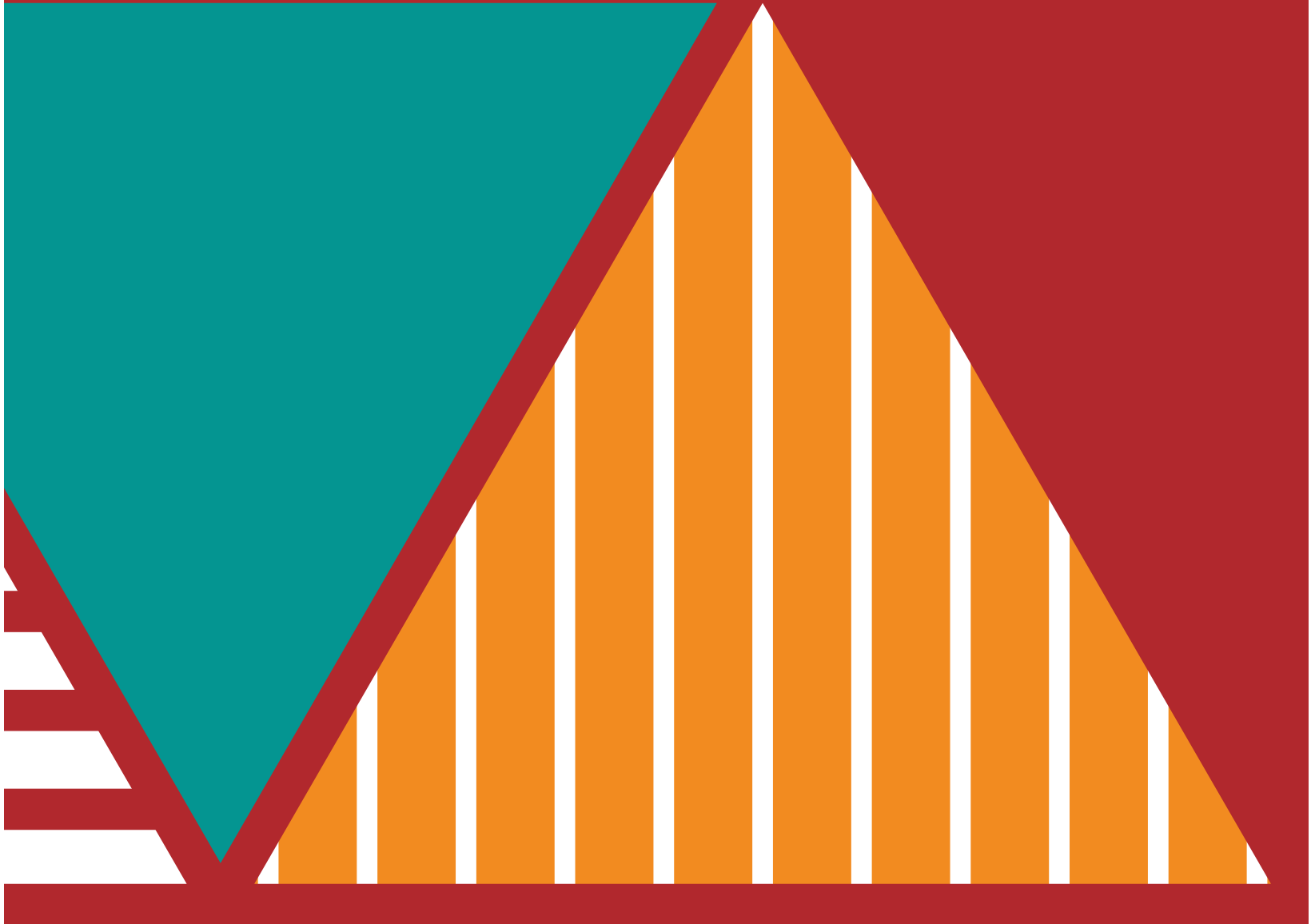




Government
Actuary's
Department



Annual Report and Accounts

2020-21

HC 389



Government Actuary's Department Annual Report and Accounts 2020-21

(For the year ended 31 March 2021)

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

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

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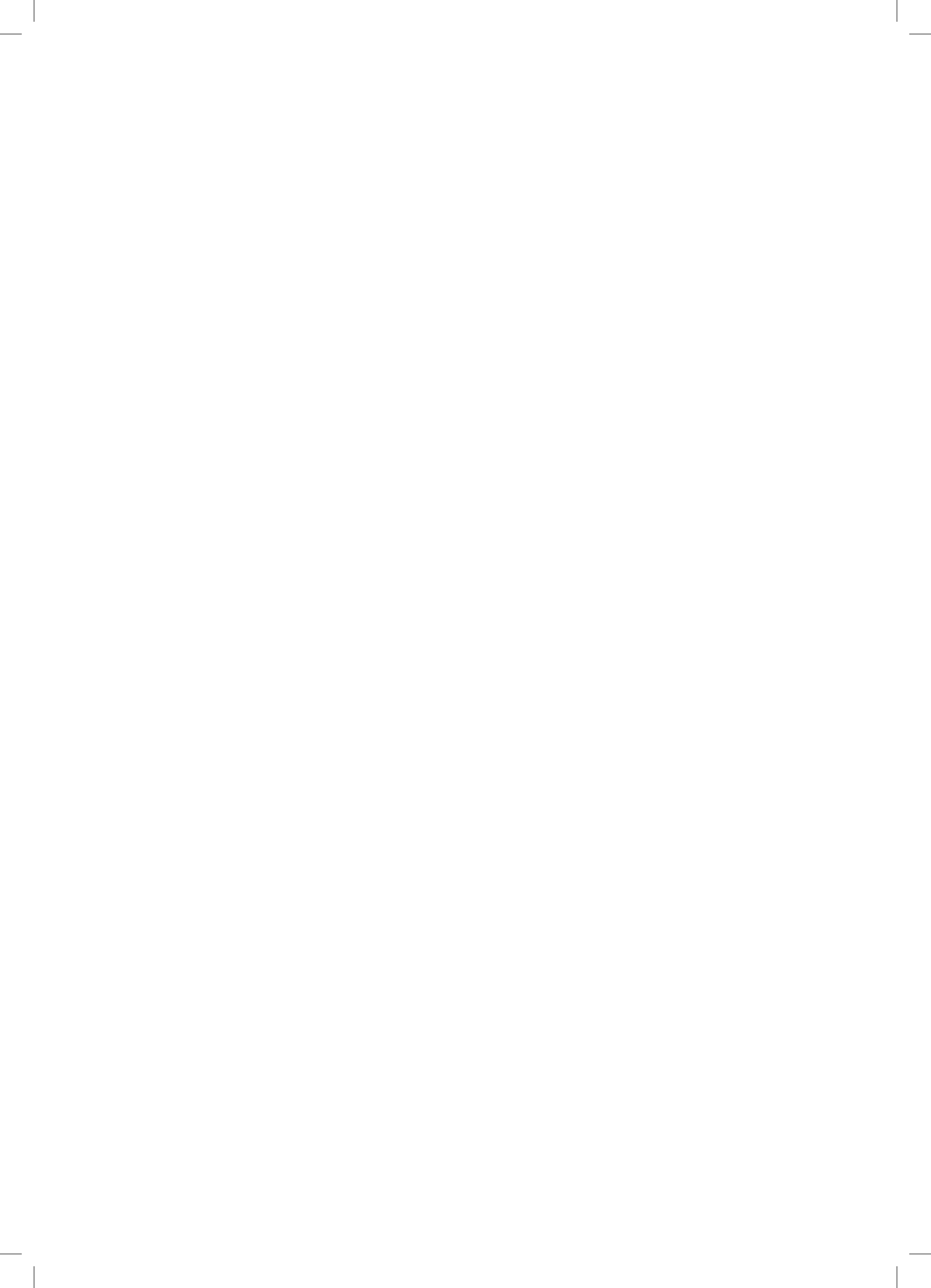
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Section 1



The Performance Report

Our performance in numbers



£22.1m

actuarial income in 2020-21

4.6

The average star rating (out of 5) awarded by clients who completed our client survey

17 of the 23 ministerial departments were supported by GAD along with numerous other public bodies

28 GAD staff experiencing secondments

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

750

people attended one or more GAD events during the year



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 there needed to be no reminder of the purpose of our mission at GAD and the reach that our specialist skills have when used in public service. A record year for the department was framed, for us, by the twin challenges of the government response to the COVID-19 pandemic and the progress being made in resetting the 2015 reforms of public service pensions following the McCloud and Sargeant judgements that found the original transitional arrangements to be discriminatory.

The pandemic brought about an explosion of data and the need for effective and rapid responses to emerging situations. It reinforced the need for skilled analysts of all types to collaborate swiftly to interpret the data and help make effective interventions right across government. GAD professional staff rose to the challenge, undertaking numerous secondments to government departments, often alongside other analysts from the Government Analysis Function and working on various rapid response projects as the crisis unfolded. We also undertook specific COVID-19 assignments for government clients where our domain skills in risk quantification, insurance and pensions were required.

Public service pensions are a major commitment to some 15 million current and former public servants and a substantial liability to the government. The work to consider the legal judgements and design and consult on the so-called remedy to reset the 2015 reforms required skilled analysis and co-ordination across the many pension schemes affected. GAD's specialist actuaries were mobilised to collaborate with HM Treasury on the overall policy and work with the responsible authorities for each scheme as they prepare for implementation of the remedy and the resumption of the cycle of pension valuations. This work will continue to feature in our priorities for 2021-22.





Alongside these challenges for our professional skills were those of an individual and organisational nature associated with almost an entire year of unprecedented remote working. Support throughout the department from IT, facilities management and HR teams, and particularly from GAD's Wellbeing Network, helped to keep us safe and productive. But I would acknowledge each and every member of the GAD community for the spirit of goodwill, co-operation and endurance with which they approached the uncertainties that the year brought and nevertheless were able to produce such remarkable work for our clients.

As the threat level from the pandemic lowers, our thoughts are turning to the way we work in the future, making use of the experience of the past year and the lessons learned. We are proceeding on the basis of full engagement with colleagues and clients about our plans.

2020-21 was the first year of our new strategy and it is worth noting the progress we were able to make in developing the themes of that strategy: clients, people, inclusion and processes. These themes are set to ensure that GAD remains fit for the future, that we continue to broaden our client-led work and that we recruit and develop talent to support a modern specialist consultancy. They will also ensure that we continue to modernise our systems and processes alongside our skills, and to do so in a way that fully recognises the contribution that all can make to the work we do.

We managed our performance through monitoring detailed targets, Key Performance Indicators (KPIs) and budgets. Through open and collaborative discussions at all levels in the department, we sought to ensure that we continually reviewed our performance and met the expectations of our clients. It was especially pleasing to note the excellent and constructive feedback from our clients in our in-depth client survey and to note the positive GAD scores in the Civil Service People Survey.

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

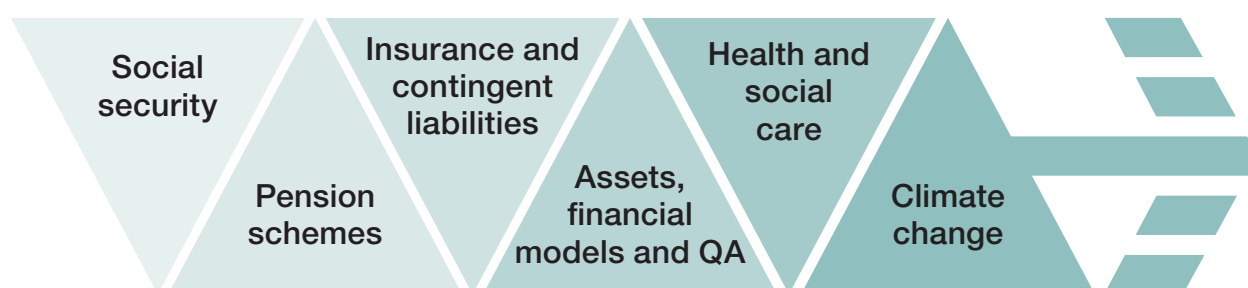
The mission of the Government Actuary's Department (GAD) is to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice.

