 2019-20 GAD lost an average of 6.2 working days per annum due to sickness absence in comparison to an average of 4.2 working days in 2018-19. The 6.2 days includes members of staff on long term sick leave. The average number of sick days for 2019-20 excluding those on long-term sick leave is 2.2 working days.

### **Staff redeployments**

During 2019-20, 28 GAD staff members went on secondment to other government departments. The average duration of these secondments was 9.2 months.

All secondments are classified as an administration expense for budgeting purposes.

The number of staff on secondment by grade and length of secondment is as follows.

Grade	Short-term*	Long-term
Chief Actuary/Senior Leadership Team	–	2
Actuary Band 5	–	1
Actuary Band 3	–	2
Actuary Band 2	2	–
Actuary Band 1	4	3
Senior Trainee Actuary/Lead Analyst/Analyst 3	2	3
Junior Trainee Actuary/Analyst 1/Analyst 2	4	5
<b>Total</b>	<b>12</b>	<b>16</b>

\*Short term secondments are defined as those which last for up to six months.

## Trade union facility time

### Relevant union officials

	GAD
Number of employees who were relevant union officials during 2019-20	13
Full-time equivalent employee number	12.6

### Percentage of time spent on facility time

	No. of Employees
0%	9
1 - 50%	4

### Percentage of pay bill spent on facility time

	£000
Total cost of facility time	8
Total pay bill	14,607
% of total pay bill spent on facility time	0.06%

### Paid trade union activities

	%
Hours spent by employees who were relevant trade union officials during 2019-20 as a % of total paid facility time hours	0
Time spent on paid trade union activities as a % of total paid facility hours	0

## Parliamentary Accountability and audit report

### Statement of Parliamentary Supply (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Government Actuary's Department to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes.

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

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

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

The format of the SoPS mirrors the Supply Estimates, published on GOV.UK, to enable comparability between what Parliament approves and the final outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SoPS to the financial statements (note 2); a reconciliation of outturn to net cash requirement (note 3); and, an analysis of income payable to the Consolidated Fund (note 4).

## Summary tables – mirrors part 1 of the Estimates

Summary table, 2019-20, all figures presented in £000's

Type of spend	SoPS Note	Outturn			Estimate			Outturn vs Estimate, saving/(excess)		Prior Year Outturn Total
		Voted	Non-voted	Total	Voted	Non-voted	Total	Voted	Total	
2018-19										
<b>Departmental Expenditure Limit</b>										
Resource	1.1	(719)	–	(719)	2	–	2	721	721	(1,276)
Capital	1.2	175	–	175	200	–	200	25	25	226
<b>Total</b>		(544)	–	(544)	202	–	202	746	746	(1,050)
<b>Annually Managed Expenditure</b>										
Resource	1.1	2	–	2	141	–	141	139	139	(1,480)
Capital	1.2	–	–	–	–	–	–	–	–	–
<b>Total</b>		2	–	2	141	–	141	139	139	(1,480)
<b>Total</b>		<b>(542)</b>	–	<b>(542)</b>	<b>343</b>	–	<b>343</b>	<b>885</b>	<b>885</b>	<b>(2,530)</b>
<b>Total Budget</b>										
Resource	1.1	(717)	–	(717)	143	–	143	860	860	(2,756)
Capital	1.2	175	–	175	200	–	200	25	25	226
<b>Total Budget Expenditure</b>		<b>(542)</b>	–	<b>(542)</b>	<b>343</b>	–	<b>343</b>	<b>885</b>	<b>885</b>	<b>(2,530)</b>
<b>Non-Budget Expenditure</b>	1.1	–	–	–	–	–	–	–	–	–
<b>Total Budget and Non-budget</b>		<b>(542)</b>	–	<b>(542)</b>	<b>343</b>	–	<b>343</b>	<b>885</b>	<b>885</b>	<b>(2,530)</b>

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on [GOV.UK](#), for detail on the control limits voted by Parliament.

**Net cash requirement 2019-20, all figures presented in £000's**

Item	SoPS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total 2018-19
Net cash requirement	3	(383)	181	564	(689)

**Administration costs 2019-20, all figures presented in £000's**

Type of spend	SoPS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total 2018-19
Administration costs	1.1	(719)	2	721	(1,276)

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

Explanations of variances between Estimate and Outturn are given in SoPS Note 1 and in the Accountability Report.

## Notes to the Statement of Parliamentary Supply, 2019-20 (£'000's)

### SoPS1. Outturn detail, by Estimate Line

#### SoPS1.1. Analysis of net resource outturn by Estimate Line

Type of spend (Resource)	Resource outturn			Estimate			Prior Year Outturn Total 2018-19
	Administration	Programme		Total	Virements	Total including virements	Outturn vs Estimate saving/ (excess)
<b>Spending in Departmental Expenditure Limit (DEL)</b>							
<b>Voted expenditure</b>							
Administration	20,363	(21,099)	(736)	–	–	(736)	(18)
Use of provision	17	–	17	–	–	17	20
<b>Total voted DEL</b>	<b>20,380</b>	<b>(21,099)</b>	<b>(719)</b>	<b>–</b>	<b>–</b>	<b>(719)</b>	<b>2</b>
<b>Non-voted expenditure</b>							
Total non-voted DEL	–	–	–	–	–	–	–
<b>Total spending in DEL</b>	<b>20,380</b>	<b>(21,099)</b>	<b>(719)</b>	<b>–</b>	<b>–</b>	<b>(719)</b>	<b>2</b>
<b>Total spending in Annually Managed Expenditure (AME)</b>							
<b>Voted expenditure</b>							
Voted Provisions (AME)	–	–	–	2	–	2	141
<b>Total voted AME</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>	<b>141</b>
<b>Non-voted expenditure</b>							
Total non-voted AME	–	–	–	–	–	–	–
<b>Total spending in AME</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2</b>	<b>–</b>	<b>2</b>	<b>141</b>
<b>Total resource</b>	<b>20,380</b>	<b>(21,099)</b>	<b>(719)</b>	<b>2</b>	<b>–</b>	<b>2</b>	<b>(717)</b>

## SoPS1.2. Analysis of net capital outturn by Estimate line

Type of spend (Capital)	Outturn			Estimate			Outturn vs Estimate saving/ (excess)	Prior Year Outturn Total 2018-19
	Gross	Income	Net total	Total	Virements	Total including virements		
Spending in Departmental Expenditure Limit (DEL)								
<b>Voted expenditure</b>								
Purchase of capital items	175	–	175	200	–	200	25	226
<b>Total voted DEL</b>	<b>175</b>	<b>–</b>	<b>175</b>	<b>200</b>	<b>–</b>	<b>200</b>	<b>25</b>	<b>226</b>
<b>Non-voted expenditure</b>	–	–	–	–	–	–	–	–
<b>Total non-voted DEL</b>	–	–	–	–	–	–	–	–
<b>Total spending in DEL</b>	<b>175</b>	<b>–</b>	<b>175</b>	<b>200</b>	<b>–</b>	<b>200</b>	<b>25</b>	<b>226</b>
Total spending in Annually Managed Expenditure (AME)								
<b>Total voted AME</b>	–	–	–	–	–	–	–	–
<b>Total non-voted AME</b>	–	–	–	–	–	–	–	–
<b>Total spending in AME</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total capital</b>	<b>175</b>	<b>–</b>	<b>175</b>	<b>200</b>	<b>–</b>	<b>200</b>	<b>25</b>	<b>226</b>

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements are provided in the Supply Estimates Manual, available on GOV.UK.

The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

Explanation of variances between estimate and outturn is as follows:

**Admin DEL:** the favourable variance in surplus of £721k from estimate was generated by an underspend in expenditure of £1.9 million coupled with GAD earning £1.2 million less in income than originally budgeted.

**AME:** the favourable variance of £139k is largely due to an updated valuation of the dilapidation provision performed at the end of 2018-19 by a professional valuer. This updated valuation deemed that it was no longer appropriate to add £161k to the dilapidation provision each year as had been done in previous years and was originally forecast to also be the case for 2019-20.

**Capital DEL:** a variance of £25k has occurred due to deliveries of capital items around year-end being delayed into 2020-21 as a result of the COVID-19 pandemic.

Further explanations of variances between Estimate and Outturn are given in the Accountability Report.

## **SoPS2. Reconciliation of outturn to net operating expenditure**

Item	Reference	Outturn total	Prior Year Outturn total 2018-19
Net Resource Outturn	SOPS 1.1	(717)	(2,756)
Net Income for year in Statement of Comprehensive Income	SOCI	(717)	(2,756)

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SoPS to the financial statements.

There was no difference between the net resource outturn per Statement of Parliamentary Supply and the net income in 2019-20 or 2018-19.

### SoPS3. Reconciliation of net resource outturn to net cash requirement

Item	Reference	Outturn total	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn total 2018-19
Resource outturn	SOPS 1.1	(717)	143	860	(2,756)
Capital outturn	SOPS 1.2	175	200	25	226

*Adjustments to remove non-cash items:*

Depreciation and amortisation	(381)	(385)	(4)	(336)
New provisions and adjustments to previous provisions	(19)	(161)	(142)	1,463
Departmental unallocated provision	–	–	–	–
Supported capital expenditure (revenue)	–	–	–	–
Prior period adjustments	–	–	–	–
Other non-cash items	(69)	120	189	(60)

*Adjustments to reflect movements in working balances:*

Increase/(decrease) in work in progress	13	–	(13)	(94)
Increase/(decrease) in receivables	944	244	(700)	465
(Increase)/decrease in payables	(346)	–	346	386
Use of provisions	17	20	3	17
<b>Net cash requirement</b>	<b>(383)</b>	<b>181</b>	<b>564</b>	<b>(689)</b>

As noted in the introduction to the SoPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

The variance of £564k has occurred largely due to an increase in the net surplus, and the reduction to provision in-year adjustments.

## **SoPS4. Amounts of income to the Consolidated Fund**

### **SoPS4.1 Analysis of income payable to the Consolidated Fund**

Item	Reference	Outturn total		Prior year, 2018-19	
		Accruals	Cash basis	Accruals	Cash basis
Income outside the ambit of the Estimate		–	–	–	–
Excess cash surrenderable to the Consolidated Fund		383	383	689	689
<b>Total amount payable to the Consolidated Fund</b>		<b>383</b>	<b>383</b>	<b>689</b>	<b>689</b>

The closing balance of £383k will be surrendered to the Consolidated Fund by 31 March 2021.

# Parliamentary Accountability disclosures

The following Parliamentary Accountability disclosures are made in accordance with relevant guidance issued by HM Treasury.

## Regularity of expenditure (audited)

All expenditure was applied to the purpose intended by Parliament.

## Losses and special payments (audited)

As at 31 March 2020, GAD had no losses or special payments to report (2018-19: £nil).

## Gifts

As at 31 March 2020, GAD had no gifts to report (2018-19: £nil).

## Fees and charges (audited)

The Government Actuary's Department generates income (shown net of value added tax) through the provision of actuarial services. Our fees are set in accordance with Managing Public Money to recover the full costs of the service provision.

Fees and charges	Income	Full cost of service	Surplus/(Deficit)
	£000	£000	£000
<b>2019-20</b>			
Actuarial services work	19,618	18,901	717
<b>2018-19</b>			
Actuarial services work	19,133	16,377	2,756
<b>2017-18</b>			
Actuarial services work	19,528	17,844	1,684

A significant part of the surplus in 2018-19 was due to reduction of the Finlaison House dilapidation provision. The amounts in 2019-20 are back in line with prior year trends. The unit cost is as per the Fee Rates 2019-20.

### **Remote contingent liabilities (audited)**

As at 31 March 2020, GAD did not have any remote contingent liabilities that are required to be disclosed under parliamentary reporting requirements (2018-19: £nil).

### **Long-term expenditure trends**

In summary, the department is expected to recover its costs, generating a small surplus. The capital budget requirements for future years will be kept under review.

The Government Actuary's Department has agreed indicative baseline funding until 2020-21. Further detail is provided within the Core Departmental Tables (see Corporate governance report section within the Accountability Report).

**Martin Clarke**

Government Actuary  
Accounting Officer  
29 June 2020

# 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 Actuary's Department for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: The Statements of Comprehensive Net Income, Financial Position, Cash Flows, 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 Statement of Parliamentary Supply and the related notes, and 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 Department's affairs as at 31 March 2020 and of the Department's net operating 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.

## **Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Basis 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 Actuary's Department 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 Actuary's Department's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Government Actuary's Department have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Government Actuary's Department'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 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 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 judgement 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 Actuary's Department'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 Actuary's Department'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 Actuary's Department'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 the Government Actuary's Department 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 Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also 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 Accounting Officer is responsible for the other information. The other information comprises information included in the Annual Report, but does not include 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 Government Actuary's Department and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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**