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. Due to the COVID-19 pandemic, all GAD staff worked remotely for the majority of the 2020-21 financial year.

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

Our current five-year departmental strategy was launched in April 2020. The document can be read in full on our website¹. 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

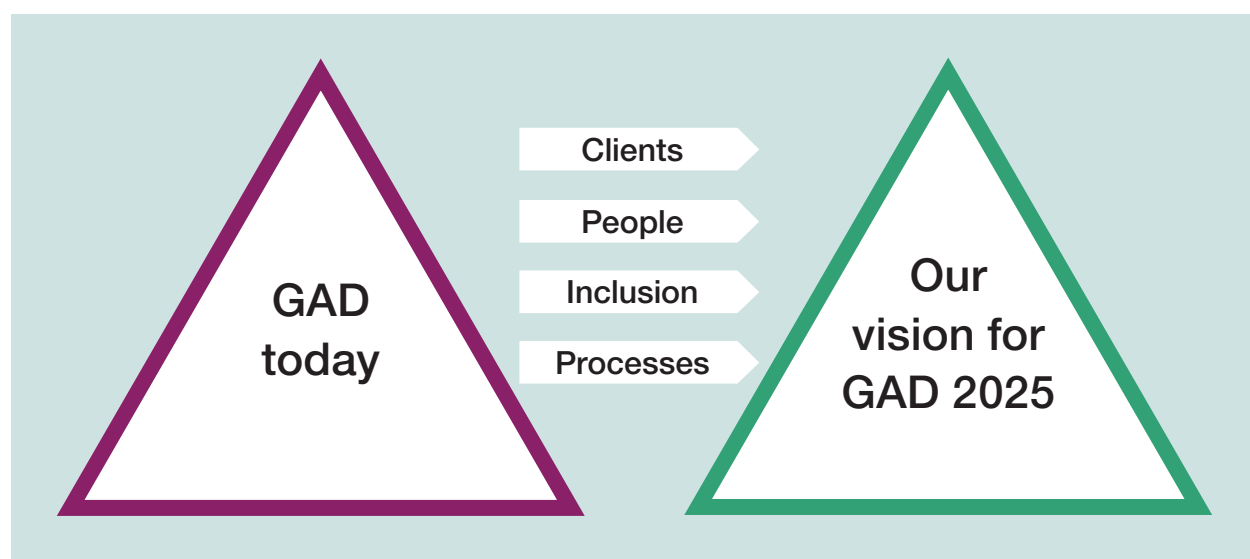
GAD aims to have people with the right skills in the right place, driven by what our public sector clients need us to do.

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.



¹ <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 Ministry for Housing, Communities and Local Government. 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, risk transfer schemes or government interventions. Our analysis and advice apply to a wide range of challenges from COVID-19 to climate change.

Investment and credit risk

We provide advice on investment aspects of pensions and insurance as well as undertaking specialist projects on the assessment of financial risks to UK government from credit support schemes. We undertake a wide variety of assignments for public sector bodies on issues such as investment strategy and risk modelling. We also produce monthly blogs on topics of interest and summaries of market and economic news.

Data science

We continue to develop our data analytics capability within the department. 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.

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.

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 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 website².

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 or that GAD's services do not match the evolving needs of its clients.

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

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

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

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

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

² <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 2020-21, GAD achieved all of its parliamentary estimate targets. Actuarial income of £22.1 million is an all-time high for GAD and an increase of £2.5 million from 2019-20. GAD has continued to improve the efficiency of its regular work and as a result of increasing its footprint within government has been able to grow an increasingly diverse portfolio of work.

The most significant activities which took place in the year include a material expansion of support for HM Treasury covering the public service pension schemes, supporting the establishment of a Contingent Liability Central Capability in response to the balance sheet review, advising on financial responses to the COVID-19 pandemic and projecting cashflows resulting from the Brexit withdrawal agreement. We were also able to assist the government's response to the COVID-19 pandemic by rapidly deploying individuals on secondment to DHSC, MOJ and other departments.

Equipment and tools to enable remote working had been provided to all staff as part of the improved ways of working project which was initially implemented in 2018-19 and strengthened since. As a result of this, all GAD staff were able to work remotely and continue to deliver a high-quality service to our clients.

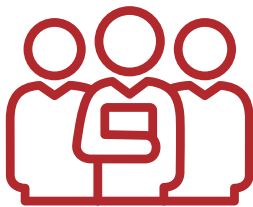
Performance analysis

Performance and operating review

2020-21 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.

The key highlights of our performance are as follows:

Clients



The 2020-21 financial year has been one of challenge, change and success. Despite the challenging times, we were able not only to continue providing valuable support for our clients, but to grow our portfolio, develop new opportunities and begin to implement our 2025 strategy.

Some of the most significant developments over the year included:

- working with a number of government departments to quantify the effect of COVID-19 on risk transfer schemes and government interventions
- our work with multiple government departments to develop remedy options and methods to unpause the 2016 public service pension scheme valuations following the successful legal challenge to the 2015 scheme reforms
- a material expansion of support for HM Treasury covering the public service pension schemes, supporting the establishment of a Contingent Liability Central Capability in response to the balance sheet review, advising on financial responses to the COVID-19 pandemic and projecting cashflows resulting from the Brexit withdrawal agreement
- rapidly deploying individuals on secondment to Department of Health and Social Care, Ministry of Justice and others to respond to the increased demand as a result of the COVID-19 pandemic.

Further detail of GAD's client work in year can be found in the 'Review of progress' section below.

We also managed to take advantage of new technology to enhance our client engagement while working remotely. This included delivering 11 webinar events covering climate change, COVID-19 impacts on insurance and mortality, public service pension legal issues and impacts, and parliamentary schemes, reaching over 750 attendees. Feedback from clients has remained excellent.

People and inclusion



2020-21 was the first year of the department's People Strategy which aims to ensure that GAD is able to remain fit for the future. In the past year, significant investment has been made to identify the wide range of skills and expertise that we want to develop and strengthen within the department, as well as the learning and development pathways which will help to deliver these skills.

The areas considered as part of the strategy range from technical analytical, consulting and delivery expertise to leadership skills, and will be updated over time as the needs of the department's clients change.

At the same time, together with changes to the Institute and Faculty of Actuaries Continuing Professional Development scheme, we have implemented Reflective Practice Discussions as part of the department's performance appraisal process. These discussions, which are mandatory for all staff, serve as an opportunity to consider, plan and reflect on learning opportunities.

We have started our deployment of the cross-government Analysis Function's Online Skills Tool, which will be used by staff from 2021-22 to help plan their development using the skills and learning pathways identified through the People Strategy.

Throughout the pandemic, the department has sought to ensure that staff were fully supported in the sudden change to all working from home. As well as providing technical support through equipment and additional software, the department has placed a particular emphasis on securing the wellbeing of our staff, which has been co-ordinated by the department's wellbeing champions and included a series of social activities, training sessions and introducing greater flexibility to working arrangements to allow staff to best handle the competing pressures between home and work over 2020-21.

Over the year, we have reflected on the department's experience of remote working in response to COVID-19, and sought feedback from staff on how the department should operate after the pandemic. These considerations have led to our decision to embrace flexibility in future ways of working with an emphasis on staff working in the most effective way for themselves, their team and their clients. Implementing the changes needed to adopt this flexibility will be a key element of our activity in 2021-22.

The department's 2025 Strategy has placed Inclusion to the forefront of our organisational objectives. Throughout the year, we have invested significant energy to ensure that we are doing as much as we can to foster an inclusive culture and promote diversity in all of its forms.

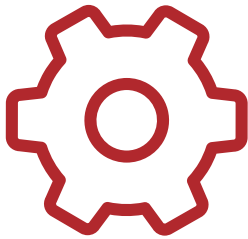
People and inclusion (cont'd)

This has included carrying forward actions to address the issues raised through gender focus groups, including training for staff on gender inclusion, positive action, active bystanders and inclusive leadership. Further actions include setting up a Women's Action Plan and carrying out focus groups to consider how the department can ensure that all staff feel they can fully contribute to the department.

At the same time, and to ensure that the department is able to cover all areas of inclusion equally, we have assigned Executive Leads across 10 areas of diversity. These leads will be able to serve as focal points within senior leadership and will work alongside the Diversity and Inclusion Group to continue to drive the department forward.

In the last quarter of 2020-21 the department appointed its first Head of Diversity and Inclusion, who has started work to ensure that the department's Diversity and Inclusion Strategy drives and co-ordinates all of the department's activity across inclusion as well as ensuring that the department is able to reflect the latest developments in diversity and inclusion in its plans.

Processes



During the year progress was made in many areas, with some of the most significant developments including:

- Continued remote working – We adapted quickly to the remote working enforced by the pandemic. Teams developed approaches to working physically separately from colleagues and developing suitable quality and work planning controls to ensure client service continued seamlessly.
- Risk management – During 2020 we launched a renewed internal risk management approach, improving our identification, management and oversight of risks and capturing these in updated risk registers.
- HR systems – We launched further modules from our HR software system allowing more effective performance management and more timely identification and delivery of learning and development needs.
- Professional development – With effect from 1st October we took responsibility for monitoring professional development for actuarial staff. This will allow greater focus on learning activities tailored to GAD work areas, and also integrate more fully with our line management systems.
- IT – We further developed our partnership with the Government Legal Department's (GLD) IT team during the year, further improving service delivery resilience and security as well as developing our longer-term IT strategy.