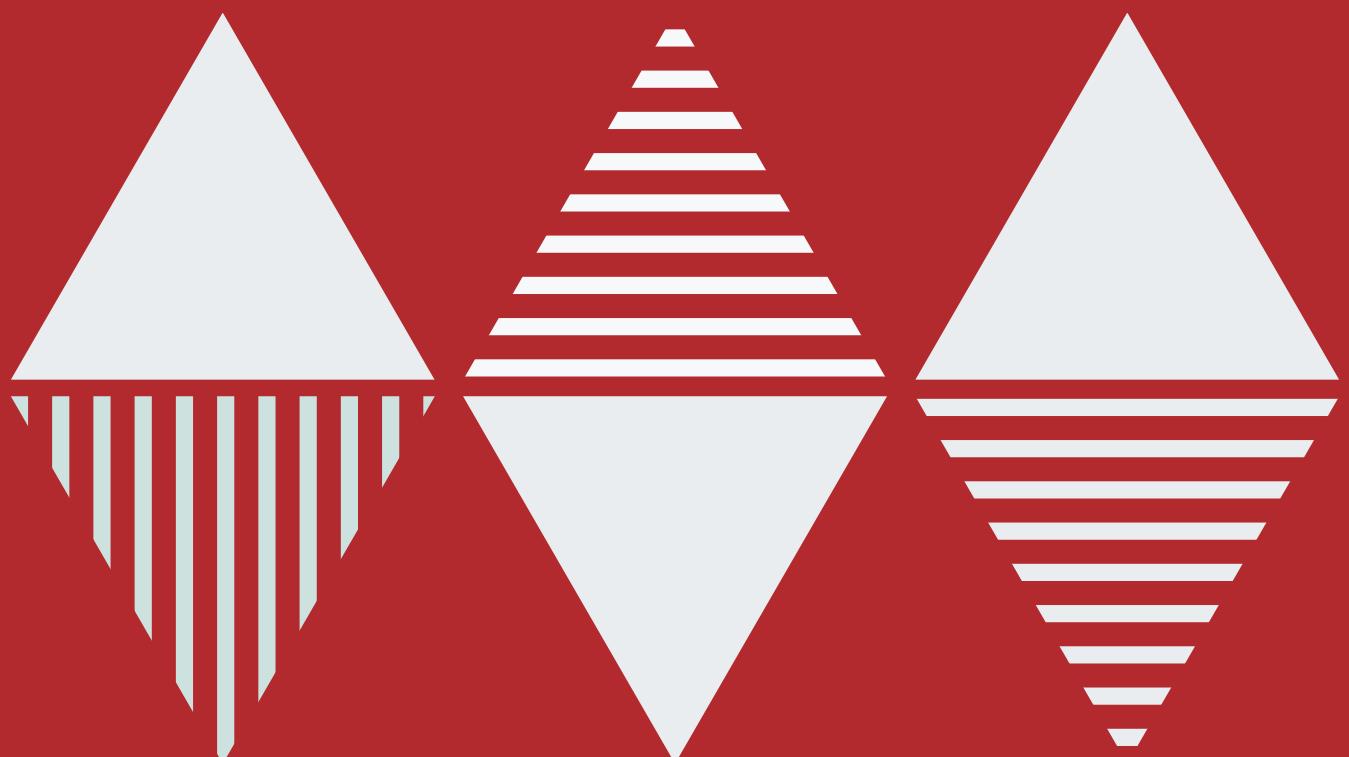
Date 1 July 2020

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



# Section 3

## The Financial Statements



# Statement of Comprehensive Income for the year ended 31 March 2020

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2019-20 £000	2018-19 £000
Income from sale of goods and services	4	(19,618)	(19,133)
Other operating income	4	(1,481)	(1,453)
<b>Total operating income</b>		<b>(21,099)</b>	<b>(20,586)</b>
Staff costs	2	14,672	13,810
Purchase of goods and services	3	2,909	2,953
Depreciation and impairment charges	3	381	336
Provision expense	3	38	(1,305)
Other operating expenditure	3	2,401	2,194
<b>Total operating expenditure</b>		<b>20,401</b>	<b>17,988</b>
<b>Net operating income</b>		<b>(698)</b>	<b>(2,598)</b>
Finance expense	3	(19)	(158)
<b>Net income for the year</b>		<b>(717)</b>	<b>(2,756)</b>

## Other comprehensive income

Items which will not be reclassified to net operating costs:			
- Net (gain)/loss on revaluation of property, plant and equipment	5	–	–
- Net (gain)/loss on revaluation of intangible assets	6	–	–
<b>Total comprehensive net income for the year</b>		<b>(717)</b>	<b>(2,756)</b>

The Notes to the accounts on pages 88-102 form an integral part of these accounts.

# Statement of Financial Position

This statement presents the financial position of the Department. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

		As at 31 March 2020	As at 31 March 2019
	Note	£000	£000
<b>Non-current assets</b>			
Property, plant & equipment	5	1,064	1,266
Intangible assets	6	–	4
<b>Total non-current assets</b>		<b>1,064</b>	<b>1,270</b>
<b>Current assets</b>			
Work in progress	10	1,997	1,984
Trade & other receivables	12	4,916	3,972
Cash & cash equivalents	11	383	689
<b>Total current assets</b>		<b>7,296</b>	<b>6,645</b>
<b>Total assets</b>		<b>8,360</b>	<b>7,915</b>
<b>Current liabilities</b>			
Trade and other payables	13	(1,808)	(1,645)
Provisions	14	(35)	(34)
<b>Total current liabilities</b>		<b>(1,843)</b>	<b>(1,679)</b>
<b>Total assets less current liabilities</b>		<b>6,517</b>	<b>6,236</b>
<b>Non-current liabilities</b>			
Trade and other payables	13	(285)	(408)
Provisions	14	(1,497)	(1,495)
<b>Total non-current liabilities</b>		<b>(1,782)</b>	<b>(1,903)</b>
<b>Total assets less total liabilities</b>		<b>4,735</b>	<b>4,333</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund		4,233	3,831
Revaluation Reserve		502	502
<b>Total equity</b>		<b>4,735</b>	<b>4,333</b>

The Notes to the accounts on pages 88-102 form an integral part of these accounts.

**Martin Clarke**  
 Government Actuary  
 Accounting Officer  
 29 June 2020

## Statement of Cash Flows for the year ended 31 March 2020

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Department's future public service delivery.

	Note	2019-20 £000	2018-19 £000
<b>Cash flows from operating activities</b>			
Net operating surplus		717	2,756
Adjustments for non-cash transactions	3	469	(1,065)
Decrease/(Increase) in trade and other receivables	12	(944)	(465)
Decrease/(Increase) in work in progress	10	(13)	94
Increase/(decrease) in trade and other payables <i>less movements in payables relating to items not passing through the statement of comprehensive net income</i>	13	346	(386)
Use of provisions	14	(17)	(17)
<b>Net cash inflow from operating activities</b>		<b>558</b>	<b>917</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(175)	(228)
Purchase of intangible assets	6	–	–
<b>Net cash outflow from investing activities</b>		<b>(175)</b>	<b>(228)</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund</b>		<b>383</b>	<b>689</b>
Payments of prior year balance to the Consolidated Fund		(689)	(414)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(306)</b>	<b>275</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>11</b>	<b>689</b>	<b>414</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>11</b>	<b>383</b>	<b>689</b>

The Notes to the accounts on pages 88-102 form an integral part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

This statement shows the movement in the year on the different reserves held by the Government Actuary's Department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that has not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a Department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 1 April 2019</b>		<b>3,831</b>	<b>502</b>	<b>4,333</b>
Net Parliamentary Funding	13	(383)	–	(383)
Comprehensive net income for the year	SOCI	717	–	717
<b>Notional charges</b>				
Auditor's Remuneration	3	68	–	68
Other reserve movements including transfers		–	–	–
<b>Balance at 31 March 2020</b>		<b>4,233</b>	<b>502</b>	<b>4,735</b>
<b>Balance at 1 April 2018</b>		<b>1,703</b>	<b>503</b>	<b>2,206</b>
Net Parliamentary Funding	13	(689)	–	(689)
Comprehensive net income for the year	SOCI	2,756	–	2,756
<b>Notional charges</b>				
Auditor's Remuneration	3	60	–	60
Revaluation gains and losses - PPE	5	–	–	–
Other reserve movements including transfers		1	(1)	–
<b>Balance at 31 March 2019</b>		<b>3,831</b>	<b>502</b>	<b>4,333</b>

The Notes to the accounts on pages 88-102 form an integral part of these accounts.

# Notes to the accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. 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 Government Actuary's Department (GAD) for the purpose of giving a true and fair view has been selected. The particular policies adopted by GAD are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under the FReM, the Department is also required to prepare an additional primary statement. The Statement of Parliamentary Supply and supporting notes show Outturn against Estimate in terms of the net resource requirement and the net cash requirement. These can be found in the Parliamentary Accountability and Audit Report section within the Accountability Report.

### 1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to include the revaluation of intangible assets, property and plant and equipment assets. The accounts are prepared in £ Sterling to the nearest thousand.

### 1.2 Basis of preparation

A description of the accounting policies for all material items is as follows:

#### 1.2.1 Pensions

Most past or present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and alpha (a new pension scheme introduced on 1 April 2015) which are defined benefit schemes. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the relevant government pension provider of amounts calculated on an accruing basis. Employees have the choice to instead opt for a defined contribution scheme. In respect of these schemes, the Department recognises the contributions payable for the year.

#### 1.2.2 Property, Plant and Equipment

Assets with a cost of £5,000 or more are capitalised and are depreciated according to 1.2.4 below. Property, plant and equipment are carried at current value in existing use.

#### 1.2.3 Intangible Assets

Assets with a cost of £5,000 or more are capitalised. The cost of such assets is amortised according to 1.2.4 below. Intangible assets are carried at current value in existing use.

#### **1.2.4 Depreciation and Amortisation**

Depreciation and amortisation periods for property, plant and equipment and intangible assets adopted are accounted for on a straight-line basis and are as follows:

<b>Leasehold improvements</b>	the shorter of useful economic life of improvements or to the end of lease
<b>Information Technology</b>	3 to 4 years
<b>Furniture and Fittings</b>	the shorter of useful economic life or 10 years
<b>Intangible Assets</b>	the shorter of useful economic life or 3 years

#### **1.2.5 Revaluation and Impairment**

Revaluations applied are based on published indices. However, revaluation is only applied where there is a material effect on the Statement of Financial Position (SoFP). Any impairments incurred in-year are expensed in the Statement of Comprehensive Income (SoCI).

#### **1.2.6 Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the rate of exchange applicable at the time of the transaction. All currency gains or losses are taken into the SoCI. The Department's functional currency and presentation currency is Sterling.

#### **1.2.7 Leases**

GAD has an operating lease in respect of its London office, Finlaison House. Due to the length of the London office's lease (20 years), the annual rent increases are effectively an attempt to account for inflation (the rent increases by 2.47% per year), and thus in real terms are the same each year. Due to the amount of inflation one can expect in 20 years, adding up all the nominal rents and dividing by 20 would overstate costs in real terms in earlier years of the lease, and underestimate it in later years. Therefore, recognising the liability incurred each year is appropriate. In addition, the 20 years' lease included a rent rebate over the first 5 years. For accounting purposes this rebate has been shared evenly across the 20 years of the agreement and rental charges to the accounts have been accounted for in accordance with this approach.

The new leasing standard IFRS 16 comes into effect on 1 April 2021 and will replace IAS 17. Under IFRS 16 the lease on Finlaison House will come on balance sheet from 1 April 2021. See note 1.2.17 for more information on this.

#### **1.2.8 Work-in-Progress**

Work-in-progress is actuarial income related to unbilled time charges that are valued at the recoverable value. Work is billed monthly in arrears. Variable charges from the facilities management company that need to be recharged to sub-tenants are also recognised as work in progress.

#### **1.2.9 Income**

GAD provides a range of actuarial, technical and analytical advice to government departments, public bodies, local authorities, organisations, financial institutions and governments in the UK and around the world.

This advice is on life, general and health insurance related matters; investment aspects of pensions and insurance and the management of risk, advice on financial, demographic and other bespoke modelling services. It also provides actuarial advice to all of the main

UK public service schemes and advises funded occupational pension schemes in the wider public and the private sectors; offering technical and analytical advice on pensions issues which recognises the broader policy context. In addition it advises public sector bodies where staff are set to have their pensions arrangements changed and provides regular reports to Parliament on the financial position of the UK National Insurance Fund ('the Fund') as required by legislation.

The majority of GAD's revenue arises from its actuarial services as described above. IFRS 15 was brought into effect on 1 January 2018 and replaced IAS 18(Revenue). IFRS 15 does not apply to the income from the sub-letting of spare accommodation in GAD's leasehold property which is recognised in line with IAS17 (Leases). From 1 April 2021 IAS 17 will be replaced by IFRS 16. The subletting of Finlaison House will be accounted for in line with IFRS 16 from 1 April 2021.

Revenue is recognised in line with IFRS 15's five step model: identification of the contract, identification of the performance obligations within the contract, determination of the transaction price, allocations of the price to the performance obligations, then revenue is recognised as the performance obligations are fulfilled. Contracts and performance obligations are clearly defined in writing and revenues are received as performance obligations are met. Revenue is recorded net of VAT.

#### **1.2.10 Provisions**

Provision for liabilities and charges have been established under the criteria of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and are based on reliable estimates of the expenditure required to settle legal or constructive obligations that exist at the Reporting Period date. On initial recognition, provisions are charged to the SoCI unless the expenditure will provide access to current or future economic benefits. Provisions are discounted at rates advised by HM Treasury (where material). The discount is unwound over the remaining life of the provision and is shown within finance expense in the SoCI.

#### **1.2.11 Value Added Tax**

Irrecoverable VAT is charged to the relevant expenditure category.

#### **1.2.12 Losses and special payments**

Losses and special payments are charged to the relevant functional headings.

As at 31 March 2020, GAD had no losses or special payments to report (2018-19: £nil).

#### **1.2.13 Employee benefits for annual leave carried forward**

Annual leave that has been earned by employees but not taken at the year-end is recognised in the financial statements within current liabilities.