Finance



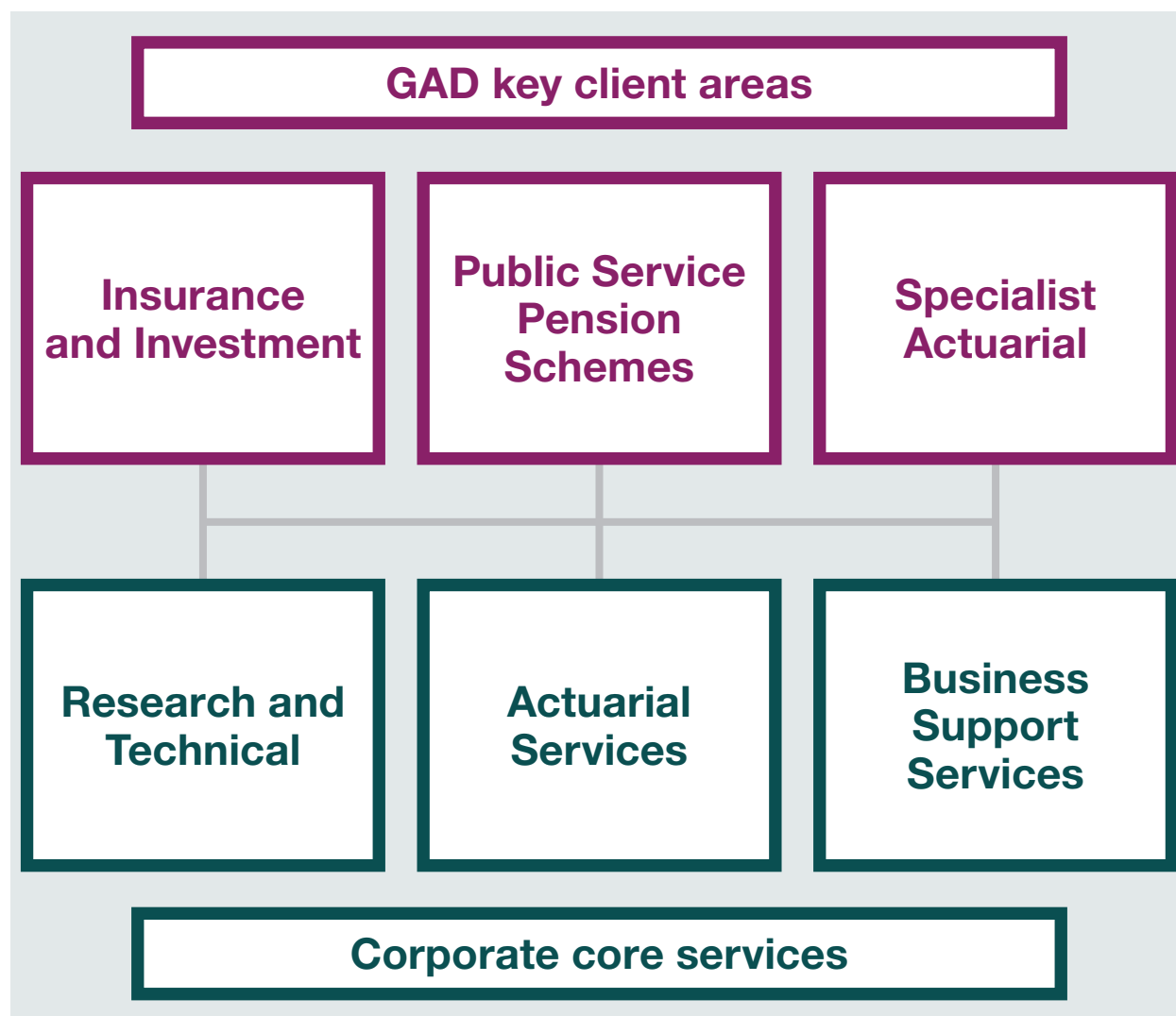
Client income for the year was in line with our stretch objective, recognising the increased demand for our services across a growing number of government departments and agencies. Further improvements have been made in forecasting and resource planning, enabling the early identification of potential bottlenecks or surpluses and appropriate, timely mitigation. Other process improvements which enabled staff to work remotely across the year included the electronic replacement of all manual finance processes including the digitisation of client billing proposals. Working capital analysis and management was also improved, resulting in a marked reduction in days sales outstanding



Review of progress, 2020-2021

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 (I&I)

Continued growth: The Insurance and Investment team continued to advise on a wide range of projects for existing and new clients. The team continued to grow through building deeper relationships with clients and contacts across the public sector.

Quantifying the impact of COVID-19: We have worked with a number of government departments to quantify the effect of COVID-19 on risk transfer schemes or government interventions. As well as helping clients understand the impact of COVID-19 on existing risk transfer schemes, such as the Department for Education's Risk Protection Arrangement for Academies, we have supported departments in understanding new risks that have arisen from the response to the pandemic.

This included working in close partnership with NHS Resolution and the Department for Health and Social Care to quantify potential claims as part of the NHS's response to the pandemic. We have also supported the Department for Business, Energy and Industrial Strategy (BEIS) on the risks from financial support schemes and the Department for Culture Media and Sport on the risks from film and TV production during a pandemic.

Insurance and risk transfer: Our actuaries have supported a range of departments in developing policy around insurance and risk transfer related matters. This includes supporting the Ministry for Housing, Communities and Local Government on insurance impacts on building inspectors following the Grenfell disaster and the Centre for Disaster Protection on sovereign disaster financing.

We have also supported HM Treasury and UK Government Investments in the establishment of the Contingent Liability Central Capability which will support government departments in the evaluation, pricing, and management of risks borne by the government through providing financial guarantees, indemnities, and insurance.

Modelling and quality assurance: We have developed interactive modelling tools to support decision making and completed quality assurance reviews for various models prepared by a range of clients. This includes providing assurance to BEIS and the British Business Bank on the quality of models developed to assess the credit risks government is exposed to through government guarantees provided to the Coronavirus Business Interruption Loan Schemes.



Public service pension schemes (PSPS)

Partnering with clients: We have continued to work closely with our public service pension scheme clients on understanding the implications of the McCloud (transitional protection) remedy and developing solutions for departments and scheme members. Our work for various departments on how the remedy could affect different groups of members was 'Highly Commended' in the inaugural Analysis in Government Awards 2020.

Following the outcome of the 2016 round of public service pension scheme valuations, this year the Government Actuary was commissioned to review the suitability of the cost cap mechanism which applies to public service pension schemes. To bring a diverse range of views to this project, the review was carried out by a task group formed across GAD's teams, as well as canvassing the experiences of others impacted by the cost cap mechanism. We expect the results of the review to be published later in 2021-22.

Enhanced communications: We organised and delivered a number of cross-client webinars over the year covering topics from behavioural insights to legal cases and the 2016 cost cap valuations. These were well received by our clients and enabled us to bring together clients from across the UK to discuss common matters affecting all schemes.

Improved efficiency and standardisation: We have also commenced work on the 2020 valuations for all the main public service pension schemes, collating data from scheme administrators and building on the centralisation of efficient processes that was introduced for the 2016 valuations through GAD's Actuarial Services team (AST). This includes expanding our use of automation and building in advances within data analytics. In addition, we have made significant progress on updating our reports and other communications to ensure that they best meet our client needs.

Specialist actuarial (SA)

Collaborative working: The Specialist Actuarial team provides actuarial advice in a wide range of different areas and have increased the opportunities for staff across the team to contribute to projects in new areas. This has provided excellent development for the team as well as contributing to new ideas which are improving the advice we produce for our clients. This collaborative approach to working extends across the department with close collaboration with AST on many of our projects and providing support to both the PSPS team and the I&I team on a number of their projects.

Increasing policy support: We provide support to pension policy for both public and private sector pension arrangements. We have expanded our team providing this support, establishing a wider knowledge base and more robust support for our clients. This has also allowed us to support our clients in a greater range of policy areas as demands on their time increase.

Effective communications: We recognise the importance of communicating our analysis and advice to clients in a way that is easy to understand and assists in any decision making process. We continue to develop the way in which we present advice to our clients and have substantially amended the annual up-rating report on the National Insurance Fund to present the important information in a simpler visual manner.

Actuarial services (AST)

Finding innovative solutions to problems: The McCloud judgment relating to public service pension schemes requires us to place a value on a series of complex pension benefits of a form that has not been seen before in the public sector. AST have delivered these calculations efficiently and robustly using our new Pension Valuation System in conjunction with the technical expertise of our staff. We have also applied innovative solutions to other problems, making increased use of tools such as the R programming language and online hosting to provide more interactive and accessible support to GAD's clients.


Data analysis and visualisation: We have made major improvements to the way we process, analyse and visualise the large data sets that we receive which have resulted in greater efficiency and better outputs being provided for our clients. This has included the development of new data processing routines and identifying ways of visualising the data in more appealing and informative ways.

Planning for the future: AST continues to develop our engagement across GAD and have expanded our skillset in order to be able to take on a wider range of work from across the department and to anticipate future requirements. In particular we have worked with our I&I team to develop our offering for NHS Resolution, and have worked with the Specialist Actuarial team to improve the processes that we apply to our social security work. We have identified the skills that we require within the team in order to meet current and future demands and have worked over the year to develop these from formal training and informal learning.

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 Strategy for 2020-25 Strategy** – following on from the development of GAD's overarching strategy and the supporting People Strategy, an IT Strategy was launched in November 2020. This new strategy will ensure that GAD has the necessary infrastructure, tools and systems to effectively deliver high quality services to its clients.
- **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 implemented. The expanded system, which will be fully embedded in 2021-22, 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 remote working technology and tools 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.
 - **Events** – Due to the COVID-19 pandemic, events were not able to be held in the usual way, so we held a number of virtual events over the year. There were 11 events in total (five public, six private), which attracted more than 750 unique attendees, an unprecedented level of engagement. Please refer to GAD’s website for more details of the public events³.

COVID-19

The COVID-19 pandemic has been a challenge for ourselves and our clients throughout the financial year and has affected what we have delivered and how we have done it. Our offices in London and Edinburgh were closed shortly before the start of the financial year. Our remote working facilities enabled staff full access to the IT network, and provided videoconference facilities for person-to-person, team or client contact. Although we were able to re-open offices from 5 October 2020, the majority of staff continued to work remotely throughout the year.

Our clients also moved to remote working and we quickly established new ways of maintaining contact and ensuring we were able to provide the support they require. As a direct result of the pandemic we provided secondment support to the Department of Health and Social Care and the Ministry of Justice to work on pandemic responses, such as analysis of the track and trace system and the population risk assessment informing the shielding and vaccination priority lists. This support was also well aligned with our strategic objective of helping the public sector where our actuarial skills add value.

Responding to the pandemic has accelerated our use of technology for communicating and sharing information and provided more flexible working approaches, which we intend to benefit from in future. This was balanced against challenges for many staff with caring responsibilities and the need to home school when all schools were closed for a period. We have also seen increased demand from our clients with analysis required to support pandemic responses, as well as pressures on business as usual activities resulting from redeployment of staff to pandemic activities.

The demand and challenges faced over the year have slowed some of the development of our internal systems and capabilities but have provided staff with a wider range of personal development opportunities. Our overall expenditure has not been materially impacted although the areas of expense have altered slightly with little being spent on travel during the year, offset by increasing costs related to providing staff with appropriate equipment to work from home and ensuring that the offices are COVID-secure.

3 <https://www.gov.uk/government/publications/gad-webinars/gad-public-webinars>

Some of these costs are as follows:

Type of spend	2020-21 £000	2019-20 £000	Difference £000
Equipment for staff to work from home	11	1	10
Travel	1	34	(33)
Utilities (gas, electricity and water)	27	43	(16)
TOTAL	39	78	(39)

GAD received no funding from HM Treasury for COVID-19 spending.

As restrictions on activity lessen, we expect an increase in remote working from pre-pandemic levels and a related change in the way teams interact. We therefore plan to update the office layout to provide better provision for collaboration and for hybrid meetings. We do not anticipate a reduction in demand from our clients in the short term and we will continue to develop our systems and capabilities to deliver this support faster, more efficiently and with in more accessible and informative ways.

EU exit

The UK's exit from the EU has not had any material impact on our strategic objectives and priority outcomes for the year. During the year, we have supported clients to assess liabilities and commitments related to the withdrawal agreement and expect this support to continue in future years. Otherwise we have not seen a material impact on client demand for our support.

Public sector budgeting framework

In line with the public sector budgeting framework, GAD's net spending is broken down into three spending totals, for which Parliament's approval is sought. These are as follows:

- Resource Departmental Expenditure Limit (RDEL) – a net limit comprising day to day running costs, less income from actuarial services provided and income from subletting of spare accommodation in our leasehold property. GAD does not receive any RDEL from HM Treasury as GAD is self-funded and covers all its RDEL expenditure from its RDEL income.
- Capital Departmental Expenditure Limit (CDEL) – investment in capital IT equipment and leasehold improvements.
- Resource Annually Managed Expenditure Limit (RAME) – a net limit for dilapidation provisions in relation to the lease for Finlaison House (GAD's headquarters) and a provision for a historic injury benefit.

GAD does not have any capital AME spend.

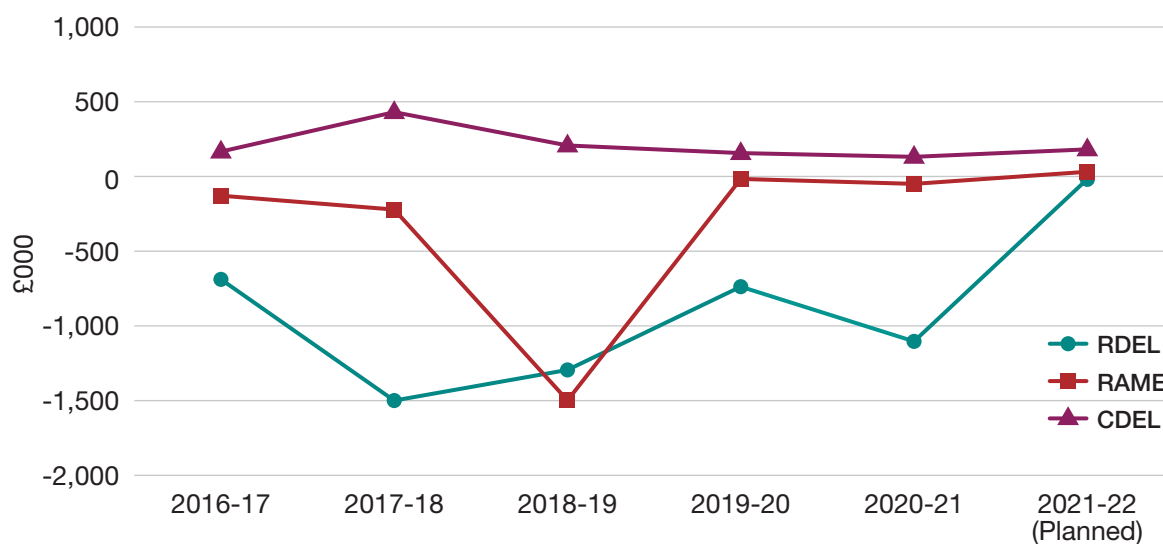
The table below provides a summary of GAD's outturn in 2020-21 compared to the approved estimates.

Category	Reconciles to SOPS note	Outturn £000	Estimate £000	Variance £000	Commentary
Resource DEL – Gross income	1.1	(23,690)	(23,007)	683	
Resource DEL – Gross expenditure	1.1	22,605	23,009	404	
Net resource DEL	1.1	(1,085)	2	1,087	The favourable variance is as a result of GAD earning more in income during the year than had been forecast as well as the impact of management's decision to recognise the reimbursement due from the subtenants for their portion of the dilapidations provision. The subtenants are responsible for the eventual dilapidations costs for the floors they occupy and have accounted for this within their own accounts.
Capital DEL	1.2	150	150	–	There is no variance on the CDEL spend.
Resource AME	1.1	(31)	50	81	The favourable variance is due to the utilisation of provisions during the year.

The above table reconciles with the Statement of Parliamentary Supply (SOPS). The SOPS has in turn been reconciled with the Statement of Comprehensive Income in SOPS 2.

GAD has no voted resource funds and our income arises from the fees charged to clients as well as rental income received from our subtenants at the London office. Due to GAD being self-funded, GAD's net outturn (RDEL) is often negative (i.e. income is higher than spend) as can be seen in the trend analysis below. Any excess cash held at 31 March as a result of this is paid over to HM Treasury.

Budget area spend trend analysis



Case studies – some of GAD’s work during 2020-21

Data science apprenticeship

GAD continues its commitment to develop data science capabilities across our teams. We provide expert advice to government departments in areas including contingent risks, insurance, pensions, and social security.

The field of data science permeates all these areas. Advancing techniques enable us to interrogate and interpret data in more ways than before.

Continuing investment

As part of this investment in this field, GAD is sponsoring several people to undertake apprenticeships in data science. Subjects studied cover a diverse range of topics related to data science:

- technical (such as machine learning)
- practical (such as techniques for data visualisation)
- theoretical (pure maths foundations like calculus and algebra)
- philosophical (considering the ethical risks of data science applications in the real world).

New perspectives

One of the data science apprentices is an analyst at GAD who is undertaking a degree-level apprenticeship course. It uses a combination of distance learning, intensive classroom-based sessions and work-based projects.

Talking about his experience as a data science apprentice, the analyst said: “I’ve learned new techniques for numerical analysis and programming and insights on other skills such as problem solving and report writing.

“Everything I’ve learned so far, and over the next two years of the course, will help me contribute to GAD’s provision of expert actuarial advice to the public sector.

“Overall, it means these extra skills in data science will help me improve the quality of our solutions and provide value for money to the taxpayer.”

Future working

The work of the data science apprentices is core to GAD’s investment in these skills, especially as a way to future-proof our ways of working. As with other apprentices, those studying data science get regular study time.

The learning provides some integration between day-to-day work activities and on-the-job training. The data science apprentices are part of GAD’s overall apprentices programme. The department also has apprentices in buildings and facilities management, business development, project management and HR.

OBR projections

GAD has extensive knowledge of public sector pensions.

Experts in GAD understand the public spending context of these schemes and the detailed technical aspects of liabilities that are just short of £2 trillion.

Analytic capability

We have the analytic capability to process the data on 15 million pension scheme members and quantify the future liabilities.

Our work helps people make effective decisions on affordable benefit levels. It also sets out appropriate allocation of costs between departments, participating employers and between different generations of taxpayers.

Forecasts and priorities

GAD provides varying levels of support to the departments in preparation of their pension scheme cashflow forecasts for the Office for Budget Responsibility (OBR). These feed into the economic and fiscal outlook published by OBR twice a year, including projecting cash flows on a variety of assumptions over the forecast period.

Together we discuss OBR's priorities for the cashflow projection exercise. We also explore opportunities to develop and improve GAD's systems for these forecasts to ensure the information OBR receives meets the objectives of the forecast exercise.

McCloud impact

OBR requested support from GAD in February to understand if the schemes could quantify the implications of the McCloud judgment in their pension cashflow forecasts.

They were appreciative of our insight on how the schemes are likely to be affected and the estimate we provided on the proportion of members who are eligible for the McCloud remedy.

Next steps

GAD has played an instrumental role in the McCloud remedy and has provided costings for all the main public sector pension schemes.

We plan to build on this work to provide estimates for the impact of McCloud on the schemes' cashflows in a consistent manner which will be helpful for the OBR projection work.



Webinars

We developed our webinar programme in response to the lockdown restrictions in the COVID-19 pandemic.

Before this, GAD organised and hosted events which complemented GAD's engagement with clients and stakeholders. These were in-person events where clients and stakeholders heard from experts in GAD and from other organisations about various subjects.

Coronavirus restrictions

Once the government announced lockdown in March 2020, we examined what this meant for our planned events. Among the challenges was that it was unclear how long the situation would last and how the year would unfold.

We rose to the challenge and began exploring ways in which we could remain connected and engaged with our clients through this emerging world.

Webinar programme

Along with other organisations which were facing the same challenges, we identified webinars as a main way to continue connecting with our clients.

In July 2020, we launched our webinar schedule with our 'Making sense of COVID-19' programme. In this series we looked at the impact of the pandemic on commercial insurance, longevity of pension schemes and climate change risk management.

GAD's webinar programme grew from there and we ended the year having created and hosted 11 webinars. This enhanced level of engagement had also attracted 750 attendees.

These workshops and webinars were very successful, both in the level of attendance and feedback. There was a mixture of events. Some were open to the public (such as stakeholders and people outside government) and others were private (for clients only).

Connecting with clients

Clients appreciate these webinars, which offer an effective way of engaging with GAD. Our webinar programme has also benefitted attendees based further from our offices. So, clients outside London could take part whereas before they could not attend or would have incurred significant expense in terms of time and money.

What's next

As part of our continuing commitment to sharing information more widely, we have now set up a new dedicated webinars page on the website⁴.

This is where people can watch recordings and review slide deck presentations. This approach opens up the public webinar programme, making it more accessible and transparent.

4 <https://www.gov.uk/government/publications/gad-webinars/gad-public-webinars>

Supporting the government through the pandemic

Colleagues from across GAD continued to support the government's fight against the coronavirus pandemic over the past year.

We took part in bespoke projects, provided advice and analysis, and seconded people and expertise to government departments.

Analytical expertise

GAD's expertise played an important role in a Department for Health and Social Care (DHSC) policy area. This focused on people classed as 'clinically extremely vulnerable'. The cross-government team delivered the COVID-19 Population Risk Assessment, using a predictive risk model commissioned by England's Chief Medical Officer and developed by Oxford University.

Other actuaries from GAD used modelling and analysis to support the NHS test and trace service. We assessed operational needs such as future demand for tests and contact tracers and provided additional analysis to support policy decisions.

We were also involved in discussions with DHSC about how best to ensure community pharmacists were indemnified throughout the vaccine roll out.

Wider impact

GAD actuaries were involved in a significant number of other COVID-related projects as we:

- collaborated with other government departments to produce a paper on the impact of COVID-19 on excess deaths for the Scientific Advisory Group for Emergencies⁵
- joined a multi-disciplinary team to help set up the government's £500 million film and TV production restart scheme⁶
- worked with the Department for Education on analysis to quantify the expected costs in relation to UK and overseas travel claims from academies due to COVID-19 which fall under the risk protection arrangement⁷
- undertook analysis, planning and discussions of the new life assurance scheme for frontline NHS staff and social care workers in England⁸
- played a central role in the development of the Trade Credit Insurance schemes backed by £10 billion of government guarantees. This reinsurance scheme will help businesses continue to operate, protecting jobs and supply chains⁹
- focused on the impact of COVID-19 on the insurance policies and claims of several public sector organisations¹⁰.

5 <https://www.gov.uk/government/publications/dhsconsgadho-direct-and-indirect-impacts-of-covid-19-on-excess-deaths-and-morbidity-december-2020-update-17-december-2020>

6 <https://www.gov.uk/government/case-studies/film-and-tv-production-kickstart-scheme-gad-case-study>

7 <https://www.gov.uk/guidance/the-risk-protection-arrangement-rpa-for-schools>

8 <https://www.gov.uk/government/news/life-cover-for-frontline-health-workers>

9 <https://www.gov.uk/government/news/gad-helps-develop-support-for-the-trade-credit-insurance-sector>

10 <https://www.gov.uk/government/news/public-sector-insurance-survey>

Industry impact

GAD also played its part in supporting the actuarial profession's own COVID-19 response.

Our actuaries were among more than 500 volunteers who joined the COVID-19 Action Taskforce set up by the Institute and Faculty of Actuaries.

It sought to help the response to COVID-19 through specialised research and resource building. The volunteers were split into a number of working parties with different areas of focus. These working parties produced blogs, articles and papers to help inform members of the profession and to ensure actuarial work takes sufficient account of COVID-19 impacts. One such piece covered the pension fund investment strategy¹¹.



11 <https://www.actuaries.org.uk/news-and-insights/news/impact-pension-fund-investment-strategy>

Valuation positions at a glance

Funded pension schemes

As well as advising the main unfunded public service pension schemes (such as the armed forces, the Civil Service, NHS and teachers), GAD also provides advice to Trustees of a number of funded pension schemes, which cover over 300,000 members with combined assets of around £30 billion.

The funding positions of these pension schemes can fluctuate over time as conditions in the financial markets change. To support trustee boards in managing these arrangements, GAD is developing a tool which will allow the estimated funding position to be tracked on a daily basis.

Working with software

To obtain an estimate of the funding position, it is necessary to compare the value of the assets and liabilities. A full actuarial valuation is usually undertaken every three years. Results from the most recent valuation are used to estimate the funding position at times between full valuations.

The funding monitoring software being developed is designed to calculate 'real-time' values of both the scheme assets and liabilities. The software links to market indices which inform asset values and will be used to determine updated financial assumptions for the assessment of scheme liabilities (for example, assumed future levels of inflation and interest rates).

Added value

This work forms part of our wider strategy to provide enhanced client services by upgrading our technology. We are working with our clients to understand their needs and enhance our delivery.