#### **1.2.14 Segmental reporting**

Under the definitions of IFRS 8 – Operating Segments, GAD is an entity with a single reportable segment. GAD's financial planning and internal reporting is based on GAD being one single entity. Accordingly, GAD complies with the entity-wide reporting requirements of IFRS 8, because it has a single operating segment.

#### **1.2.15 Cash and cash equivalents**

Cash in the Statement of Financial Position comprises cash at bank. For the purpose of the cash flow statement, cash and cash equivalents consist of cash only.

### **1.2.16 Financial instruments**

As the cash requirements of GAD are met through the Estimates process, financial instruments play a more limited role in GAD. The financial instruments held arise from GAD's day-to-day operations and include trade and other receivables and trade and other payables. GAD is therefore exposed to limited credit, liquidity or market risk.

### **1.2.17 Impending application of newly issued accounting standards not yet effective**

IFRS 16 – Leases was issued in January 2016, and was due to be effective for periods beginning on or after 1 January 2020 for financial statements prepared in accordance with the FReM. However, HM Treasury have agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS16 for FReM bodies until 1 April 2021. This is to reduce the reporting burden while government responds to the consequences of COVID-19.

Under IFRS16 all material leases with a term of more than 12 months will come on balance sheet hereby eliminating the “off-balance sheet” treatment of operating leases under IAS 17. As a result, from 1 April 2021 GAD will recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

For consistency with our fixed asset capitalisation policy we will consider all leases where the underlying asset has a value under £5000 to be immaterial and we will not bring these leases on balance sheet.

This includes the lease obligations for Finlaison House currently disclosed in the commitments under operating leases Note 8.1.1.

On implementation (1 April 2021) both the lease liabilities and the right-of-use assets will be valued at the present value of lease payments calculated using the HM Treasury discount rate as published in the Public Expenditure System (PES) papers. This is in line with the FReM adaptations to IFRS 16. The right-of-use assets will be depreciated in line with our current depreciation policies. The lease liabilities will be measured at amortised cost and a finance cost will be charged to the SOCI each year over the life of the lease.

In relation to agreements that GAD has with sub-tenants of Finlaison House, GAD will account for these in accordance with the requirements of Lessor Accounting in IFRS16. Subleases will be classified in reference to the head lease rather than the underlying asset. This means that the subleasing of Finlaison House will become a finance sublease under IFRS16 instead of being an operating sublease under IAS 17. As a result, a lease receivable will be recognised based on the present value of the future lease payments that GAD will receive from its tenants. GAD will then recognise finance income over the life of the lease.

In line with the FReM adaptations to IFRS 16 we will not restate the prior year comparators.

There are no other IFRS standards that are not yet effective that would be expected to have a material impact on GAD.

## **1.3 Accounting estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets, liabilities, income and expenditure that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This note sets out areas involving a higher degree of judgement, complexity, assumptions and estimation techniques as below:

### **Depreciation and Amortisation (1.2.4)**

The determination of asset lives for depreciation purposes is reviewed on a regular basis. Assessing the useful economic life of an asset is based on management judgement taking into account historic experience, wear and tear and the impact of technological change. Consequently, this represents a source of estimation.

### **Revaluation and Impairment (1.2.5)**

- Revaluations applied are based on published indices. The following indices are used:
- IT assets: ONS (Computer, Electronic and Optical products index)
- Furniture: ONS (Furniture index)
- Buildings: UK House Price Index (London region index)

However, the revaluations are only applied where there is a material effect on the Statement of Financial Position (SoFP).

#### **1.3.1 Significant accounting estimates**

### **Provisions (1.2.10)**

In line with accounting policy 1.2.10, GAD has recognised a provision for dilapidation costs associated with the lease for Finlaison House.

GAD obtained an independent survey of the dilapidation costs in 2018-19. Management review the dilapidation cost provision and the assumptions on which it is based on a yearly basis.

## **2. Staff costs**

	Permanently employed staff	Others*	Total	2019-20	2018-19
				£000	£000
					Total
Wages and salaries	10,942	24	10,966	10,819	
Social security costs	1,320	2	1,322	1,308	
Other pension costs	2,974	–	2,974	2,359	
<b>Total costs</b>	<b>15,236</b>	<b>26</b>	<b>15,262</b>	<b>14,486</b>	
Less recoveries in respect of outward secondments	(590)	–	(590)	(676)	
<b>Total costs</b>	<b>14,646</b>	<b>26</b>	<b>14,672</b>	<b>13,810</b>	

\* Includes non-executive Board members.

For a detailed breakdown of the above staff costs and staff numbers, please refer to the Remuneration report and staff report. The main reason for the increase in staff costs is the increase in employer pension contributions rates which from 1 April 2019 consist of 4 rates in the range of 26.6% to 30.3% compared to a range of 20% to 24.5% in 2018-19.

### 3. Expenditure

		2019-20	2018-19
		Total	Total
	Note	£000	£000
<b>Purchase of goods and services</b>			
Facilities management		912	925
Agency and other temporary staff		93	304
Information Technology		1,255	833
Training		206	247
Recruitment		86	116
Subscriptions		141	114
Travel, subsistence and hospitality		63	91
Telecommunications		39	47
Consultancy		55	215
Auditor's remuneration - internal audit		29	24
Photocopying		12	16
Stationery and publications		18	21
<b>Other operating expenditure</b>			
<b>Rentals under operating leases</b>			
Building		2,224	2,061
Equipment		36	36
<b>Non-cash items</b>			
Depreciation and amortisation	5, 6	381	336
Provision movements	14	38	(1,305)
Borrowing costs (unwinding of discounts on provisions)	14	(19)	(158)
Loss on disposal of assets		1	2
Loss on revaluation		–	–
Auditor's remuneration - external audit		68	60
Other expenditure		72	35
<b>Total</b>		<b>5,710</b>	<b>4,020</b>

## 4. Income

	2019-20	2018-19
	Total £000	Total £000
Government Departments	16,453	15,573
<i>Of which receipts from:</i>		
Sub Tenants	1,481	1,453
National Insurance Fund	708	492
Wider public sector, private sector and overseas	4,646	5,013
<b>Total</b>	<b>21,099</b>	<b>20,586</b>

### Income by geographical locations

UK	20,996	20,064
Overseas	103	522
<b>Total</b>	<b>21,099</b>	<b>20,586</b>

### Income by types of work carried out

UK policy advice	4,905	4,845
Staff transfers	2,330	1,950
UK public service pensions	6,882	7,518
Other actuarial work	5,501	4,820
Rent and miscellaneous	1,481	1,453
<b>Total</b>	<b>21,099</b>	<b>20,586</b>

In 2019-20 income from the largest client was £1,708k (8.1% of total income), (2018-19: £1,641k).