This development should add value for clients by providing instant access to an approximate funding position for their scheme. Once introduced, it is expected to facilitate more effective monitoring and save time and costs removing the need for some existing manual calculation updates.



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

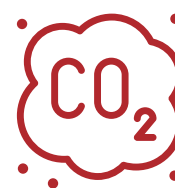
Our objectives and targets are based on the Greening Government Commitments 2016 to 2020, as the 2021 to 2025 commitments have not yet been published. The Greening Government Commitment (GGC) targets concentrate on reducing emissions and water use, improving waste management, buying 'greener' products 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 CO2 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.

Since the end of March 2020, all GAD staff have been encouraged to work from home, although our main building, Finlaison House, has been open where needed to staff who wish to use it since October. As such the figures for the 2020-21 financial year are lower than previous years although we recognise consumption at staff homes will have increased .

In summary, compared with 2019-20:

- consumption of paper, water, gas and electricity have all reduced; as has
- the amount of waste generated.





Greenhouse gas emissions

		Baseline 2009-10	2016-17	2017-18	2018-19	2019-20	2020-21
Non-financial indicators (CO ₂ e)	Scope 1 and 2 emissions ¹	248	177	169	151	143	86
	Scope 3 emissions (indirect – official business travel)	33	25	33	48	17	0
	Total emissions	281	202	202	199	160	86
Other Non-financial indicators	Number of domestic flights	93	71	99	133	155	1
Related energy consumption (kWh) ²	Electricity	373,921	344,043	317,791	257,515	247,623	143,792
	Gas	247,799	133,714	140,418	193,648	170,588	116,191
Financial indicators (£)	Expenditure on energy	51,667	43,372	46,112	34,897	40,815	26,400
	CRC ³ License expenditure	–	1,290	1,290	1,290	0	0
	CRC ³ emissions allowance	–	5,349	4,814	4,978	0	0
	Expenditure on official business travel	66,135	31,121	40,975	57,783	33,686	529

1 CO₂ 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 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 by around 32% and electricity use has continued to decrease since the 2009-10 baseline. Total consumption for 2020-21 has decreased by 42% compared to 2019-20.

Reported CO₂ emissions from travel have decreased from 2019-20 onwards. The use of domestic flights by GAD staff has mostly ceased in 2020-21 due to the national lockdowns.



Waste

		Baseline ¹ 2010-11	2016-17	2017-18	2018-19	2019-20	2020-21
Non-financial indicators (tonnes)	Non-recycled	7	0	0	0	0	0
	Total reused/recycled	15	8	38	7	5	0.7
	Composted	–	2	3	2	2	0.1
	Energy recovery	–	1	2	2	2	0.5
	Total waste	22	11	43	11	9	1.3
Financial indicators (£)	Total disposal cost	8,162	7,208	6,941	6,059	5,276	4,599

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

The GGCs are that 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.

As can be seen in the above table we have made good progress against both targets. Waste generation reduced markedly in 2020-21 due to the majority of staff working from home. Please note it is our policy and practice is to recycle all redundant ICT equipment that cannot be re-used using approved Waste Electrical and Electronic Equipment (WEEE) brokers (as required by statute).



Finite resource consumption: Paper

	Baseline 2009-10	2016-17	2017-18	2018-19	2019-20	2020-21
Non- financial indicators (A4 reams)	1,610	911	785	595	395	0

The GGC is that the government will achieve a 50% cut in paper use from a 2009-10 baseline. Due to Finlaison House being closed for a large part of the year, no paper was purchased during 2020-21. The above figures do not include any paper used by GAD employees when working remotely.



Finite resource consumption: Water

		Baseline 2009-10	2016-17	2017-18	2018-19	2019-20	2020-21
Non-financial indicators (m ³)	Water consumption	1,010	931	842	784	770	347
	m ³ per FTE	7.70	5.70	5.20	4.60	4.40	34.70
Financial indicators (£)	Water supply and disposal costs	2,030	2,184	2,340	1,654	2,103	886

The GGC is to further reduce water consumption.

Again, due to reduced office use as a result of the COVID-19 pandemic, water consumption has reduced significantly, but this is not reflected in the m³ per FTE figure. The FTE figure is based on the number of individuals in the office building and this has reduced significantly this year due to lockdown restrictions. However, there has been a continued need for water management protocols, including a daily flushing regime, which are in place to help reduce the risk of Legionella. This has resulted in the m³ per individual in the office being higher than in previous years.

Biodiversity and adaptation plans

We are not required to have a biodiversity plan as our site is in a city centre, is a street front building and has no adjacent green space.

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. We continue to work with our facilities management provider, Mitie, to identify and implement opportunities for energy conservation. GAD has created a Climate Change Acorn Group to engage staff and clients in climate change adaptation.

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 took place in January 2021, with different themes each day, and talks and events taking place throughout the week.

Sustainable procurement

The GGC is to ensure procurement of sustainable and efficient products whilst 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 adopt 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 amongst suppliers and contractors.

We will continue to further improve our performance in this area during 2021-22.

Martin Clarke

Government Actuary

Accounting Officer

25 June 2021



The Accountability Report

The Accountability report includes:

- The Corporate governance report: This includes the Executive's report, the Statement of Accounting Officer's responsibilities and the Governance statement.
- The Remuneration and staff report: This includes information on the pay and benefits received by Management Board members and provides details on staff costs and numbers.
- The Parliamentary Accountability and Audit report: This includes the Statement of Parliamentary Supply, the Parliamentary accountability disclosures and the Certificate and Report of the Comptroller and Auditor General (C&AG).

Corporate governance report

Executive's report

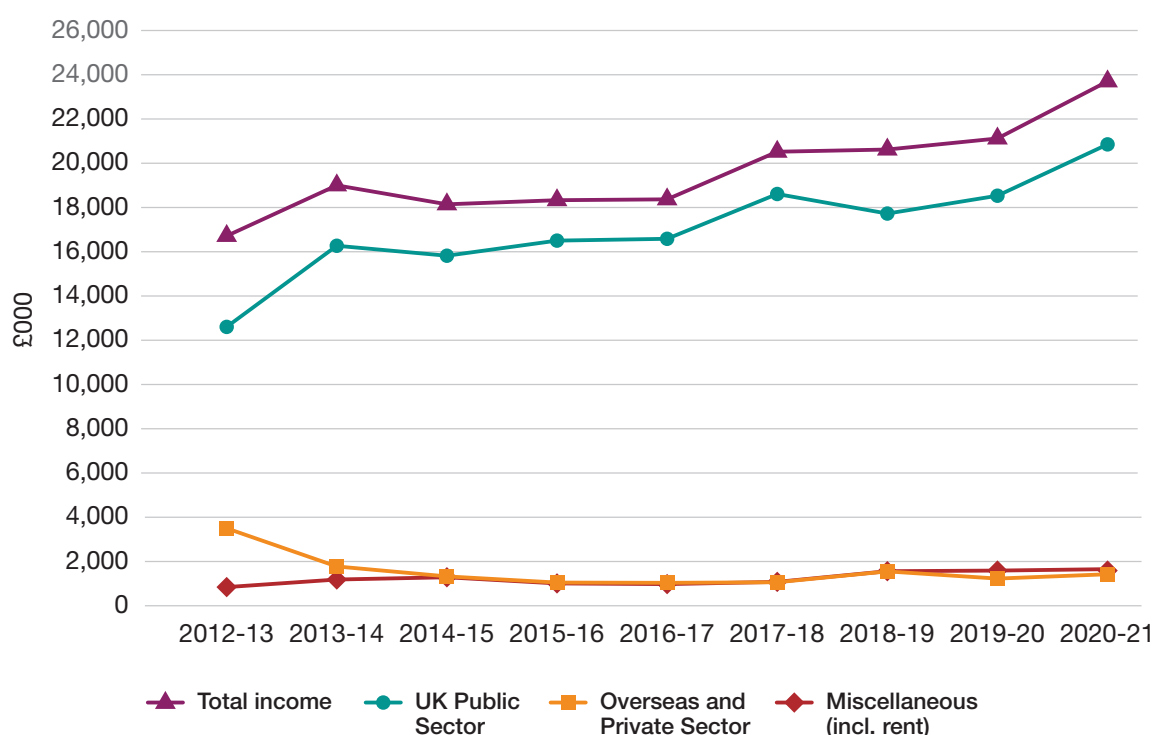
GAD is a non-ministerial department led by the Government Actuary. Details of the chairman and the composition of the Management Board can be found in the Governance Statement. Board members' interests are disclosed in the Remuneration report.

During the year we generated an operating surplus of £1,083k. Income for the year was £23.690 million. Fee income (income from actuarial services) increased by 12.9% (£2.526 million) from £19.618 million in 2019-20 to £22.144 million in 2020-21. Our fee rate increase for 2020-21 was 2.8%, below the increase of 3% in 2019-20.

Income generated from within the UK was £23.222 million (2019-20: £20.996 million). Overseas income was £468k (2019-20: £103k).

Miscellaneous income, which is generated by the subletting of floor space in Finlaison House, was £1.546 million in 2020-21, an increase of £65k from £1.481 million in 2019-20.

Income analysis



Administration and finance costs in 2020-21 amounted to £22.574 million, a £2.192 million increase from £20.382 million in 2019-20. Staff costs of £16.691 million are the main component of administration costs. Staff costs in 2020-21 increased by 13.8% (£2.019 million) due to an increase in staff headcount and a 2.5% pay increase. The cost of employing agency and some other temporary staff is classified under other administration costs in our accounts. These additional staff costs have increased from £93k in 2019-20 to £204k in 2020-21. Other administration expenditure in 2020-21 amounted to £5.883 million, a £173k increase from £5.710 million in 2019-20.

Our capital budget (or capital departmental expenditure limit, CDEL) for 2020-21 was £150k all of which was utilised. The majority of the capital spend was on improved IT infrastructure, laptops and related equipment to support flexible working.

Our supply estimate included a net cash surplus of £32k against which we achieved an outturn of £2.115 million. Surplus cash at year end will be returned to the consolidated fund during 2021-22.

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

The Statement of Financial Position shows total assets of £9.035 million (2019-20: £8.360 million), non-current and current assets less current liabilities £5.424 million (2019-20: £6.517 million), and non-current liabilities of £1.625 million (2019-20: £1.782 million).

Payment of suppliers

Our aim, in accordance with government policy, is to pay 90% 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 2020-21, 99% of invoices by value (96% by number) were paid within five working days. The equivalent figures for 2019-20 were 97% of invoices by value (82% 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 2020-21 we spent £288k (2019-20: £55k) on consultancy and professional services. This was driven by a focus on improving the capability of GAD's core actuarial software platform. This will continue to have long term benefits by increasing the efficiency of the service that GAD provides its clients.

In 2020-21 we incurred costs of £204k (2019-20: £93k) on the employment of temporary staff including technical resource to support the implementation of additional HR system functionality and a programme manager. We aim to have a small proportion of staff on temporary and fixed term contracts to provide flexibility to meet fluctuating demand.

In 2020-21 £5k was incurred on publicity and advertising costs, all of which was for recruitment (2019-20: £3k).

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 2020-21 (2019-20: £nil).

Financial outturn

Our financial outturn for 2020-21 is reported in a number of different ways. The accounts show a negative net resource outturn of £1.116 million against an estimate of £52k, net surplus resource departmental expenditure limit (RDEL) of £1.085 million surplus against an estimate of £2k and capital DEL (CDEL) of £150k against an estimate of also £150k. The tables in the Statement of Parliamentary Supply Notes 1 and 2 reconcile these figures.

Recruitment and turnover

GAD's staff turnover for the year to March 2021 was 7.9% (14.6% in 2019-20).