## 5. Property, plant and equipment

	Leasehold Improvements	Information Technology	Furniture & Fittings	2019-20
	£000	£000	£000	Total
<b>Cost or valuation</b>				
At 1 April 2019	2,321	952	208	3,481
Additions	11	164	–	175
Disposals	–	–	(2)	(2)
<b>Balance at 31 March 2020</b>	<b>2,332</b>	<b>1,116</b>	<b>206</b>	<b>3,654</b>
<b>Depreciation</b>				
At 1 April 2019	(1,630)	(514)	(71)	(2,215)
Charged in year	(120)	(237)	(20)	(377)
Disposals	–	–	2	2
<b>Balance at 31 March 2020</b>	<b>(1,750)</b>	<b>(751)</b>	<b>(89)</b>	<b>(2,590)</b>
<b>Carrying amount at 31 March 2019</b>	<b>691</b>	<b>438</b>	<b>137</b>	<b>1,266</b>
<b>Carrying amount at 31 March 2020</b>	<b>582</b>	<b>365</b>	<b>117</b>	<b>1,064</b>

				2018-19
<b>Cost or valuation</b>				
At 1 April 2018	2,295	798	210	3,303
Additions	26	202	—	228
Disposals	—	(48)	(2)	(50)
Revaluations	—	—	—	—
<b>Balance at 31 March 2019</b>	<b>2,321</b>	<b>952</b>	<b>208</b>	<b>3,483</b>
<b>Depreciation</b>				
At 1 April 2018	(1,513)	(385)	(54)	(1,952)
Charged in year	(117)	(175)	(19)	(311)
Disposals	—	46	2	48
Revaluations	—	—	—	—
<b>Balance at 31 March 2019</b>	<b>(1,630)</b>	<b>(514)</b>	<b>(71)</b>	<b>(2,215)</b>
<b>Carrying amount at 31 March 2018</b>	<b>782</b>	<b>413</b>	<b>156</b>	<b>1,351</b>
<b>Carrying amount at 31 March 2019</b>	<b>691</b>	<b>438</b>	<b>137</b>	<b>1,266</b>

All assets are owned by GAD in both the current and prior year.

## 6. Intangible assets

	2019-20
	Software Licenses Total
	£000

### Cost or valuation

At 1 April 2019	149
Additions	–
Disposals	–
<b>Balance at 31 March 2020</b>	<b>149</b>

### Amortisation

At 1 April 2019	(145)
Charged in year	(4)
Disposals	–
<b>Balance at 31 March 2020</b>	<b>(149)</b>
<b>Carrying amount at 31 March 2019</b>	<b>4</b>
<b>Carrying amount at 31 March 2020</b>	<b>–</b>

	2018-19
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### Cost or valuation

At 1 April 2018	149
Additions	–
Disposals	–
<b>Balance at 31 March 2019</b>	<b>149</b>

### Amortisation

At 1 April 2018	(120)
Charged in year	(25)
Disposals	–
<b>Balance at 31 March 2019</b>	<b>(145)</b>
<b>Carrying amount at 31 March 2018</b>	<b>29</b>
<b>Carrying amount at 31 March 2019</b>	<b>4</b>

All assets are owned by GAD in both the current and prior year.

## 7. Impairments

GAD did not incur any impairment costs during 2019-20 (2018-19: £nil).

## 8. Capital and other commitments

### 8.1 Commitments under leases

#### 8.1.1 Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2019-20	2018-19
	Total	Total
	£000	£000

#### Buildings

Not later than one year	1,957	1,910
Later than one year and not later than five years	4,569	6,526
Later than five years	–	–
<b>Total</b>	<b>6,526</b>	<b>8,436</b>

#### Office Equipment\*

Not later than one year	27	28
Later than one year and not later than five years	68	99
Later than five years	–	–
<b>Total</b>	<b>95</b>	<b>127</b>
<b>Total commitments</b>	<b>6,621</b>	<b>8,563</b>

#### Subtenants' lease\*\*

Not later than one year	(1,036)	(1,010)
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\* Office equipment comprises franking machines and photocopiers.

\*\* Subtenants' lease comprises rental income from the Single Source Regulations Office, the Office for Students (formerly known as Higher Education Funding Council for England) and the National Infrastructure Commission.

### 8.2 Capital commitments

At 31 March 2020 GAD had a capital commitment to purchase a python server worth £15k (31 March 2019: £nil).

### 8.3 Other financial commitments

GAD had no other financial commitments at 31 March 2020 (31 March 2019: £nil).

## 9. Financial instruments

GAD has limited exposure to financial instruments because of the nature of its customers and the fact that billing is predominantly in Sterling.

All the financial assets and liabilities of GAD are held at fair value.

### 9.1 Credit Risk

The maximum credit risk the Department was exposed to at 31 March 2020 was £3,374k (trade receivables). As there were no bad debt write offs in 2019-20 and 2018-19, and the vast majority is inter-government all debt is deemed to be collectable. It is therefore GAD's view that there is minimal credit risk.

The aged debtor analysis as at 31 March 2020 is as follows:

	31 March 2020
	£000
Up to 30 days	2,135
31 - 180 days	1,141
181 - 365 days	80
Over 365 days	18

We consider the debt aged over 365 to be recoverable as this is from clients that we still engage with and are financially sound. We have therefore not made a provision for doubtful debt.

### 9.2 Liquidity Risk

GAD funds its payments with cash receipts from invoices issued.

GAD is required to surrender cash in its bank account at the end of each financial year to the Consolidated Fund. The Department has access to the Contingencies Fund to meet any cash shortfalls during a financial year, however this amount would need to be returned by the end of the financial year.

The Department manages its liquidity risk by continuously monitoring its cash flow and the management of outstanding working capital.

Total amount owing analysed by when it falls due:

	31 March 2020
	£000
Up to 1 year	1,445
1 to 5 years	–
Over 5 years	–

### 9.3 Market Risk

GAD is exposed to foreign currency risk from overseas customers, which amounted to £15k debtor value as at 31 March 2020 (31 March 2019: £nil). The overseas income during the year 2019-20 was £103k (2018-19: £522k), of which £37k in 2019-20 was billed in foreign currency. It is management's decision to bear the related foreign currency risk, as this is considered not material.