We were able to recruit the staff we needed despite COVID-19 and related periods of lockdown, though the recruitment and induction of a number of new staff virtually does present particular challenges. We rely on contingent labour, mostly in the form of agency contractors, to manage short term and/or cyclical demands.

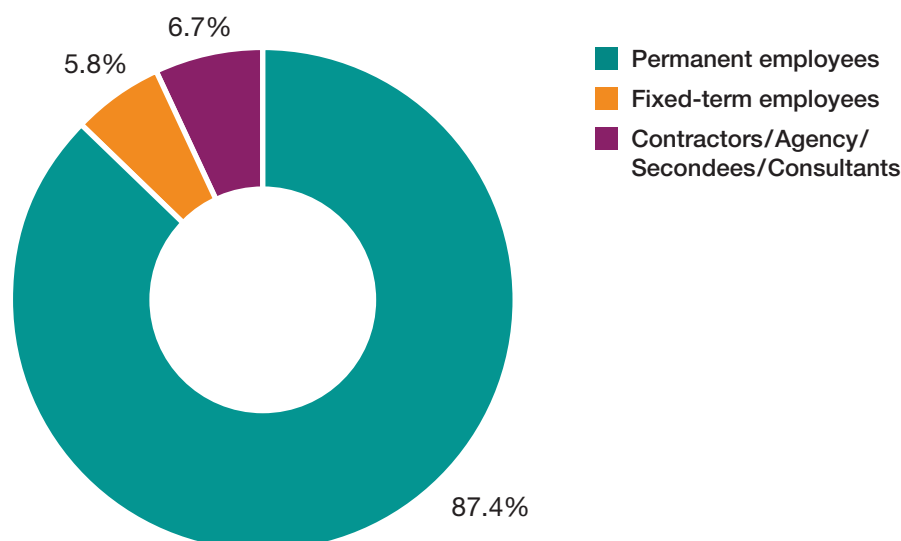
Turnover 2020-21	Turnover 2019-20
7.9%	14.6%

Staff in post as at 31 March 2021

	Staff in Post 31/03/2021	Male 31/03/2021	Female 31/03/2021	Staff in post 31/03/2020	Male 31/03/2020	Female 31/03/2020
Actuaries	107	66	41	99	60	39
Trainee actuaries	37	27	10	35	26	9
Analysts	24	17	7	27	15	12
Support staff	40	18	22	32	15	17
Agency/ non-payroll	15	11	4	1	0	1
Total	223	139	84	194	116	78
Of which: Leadership Group ¹	21	15	6	18	14	4

¹ Although not formally constituted as a committee, the Leadership Group, which consists of the Management Board, 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 2021:



Staff engagement survey

The annual Civil Service-wide Staff Survey for 2020 took place across October 2020 and was completed by 175 GAD staff (86% of the total), a slightly lower proportion than 87% in 2019.

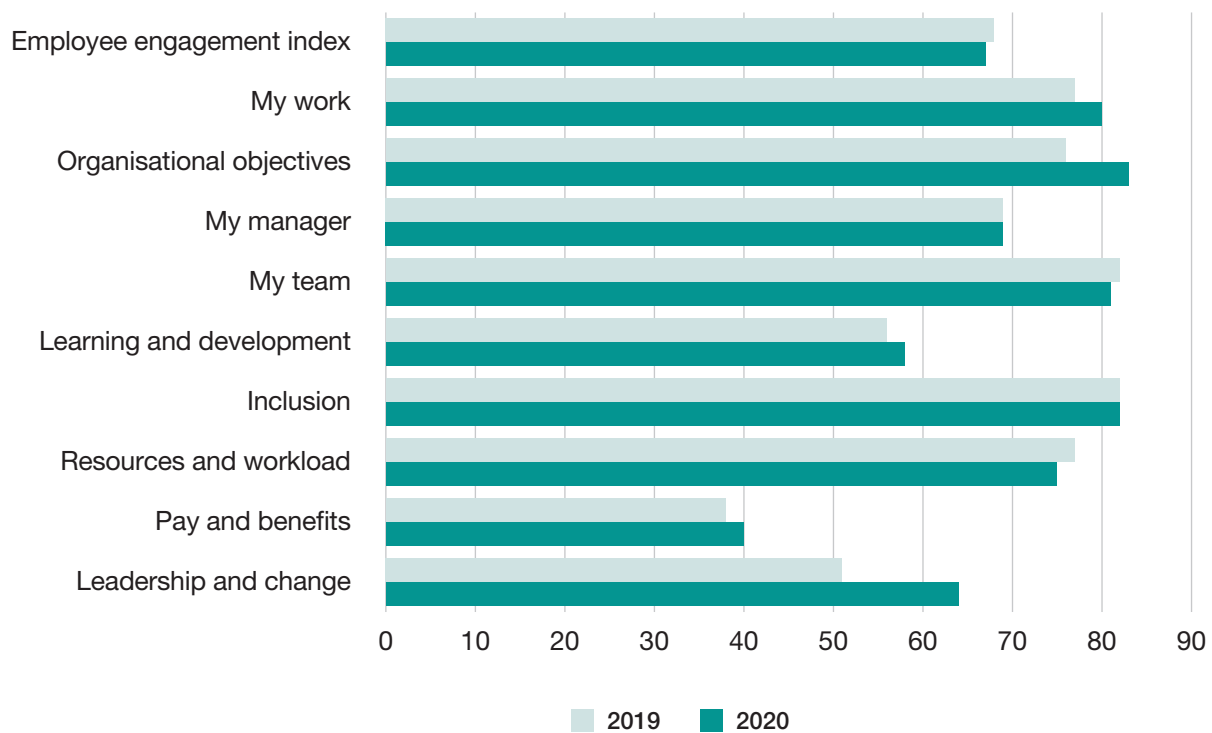
At a high-level, although the headline results were broadly similar to those of the 2019 survey there were a number of significant movements:

- We saw positive changes across both 'My work' and 'Organisational objectives', suggesting that we had continued to build an organisation which has a clear sense of mission with a culture of supportive managers and colleagues.
- More staff reported having an increased workload and had concerns regarding their work-life balance. This might have been a consequence of both remote working due to COVID-19 as well as increased client activity. We have taken this feedback into consideration in business planning for 2021-22 as well as our plans for working post-pandemic.
- Compared to 2019, we saw higher positive scores relating to managing change, an area where we also surpassed the Civil Service benchmark. We do however recognise there is still room to improve.
- Learning and development remains one area where we need to improve further. Work that forms part of the People Strategy aims to help address the issues identified through the survey.
- While our scores for inclusion remain strong, we are aware of the need to do more to help support staff who have reported that they do not feel valued for their work, as well as addressing the issues that are raised in respect of bullying and harassment.

These results provide a useful indicator of the issues facing staff and will help to ensure that we are able to prioritise our activity over the next year to continue to grow as a high performing organisation. Team-level results were shared with and discussed at team meetings as a basis for planning local responses to the results.

Question theme	GAD score 2020	Change from 2019
Employee engagement index	67%	-1
My work	80%	+3
Organisational objectives	83%	+7
My manager	69%	+0
My team	81%	-1
Learning and development	58%	+2
Inclusion	82%	0
Resources and workload	75%	-2
Pay and benefits	40%	+2
Leadership and change	64%	+13

Staff engagement survey



Diversity, inclusion and wellbeing

Our ambitions

We aim to be a workplace that champions diversity, inclusion and wellbeing in all its forms. We want everyone to feel a sense of belonging at work and to be able to bring their authentic selves to the workplace. We therefore encourage a culture where people can speak up and contribute their views.

As an inclusive and accessible employer, we value and develop all our people. We aim to recruit and retain talented people. We believe that everyone should be able to progress and reach their full potential.

We are proud of our status as a Disability Confident employer. We continue to support our disabled employees and ensure that recruitment opportunities are accessible to everyone.

Our achievements

In the past year, our staff-led Diversity and Inclusion Group and our Wellbeing champions group have continued to support their colleagues and have organised events designed to make our workplace more inclusive.

Some of our achievements include:

- Achieving the workplace Wellbeing Charter accreditation.
- Gender inclusion workshops open to all staff across the department.
- Managing the 'One GAD' area of our internal intranet pages by updating articles, newsletters and 'celebrating our successes' stories.
- Promoting Mental Health Awareness Week and World Mental Health Day with virtual events including yoga, bake-off, book club, Irish dancing, quizzes and charity poker.
- Arranging training and talks on maintaining a positive outlook, work-life balance and boundaries, building healthy habits and stress management.
- Entering five mentors and mentees into the Actuarial Mentoring Programme in 2020.





Our top priorities for the next 12 months

Our Corporate Strategy 2025, which was launched in April 2020, includes both people and inclusion as two of its four strategic themes. Our top priorities will be to develop a Diversity and Inclusion Strategy that is closely aligned with the objectives of our People Strategy and strengthen the voice of our Diversity and Inclusion group by developing and empowering staff networks.

In terms of wellbeing we will maintain our programme of training, awareness and events and support staff to transition smoothly towards post-pandemic working arrangements.

Gender pay gap

Although GAD currently has fewer than 250 employees and so the reporting of gender pay gap information is not compulsory, we have opted to include it in this report.

We calculate our mean gender pay gap in hourly pay as at 31 March 2021 to be 12.3% in favour of men (13% 31 March 2020) and the median pay gap to be 6.9% in favour of women (7% 31 March 2020). 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 external communications strategy.

Key priorities include enhancing GAD's profile and promoting the department to clients, stakeholders and the wider public via our website.

Teams across GAD work with the Head of Communications to identify suitable stories which illustrate the significance of our work.

To promote GAD, we:

- share stories about projects and successes on our website
- devise and host webinars, and work with clients and public sector partners to further share our expertise through online seminars
- collaborate with academia and other professionals to share knowledge and experience
- reveal personal observations from our people on our blog site 'Actuaries in government'¹² and we contribute blogs to other intranets and external websites
- publish a monthly newsletter and a quarterly in-depth analytical article about specific timely issues.

Internally, GAD has active staff groups such as the Wellbeing Champions and the Diversity and Inclusion group. There are also several operating committees and working groups to encourage people to input into departmental decision-making.

We keep our people informed of changes across GAD by sharing messages on the intranet, via email and in newsletters. The Government Actuary also publishes a blog each week on the intranet. GAD is currently developing a new intranet to re-energise employee engagement and create a modern online hub to inform our people as we develop new ways of working.

¹² <https://actuaries.blog.gov.uk/>

Talent and reward

In 2020 we launched our GAD People Strategy – ‘A Forward Plan for our Workforce’ – that focused on the GAD people groups of business professionals, actuaries, analysts and trainees. These groups align with our People Strategy outcomes which reflect a workforce that embraces versatility and innovation, utilises skills of non-actuary resources including analysts and business professionals, has committed managers and staff who champion diversity, inclusion and wellbeing and where staff stay relevant and share knowledge gained with their colleagues

Recruitment and resourcing

Our aim is to be seen as a great place to work, providing appropriate support to our colleagues while promoting individual responsibility, treating everyone as individuals and allowing people to flourish.

As a growing business, we have been keen to attract, recruit and retain the best talent and in line with the Civil Service Commission Recruitment Principles hiring based on merit and fair and open recruitment processes. Our commitment to be a recognised inclusive employer has had a significant impact on our recruitment priorities and we introduced a number of improvements to our recruitment processes to improve efficiency and ensure that we continue to recruit fairly.

Since April 2020 we have successfully completed 32 recruitment campaigns, several of which were internal opportunities.

During the year we successfully recruited six apprentices including: two HR Administrators, two Project Managers; one Data Scientist and one MBA in Leadership and Management.