### 10. Work in progress

	2019-20 £000	2018-19 £000
Value of time worked but not billed	1,997	1,984
<b>Balance at 31 March</b>	<b>1,997</b>	<b>1,984</b>

### 11. Cash and cash equivalents

	2019-20 £000	2018-19 £000
Balance at 1 April	689	414
Net change in cash and cash equivalent balances	(306)	275
<b>Balance at 31 March</b>	<b>383</b>	<b>689</b>

The following balances at 31 March were held at:

Government Banking	383	689
<b>Balance at 31 March</b>	<b>383</b>	<b>689</b>

### 12. Trade receivables, financial and other assets

	2019-20 £000	2018-19 £000
--	-----------------	-----------------

Amounts falling due within one year:

Trade receivables	3,374	2,304
Deposits and advances	50	60
Prepayments and accrued income	1,492	1,608
<b>Balance at 31 March</b>	<b>4,916</b>	<b>3,972</b>

## 13. Trade payables and other current liabilities

	2019-20 £000	2018-19 £000
--	-----------------	-----------------

**Amounts falling due within one year:**

VAT	1,044	516
Other taxation and social security	–	8
Trade payables	16	35
Staff payables	241	247
Other payables	2	16
Accruals and deferred income	2	17
Accrual for rent-free period on Finlaison House	120	117
Consolidated Fund creditor for cash unspent - year end	383	689
<b>Balance at 31 March</b>	<b>1,808</b>	<b>1,645</b>

**Amounts falling due after more than one year:**

Accrual for rent-free period on Finlaison House	285	408
<b>Balance at 31 March</b>	<b>285</b>	<b>408</b>
<b>Total</b>	<b>2,093</b>	<b>2,053</b>

## 14. Provisions for liabilities and charges

	2019-20			2018-19
	Dilapidations		Others	Total
	£000	£000	£000	£000
Balance at 1 April	1,270	260	1,530	3,009
Provided in the year	–	–	–	–
Provisions not required written back	–	–	–	(1,210)
Provisions utilised in the year	–	(17)	(17)	(17)
Changes in discount rates	10	28	38	(95)
Borrowing costs (unwinding of discounts)	(20)	1	(19)	(158)
<b>Balance at 31 March</b>	<b>1,260</b>	<b>272</b>	<b>1,532</b>	<b>1,529</b>

### 14.1 Analysis of expected timing of discounted flows

	2019-20			2018-19
	Dilapidations		Others	Total
	£000	£000	£000	£000
Not later than one year	18	17	35	34
Later than one year and not later than five years	1,242	89	1,331	1,337
Later than five years		166	166	158
<b>Balance at 31 March</b>	<b>1,260</b>	<b>272</b>	<b>1,532</b>	<b>1,529</b>

#### Dilapidation Provision

In 2017-18 GAD recognised a provision for dilapidation costs associated with the lease for Finlaison House. The dilapidation costs indicated a material obligation going back to the inception of the lease in 2003-04, which GAD has accounted for in line with IAS37/IAS8.

In 2018-19 the dilapidation provision was amended following a further independent survey of the provision. The outcome of the survey was a proposed revision to the existing dilapidation provision. Management reviewed, tested and accepted the proposal which provided a more reasonable estimate of the conditions and liabilities as at 31 March 2019 and decided to write back the surplus provision in 2018-19 as it was no longer required.

Management have re-assessed the provision as at 31 March 2020 and concluded that the estimate remains reasonable and appropriate.

GAD expects to recover an element of the dilapidation costs from its subtenants at the end of the Finlaison House lease agreement.

#### Other Provisions

A former GAD employee was awarded an injury benefit allowance during 2009-10 under the Civil Service Injury Benefits Scheme. As a result, GAD is responsible for making injury benefit payments.

Management have considered whether any further provisions need to be made in light of the COVID-19 pandemic and have concluded that the pandemic has not given rise to any provisions for GAD.

## 15. Contingent liabilities

As at 31 March 2020 GAD held no contingent liability (31 March 2019: £nil).

## 16. Related-party transactions

During the year, GAD has had various material transactions with other government departments and other central government bodies, primarily for the provision of actuarial services, technical and analytical advice. Most of these transactions have been with the Department for Work and Pensions, the Cabinet Office, the Department for Communities and Local Government, the Home Office, HM Revenue and Customs, HM Treasury, the Department of Health, the Ministry of Defence and the Ministry of Justice.

GAD also receives rent and facilities management income from sub-tenants of Finlaison House: The Single Source Regulations Office, the Office for Students (formerly known as Higher Education Funding Council for England) and the National Infrastructure Commission.

In 2019-20 the total net income from these sub-tenants was £1,481k (2018-19: £1,453k).

No Board member, key manager or other related parties has undertaken any material transactions with GAD during the year.

## 17. Third-party assets

During 2019-20 the Department did not hold any third-party assets (2018-19: £nil).

## 18. Entities within the departmental boundary

No entities, other than GAD itself, fall within the Departmental Boundary.

## 19. Events after the reporting period date

There were no adjusting events recorded after the Statement of Financial Position date which affected the true and fair view of the accounts.

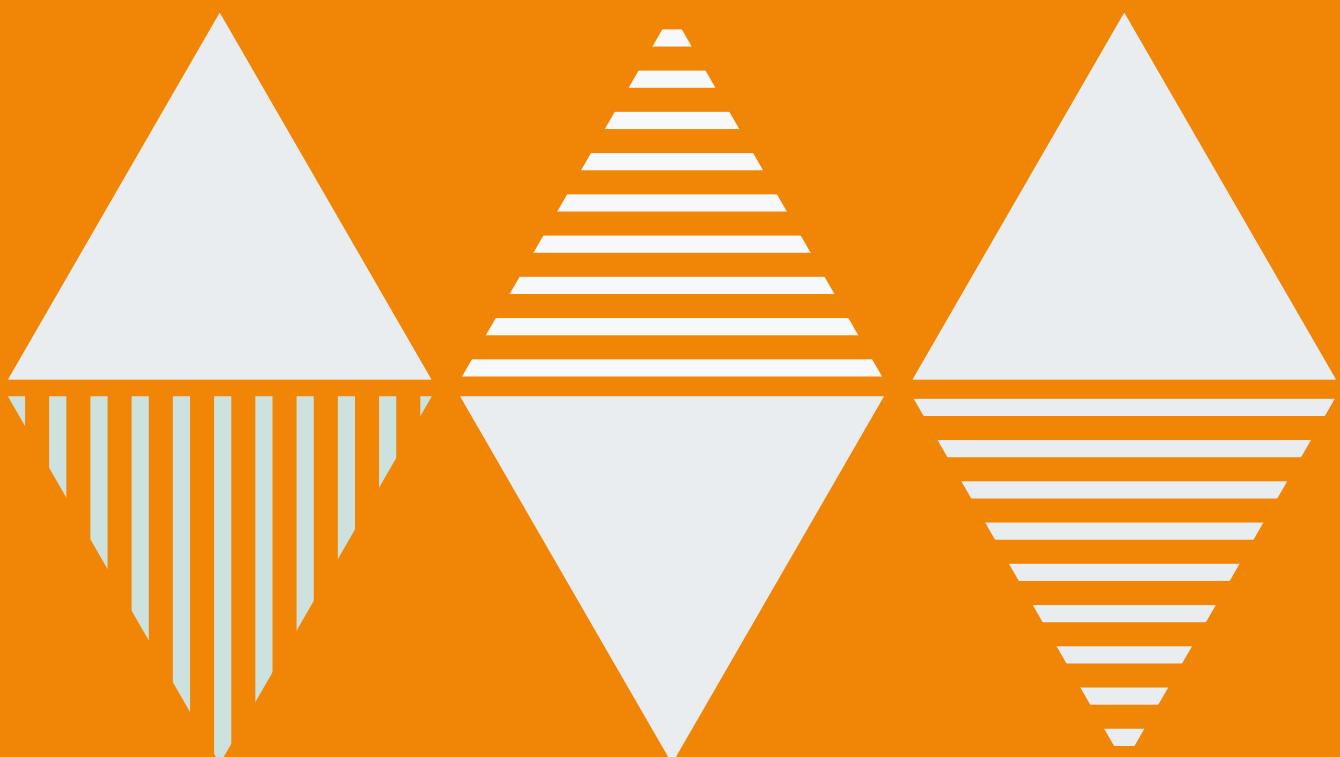
GAD had to respond and adapt to the changes in normal working practices resulting from the COVID-19 pandemic. Our London office, Finlaison House, was closed from 23 March and our office in Edinburgh from 27 March. The ramifications of the pandemic will be wide-ranging and its impact on our business plan is highly uncertain. The priorities of our clients may change significantly, which could result in an increase or reduction of work for GAD. We will regularly monitor the staff resource available to ensure that we remain able to meet our clients' needs and to commission the advice they require.