Talent management

Talent management reviews were carried out every quarter and development opportunities continued to be identified for employees to gain wider experience, either through secondments or internal rotations which are formally planned. We have continued to grow our links with other government departments and professionals to support strong talent pipelines and opportunities for secondment. We have placed a number of secondments with other organisations which has enabled staff to add to their experience in a targeted way.


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. We also utilised £10k of the non-consolidated pay award to fund reward vouchers which continue to be used as a timely, more immediate in-year method for recognising employees’ contribution and performance.

Additional areas of focus have included:

- Strengthening and clarifying our approach to succession planning.
- Driving the importance of obtaining meaningful feedback.

Learning and development

GAD is an ever-learning organisation, skilled at creating, acquiring, and transferring knowledge to ensure it remains able to meet the current and future needs of its clients.



We have been using new ideas to help us grow. This is helping us strengthen our proposition through increased efficiency and greater innovation. Exposure to new ideas is helping us to grow and nurture our people and we have been learning by experimenting, from experience, from others and by transferring knowledge.

In our new People Strategy we set out the framework of the types of skills, ability and expertise GAD needs to nurture in order to develop a department which is fit for the future needs of our clients. The document also set out how key stakeholders in the people strategy group intended to define and deliver the changes and improvements to ways of working and HR processes envisaged.

Since then, the group has continued to progress with plans outlined to maintain the momentum and focus on skills development and growth as a learning organisation. Skills frameworks have been developed and mapped to learning provision, to help employees assess what development needs they may have and how to obtain the learning support to fulfil those needs. Alongside this, we have also been testing an online skills tool developed for the Civil Service Analytical Group, with the intention of uploading the outputs from our skills and training matrices, for our specialist analysts and actuaries to easily search for the skills they need for their role, or a different role in GAD or the wider analyst network, as well as linked training solutions. The majority of those employed in our business profession areas also have access to career, skills and training frameworks developed for their respective professional group in the Civil Service.

GAD has taken on responsibility for recording and monitoring Continuous Professional Development (CPD) of our actuarial staff, which is a requirement of the actuarial institute (IFoA) for qualified actuaries to retain their professional status. To support this, the HR system has been adapted to give additional functions and fields so employees can record attendance and learning outcomes for all types of internal and external learning events. It is expected that additional features will be released over the next year.

Raising a concern procedures

GAD is committed to the highest standards of openness, integrity and accountability.

If an individual discovers information which they believe shows serious malpractice or wrongdoing within GAD, the information should be disclosed without fear of reprisal. The recently drafted 'Raising a concern policy', incorporating the whistleblowing guidance, which may be accessed through the GAD intranet, provides a mechanism to voice concerns, independently of line management, where the circumstances justify that.

In addition, a whistleblowing system is a professional requirement for qualified actuaries and is explained within the Institute and Faculty of Actuaries code of conduct.

Personal data

GAD continues to actively monitor breaches of policy relating to personal data and take appropriate action. We are required to report on any data related incidents that were formally reported to the Information Commissioner's Office (ICO). There were no such incidents in 2020-21.

Regular staff training sessions are delivered on this topic.

The General Data Protection Regulation (GDPR)

As a data controller of personal data, GAD takes its responsibilities seriously and we currently comply with GDPR by:

- regularly reviewing and updating internal policies and processes
- updating our privacy notice on GOV.UK¹³
- ensuring that up to date personal data is stored, processed and transmitted securely
- replying to data subject access requests on time
- ensuring that all staff receive information security awareness training.

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 2020-21 our staff were working from home, so the main risks arise within the home 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.
- A working from home guide was produced. This provided staff with a checklist they could use to ensure that their home was a safe and comfortable place to work. All staff were offered appropriate loan equipment to support this.
- 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 in Finlaison House. These included fire evacuation drills, fire alarm and fire extinguisher testing, water systems monitoring and lift inspections.
- No reportable accidents occurred.

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



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 prepared on an accruals basis and must give a true and fair view of the state of affairs of the Government Actuary's Department and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

HM Treasury has appointed the Permanent 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 'Managing Public Money' published by HM Treasury.

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

Auditor

The Comptroller and Auditor General is the statutorily appointed auditor for the department's accounts. The notional cost of audit services in 2020-21 was £63,000 (2019-20: £68,000). No fees, either actual or notional, were incurred for non-audit work (2019-20: £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.

At regular intervals the non-executive Chair of the Management Board conducts reviews of its effectiveness in terms of how it operates and the quality of data available to and used by the Board. The most recent review which was conducted in late 2020 concluded that the available data was of a level which enabled the Board to function effectively and support GAD achieve its objectives.

Membership of the Management Board as at 31st March 2021 was:

	Martin Clarke	Government Actuary
	Wendy Dabinett	Director of Human Resources
	Matt Gurden	Actuarial Director, Clients Growth and Development, from April 2020
	Stephen Humphrey	Actuarial Director, Quality, Compliance, Risk
	Dave Johnston	Actuarial Director, People and Capability, from April 2020

	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
	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

Dave Johnston and Matt Gurden joined the Management Board in April 2020 as Actuarial Directors for People and Capability, and Clients, Growth and Development respectively.

Sue Vivian stepped down from the Management Board in March 2020. Aidan Smith was on a temporary secondment to the Management Board which ended in June 2020.



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	<p>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.</p> <p>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.</p>
Alison White	<p>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.</p>
Ian Wilson	<p>Ian is a Fellow of the Institute of Chartered Accountants in England and Wales, and an accredited professional Pension Trustee. He has over 25 years' experience working with global blue-chip companies including various Finance Director roles as well as leading large multi-functional business services organisations for internal customers in both private and public sectors. He now focuses on non-executive director and Pension Trustee roles. He is currently a non-executive director at the Department Work and Pensions, and Ministry of Defence Business Services. He chairs the Trustee Board of a top 50 UK pension fund and chairs the Finance Committee at Royal Holloway, University of London. He is also a Trustee with the Church of England Pension Fund and a lay member of the Planning and Resources Committee at the Royal College of GPs. He also has previous experience as a non-executive director with the NHS. He holds an MA in Natural Sciences from the University of Cambridge and is an alumnus of London Business School.</p>

Between April 2020 and March 2021, the Management Board met ten times, with attendance as follows:

Martin Clarke	10/10
Wendy Dabinett	6/10
Matt Gurden	10/10
Stephen Humphrey	10/10
Dave Johnston	9/10
John Ogden	10/10
Geoffrey Podger	10/10
Aidan Smith	2/2
Alison White	10/10
Ian Wilson	9/10
Colin Wilson	10/10

Wendy Dabinett was on extended absence during the first part of 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 before the main meeting, with the External and Internal Auditors.

Between April 2020 and March 2021, the Audit and Risk Assurance Committee met four times with attendance as follows:

Alison White	4/4
Ian Wilson	4/4
Geoffrey Podger	4/4
Martin Clarke	4/4
John Ogden	4/4
Internal Audit	4/4
External Audit	4/4

The committee's terms of reference cover 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 (bodies independent of management) or internal sources (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.

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.

Other committees

Executive Committee

GAD's Executive Committee (ExCo) comprises the executive members of the Management Board and other functional team leads. It 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 members, ExCo members and a number of other senior staff, is responsible for contributing to 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, and to monitor and mitigate relevant areas of technical and professional risk. 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 was established to provide 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.



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; to challenge the robustness of plans for change and track progress; to ensure a good standard of communication throughout the department; assess risks to delivery and remedial action plans; and to report progress to the Executive Committee and to the Management Board.

The department maintains standing and ad hoc committees to oversee programmes and initiatives as appropriate. At the present these include:

- Technology Committee.
- People Strategy Programme Board.
- Diversity and Inclusion Programme Board.

Corporate Governance Code

Government policy on departmental governance is outlined in Corporate Governance in Central Departments: Code of Good Practice (Cabinet Office, July 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.

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, with clear lines of responsibility.

The strategic risks of the department are considered as part of an enterprise risk management framework that is closely aligned to our 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 2020-21 we completed 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 of GAD's appetite for risk. Revised internal guidance was issued in November reinforcing the structure, introducing an improved risk register format, and clearer processes.

Our risk management processes, which operate at three levels, strategic, balanced scorecard and operational, continued to focus on mitigation actions that are effective in reducing original and residual risks. Operational risks are managed within the relevant business areas, with 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, people and inclusion, clients and processes) 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.

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, the 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.



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 understand client needs and deliver timely high quality advice, innovations and solutions to budget.

Our mission is to support effective decision-making and robust reporting within government. Hence, we have an appetite to accept risks associated with providing services which will enable us to continue to add value to government decision making. However, our reputation is paramount to 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.

Financial



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 responsibility to provide value for money within government and stay within our HM Treasury financial control totals. Hence, we have an appetite to accept risks associated with projects intended to increase our output to costs ratio or improve the quality of our financial control, MI or reporting. However, we have a low appetite for major financial surprises or financial risks that are likely to undermine our ability to meet our control totals or our sustainability as a service provider.

We have focussed on enhancing the use of our accounting platforms and financial systems and improving forward estimate planning and cash flow management activities. We will continue up-skilling within the Finance team to improve resilience and flexibility, to focus on improving reporting, insight and business partnering.

People and inclusion

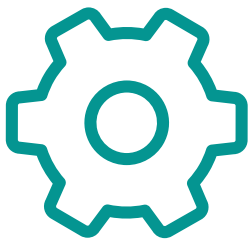


Risk that GAD is unable to provide future advice effectively due to an ineffective people policy, with specific risks arising from the failure to:

- recruit the appropriate number and mix of staff
- manage resource requirements and allocate them appropriately
- motivate staff to work as 'One GAD'
- embrace lifelong learning
- 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.

The ability to recruit, retain and motivate quality people is critical to our long-term success. Hence, we have an appetite to accept risk associated with investing in our staff to ensure they can meet current and future client needs. However, we have a low appetite for risks that are likely to prevent us recruiting and retaining the quality of people we need.