## 20. Date of Authorisation of Accounts

The accounts have been authorised for issue by the Accounting Officer on the same date as the C&AG's Audit Certificate.

# Section 4

## Appendix



## Core tables

The core tables are required to be included by HM Treasury and are based on the outline guidance issued by HM Treasury. Outturn data is consistent with previous years' published core tables and plan years' information is consistent with the Spending Review settlement.

Table 1 is a summary of the public spending by the Department and this is supplemented by Table 2 which shows the administrative cost budgets. The variances between the 2019-20 net resource outturn and budget are explained in the comparison of Estimate and Outturn within the Statement of Parliamentary Supply.

Approval for our spending plans for 2019-20 is set out in the Government Actuary's Department Main Estimate 2019-20. The document is available at the HM Treasury website at [www.gov.uk/hm-treasury](http://www.gov.uk/hm-treasury)

**Table 1: Public Spending**

	£'000								
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Outturn	Plans							

### Resource DEL

Administration	-778	-2,338	-1,352	-1,167	-788	-1,576	-1,293	-736	-19
Use of Provisions (DEL)	418	266	179	177	118	95	17	17	20
<b>Total Recourse DEL</b>	<b>-360</b>	<b>-2,072</b>	<b>-1,173</b>	<b>-990</b>	<b>-670</b>	<b>-1,481</b>	<b>-1,276</b>	<b>-719</b>	<b>1</b>

Staff costs	12,101	12,018	12,220	12,391	12,883	13,627	13,810	14,672	16,276
Purchase of goods and services	3,884	4,491	4,336	4,522	4,407	5,012	5,104	5,259	6,260
Income from sales of goods and services	-16,674	-18,970	-18,109	-18,279	-18,334	-20,496	-20,586	-21,099	-23,007
Depreciation <sup>1</sup>	266	318	320	316	314	316	336	381	404
Other resource	63	71	60	60	60	60	60	68	68

### Resource AME

Losses on revaluation	-	23	1	-	-	-	-	-	-
Provisions (AME)	-1,250	-1,431	-645	-291	-110	-203	-1,480	2	50
Non Budget cover	-	-	-	-	-	2,539	-	-	-
<b>Total Resources AME</b>	<b>-1,250</b>	<b>-1,408</b>	<b>-644</b>	<b>-291</b>	<b>-110</b>	<b>2,336</b>	<b>-1,480</b>	<b>2</b>	<b>50</b>

Of which:

Losses on revaluation	-	23	1	-	-	-	-	-	-
Take up of Provisions	-832	-1,165	-466	-114	8	-108	-1,463	19	70
Release of Provision	-418	-266	-179	-177	-118	-95	-17	-17	-20

	£'000									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Plans
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	
<b>Total Resource Budget</b>	<b>-1,610</b>	<b>-3,480</b>	<b>-1,817</b>	<b>-1,281</b>	<b>-780</b>	<b>855</b>	<b>-2,756</b>	<b>-717</b>	<b>51</b>	
<i>Of which:</i>										
Depreciation & Losses on revaluation	266	341	321	316	314	316	336	381	404	
<b>Capital DEL</b>										
Administration	154	473	203	133	185	449	226	175	200	
<b>Total Capital DEL</b>	<b>154</b>	<b>473</b>	<b>203</b>	<b>133</b>	<b>185</b>	<b>449</b>	<b>226</b>	<b>175</b>	<b>200</b>	
<i>Of which:</i>										
Purchase of assets	154	473	203	133	185	449	228	175	200	
Net book value on disposal	-	-	-	-	-	-	-2	-	-	
<b>Capital AME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Budget</b>	<b>154</b>	<b>473</b>	<b>203</b>	<b>133</b>	<b>185</b>	<b>449</b>	<b>226</b>	<b>175</b>	<b>200</b>	
<b>Total departmental spending<sup>2</sup></b>	<b>-1,722</b>	<b>-3,348</b>	<b>-1,935</b>	<b>-1,464</b>	<b>-909</b>	<b>988</b>	<b>-2866</b>	<b>-923</b>	<b>-153</b>	
<i>Of which:</i>										
<b>Total DEL</b>	<b>-472</b>	<b>-1,917</b>	<b>-1,291</b>	<b>-1,173</b>	<b>-799</b>	<b>-1,348</b>	<b>-1,386</b>	<b>-925</b>	<b>-203</b>	
<b>Total AME</b>	<b>-1,250</b>	<b>-1,431</b>	<b>-645</b>	<b>-291</b>	<b>-110</b>	<b>2,336</b>	<b>-1,480</b>	<b>2</b>	<b>50</b>	

1 Includes impairments

2 Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

**Table 2: Administration Budget**

	£'000									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Plans
	Outturn									

**Resource DEL**

Administration	-778	-2,338	-1,352	-1,167	-788	-1,576	-1,293	-736	-19	
Use of Provisions (DEL)	418	266	179	177	118	95	17	17	20	
<b>Total Recourse DEL</b>	<b>-360</b>	<b>-2,072</b>	<b>-1,173</b>	<b>-990</b>	<b>-670</b>	<b>-1,481</b>	<b>-1,276</b>	<b>-719</b>	<b>1</b>	

*Of which:*

Staff costs	12,101	12,018	12,220	12,391	12,883	13,627	13,810	14,672	16,276	
Purchase of goods and services	3,884	4,491	4,336	4,522	4,407	5,012	5,104	5,259	6,260	
Income from sales of goods and services	-16,674	-18,970	-18,109	-18,279	-18,334	-20,496	-20,586	-21,099	-23,007	
Depreciation	266	318	320	316	314	316	336	381	404	
Other resource	63	71	60	60	60	60	60	68	68	

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