Processes

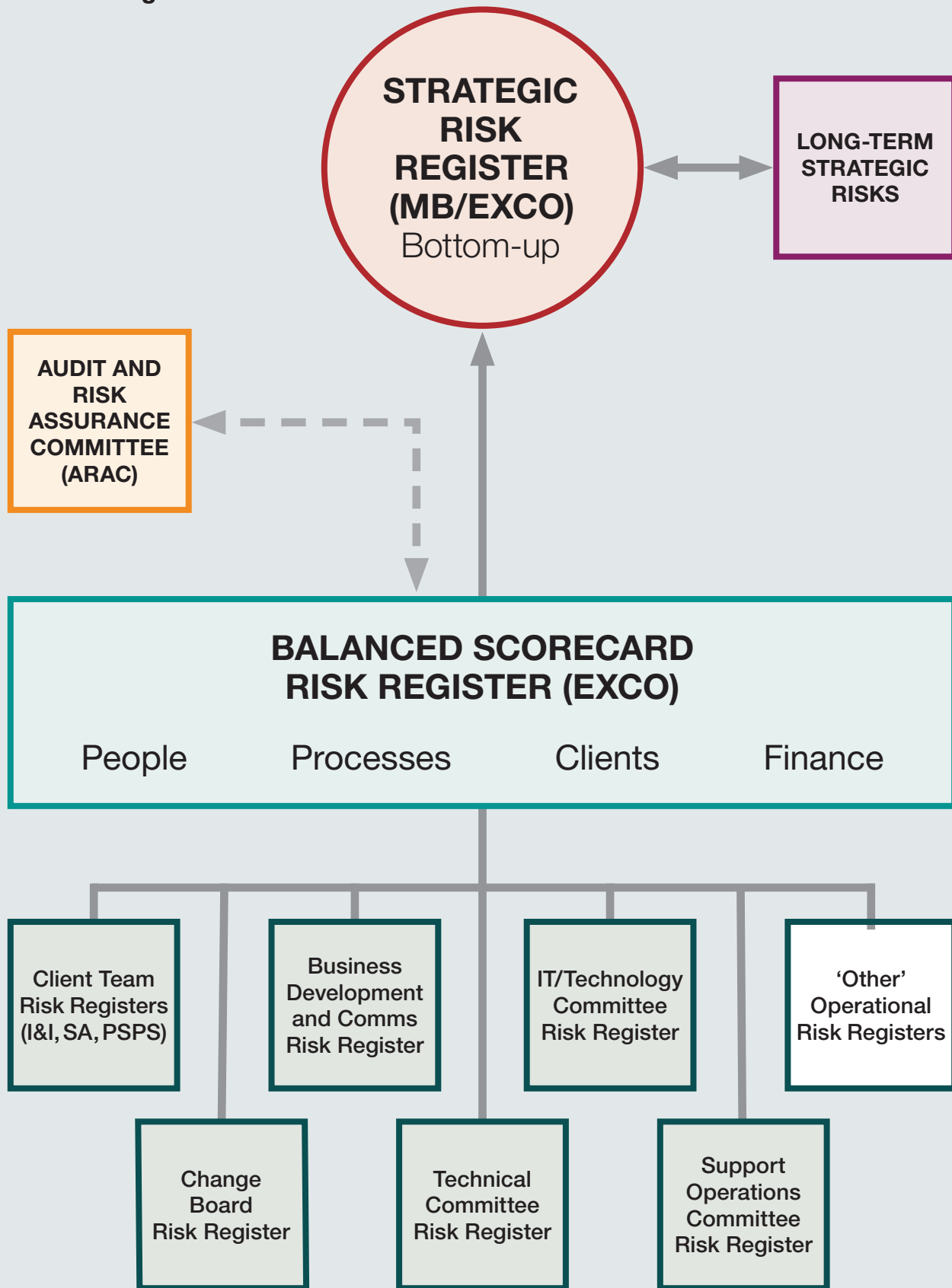


Risk that advice is not value for money due to poor processes in place, with specific risks arising from failure to:

- 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
- apply innovative techniques
- work consistently across teams
- adopt adequate internal or technical guidance
- assess risks inherent in new business projects.

Having effective processes is essential to providing value for money and ensuring we provide a high quality service meeting our contractual, professional and statutory requirements. Hence, we have an appetite to accept risk associated with developing processes to enhance our consistency or efficiency or expand our range of services. However, 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 balanced scorecard quadrant 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 one balanced scorecard quadrant or operational risk register item 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 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 services 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 the 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 models¹⁴, 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 2020-21 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".

14 <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.

- **Staff transfers**

The engagement reviewed the adequacy of, and compliance with, GAD's staff transfers process.

A **substantial** assurance opinion was confirmed.

- **Information assurance and governance**

The objective of this review was to provide assurance on GAD's management and delivery of its information assurance responsibilities.

A **moderate** assurance opinion was confirmed, with one high and two medium priority actions.

- **Finance key controls**

This audit focused on two key areas of GAD's financial system and controls: the forecasting process, and delivery and management of the payroll contract.

A **moderate** assurance opinion was confirmed, with two medium priority actions relating to the management of the payroll contract recommended.

- **New HR and payroll system**

This audit looked at Phase 2 of the implementation of the new HR system including recruitment, performance management and learning and development modules.

A **limited** assurance opinion was confirmed, with two high and three medium priority actions recommended.

- **Resource planning**

To assess whether the resource and business forecasting, and resource planning processes in place are adequate and working effectively to ensure alignment with GAD's strategic plans and business objectives.

A **substantial** assurance opinion was confirmed.

- **Client engagement management**

The engagement reviewed the adequacy of, and compliance with, GAD's approach to effectively and flexibly engaging with its customers, both in the public and private sector.

A **substantial** assurance opinion was confirmed.

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 2021 in the annual assurance statement.

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 website¹⁵.

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 2020 which was authorised by the Permanent Secretary for HM Treasury and paid in financial year 2020-21.

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 2020-21 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.

¹⁵ www.civilservicecommission.org.uk

Single total figure of remuneration

	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ¹		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Martin Clarke Government Actuary	195-200	190-195	15-20	15-20	–	–	75	74	290-295	285-290
Colin Wilson ³ Deputy Government Actuary	95-100 (160-165 full year equivalent)	115-120 (150-155 full year equivalent)	0-5	0-5	–	–	37	45	130-135	160-165
Stephen Humphrey Actuarial director – Quality, compliance and risk	150-155	145-150	0-5	0-5	–	–	86	57	235-240	200-205
Matt Gurden ² Actuarial director – Clients, growth and development	150-155	–	0-5	–	–	–	59	–	210-215	–
Dave Johnston ² Actuarial director – People and capability	135-140	–	0-5	–	–	–	54	–	190-195	–
Aidan Smith Head of Technical and Professional ⁴	30-35 (130-135 full year equivalent)	100-105 (130-135 full year equivalent)	–	0-5	–	–	17	51	45-50	150-155
John Ogden Director of Finance and Operations	85-90	85-90	0-5	0-5	–	–	33	33	120-125	115-120
Wendy Dabinett ^{3,5} Director of Human Resources	70-75 (80-85 full year equivalent)	65-70 (75-80 full year equivalent)	0-5	0-5	–	–	21	10	95-100	75-80
Geoffrey Podger Non- executive board member	5-10	10-15	–	–	–	–	–	–	5-10	10-15
Alison White Non- executive board member	5-10	5-10	–	–	–	–	–	–	5-10	5-10

	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ¹		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Ian Wilson Non-executive board member	5-10	0-5	–	–	–	–	–	–	5-10	0-5

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

2 Matt Gurden and Dave Johnston joined the Management Board in April 2020

3 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.

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

5 Wendy Dabinett's pension benefit includes 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 2020-21 relates to performance in 2019-20.

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 2021 on an annualised basis.

The banded remuneration of the highest-paid director in GAD in the financial year 2020-21 was £215k-£220k (2019-20: £210k-215k). This was 3.80 times (2019-20: 3.71 times) the median remuneration of the workforce, which was £57,249 (2019-20: £57,203).

No employees received remuneration in excess of the Government Actuary.

Remuneration ranged from £20k-£25k to £215k-£220k (2019-20: £20k-£25k to £210k-£215k).

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.

	2020-21	2019-20
Band of highest paid director's total remuneration (£'000)	215-220	210-215
Median total (£)	57,249	57,203
Remuneration ratio	3.80	3.71

Pension benefits (audited)

	Accrued pension at pension age as at 31/03/2021 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/2021 £'000	CETV at 31/03/2020 £'000	Real increase in CETV £'000
Martin Clarke Government Actuary	35-40	2.5-5	656	572	67
Colin Wilson Deputy Government Actuary	45-50	0-2.5	695	636	25
Stephen Humphrey Actuarial director – Quality, compliance and risk	55-60 plus a lump sum of 115-120	2.5-5 plus a lump sum of 2.5-5	1120	1016	61
Matt Gurden Actuarial director – Clients, growth and development	25-30	2.5-5	303	258	26
Dave Johnston Actuarial director – People and capability	20-25	2.5-5	175	144	15
Aidan Smith Head of Technical and Professional	40-45 plus a lump sum of 80-85	0-2.5 plus a lump sum of 0-2.5	644	633	8
John Ogden Director of Finance and Operations	5-10	0-2.5	70	41	21
Wendy Dabinett Director of Human Resources	0-5	0-2.5	13	0	10

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 (PCSPS). The PCSPS has four sections: 3 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. All members who continue in service from 1 April 2022 will do so as members of alpha.

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.)


As a result of the discrimination identified by the courts in the way that the 2015 scheme reforms were introduced for some members, the government announced that eligible members will receive a choice at retirement of which pension scheme benefits they would prefer to take for the period from 2015 to 2022. The government is working with the pension scheme to introduce the necessary legislation and for the scheme administrators to be in a position to implement the proposals at a suitable date.

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) their pension for a lump sum up to the limits set by the Finance Act 2004.

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).

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 on the Civil Service pension scheme website¹⁶.

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 2020-21 (£nil in 2019-20).

Payments to past directors (audited)

No payments to past directors was made in 2020-21 (£nil in 2019-20).

¹⁶ www.civilservicepensionscheme.org.uk

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 2021

	GAD
No. of existing engagements as of 31 March 2021	15
of which	
No. that have existed for < 1 year	15
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.

The majority of the 15 engagements above relate to very short term direct resource.

New off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, and earning at least £245 per day

	GAD
No. of new engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021	1
of which	
No. determined as in-scope of IR35	1
No. determined as out-of-scope of IR35	–
No. of engagements reassessed for compliance or assurance purposes during the year	–
of which	
No. of engagements that saw a change to IR35 status following review	–
No. of engagements where the status was disputed under provisions in the off-payroll legislation	–
Of which: no. of engagements that saw a change to IR35 status following review.	–

Engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

	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.	10

Staff report

Staff costs (audited)

	Permanently employed staff	Others*	2020-21 £000 Total	2019-20 £000 Total
Wages and salaries	12,354	22	12,376	10,966
Social security costs	1,481	1	1,482	1,322
Other pension costs	3,331	–	3,331	2,974
Total costs	17,166	23	17,189	15,262
Less recoveries in respect of outward secondments	(498)	–	(498)	(590)
Total costs	16,668	23	16,691	14,672

*Includes non-executive board members

Of the total, £nil has been charged in capital (2019-20: £nil).

Of the total, £nil has been charged to the programme budget (2019-20: £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 website¹⁷.

For 2020-21, employers' contributions of £3,315k were payable to the PCSPS (2019-20: £2,953k) at one of four rates in the range 26.6% to 30.3% (rates unchanged from 2019-20) of pensionable pay, based on salary bands. 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 £16k (2019-20: £24k) were paid to four appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019-20: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

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

17 www.civilservicepensionscheme.org.uk/about-us/scheme-valuations

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	2020-21 Total	2019-20 Total
Total	204	3	207	187

Senior Civil Service (SCS) salaries (actual) as at 31 March 2021

Salary Bands	Total 31/03/2021	Male 31/03/2021	Female 31/03/2021
£90,000-£95,000	1		1
£95,000-£100,000	1	1	
£135,000-£140,000	1	1	
£140,000-£145,000	1	1	
£150,000-£155,000	2	2	
£195,000-£200,000	1	1	
Total	7	6	1

Senior Civil Service (SCS) salaries (full time equivalent) as at 31 March 2021

Salary Bands	Total 31/03/2021	Male 31/03/2021	Female 31/03/2021
£135,000-£140,000	1	1	
£140,000-£145,000	1	1	
£150,000-£155,000	3	2	1
£160,000-£165,000	1	1	
£195,000-£200,000	1	1	
Total	7	6	1

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

No exit packages were paid to GAD staff in 2020-21 (2019-20: Nil).

Sickness absence

The Management Board monitored sickness absence on a monthly basis and in 2020-21 GAD lost an average of 2.9 working days per annum due to sickness absence in comparison to an average of 6.2 working days in 2019-20. The 2.9 days includes members of staff on long term sick leave. The average number of sick days for 2020-21 excluding those on long-term sick leave is 1.2 working days.

Staff redeployments

During 2020-21, 22 GAD staff members went on a total of 24 secondment to other government departments. Of these, 10 secondments related to COVID-19 redeployments. The average duration of all secondments was 8.3 months.

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

Grade	Short-term*	Long-term
Actuary	4	5
Trainee actuary	6	6
Analyst	1	0
Other	0	2
Total	11	13

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

In total 28 GAD staff members went on secondments in 2020-21 as a further six individuals went on secondments to organisations other than government departments. These are not included in the table above.

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



Trade union facility time

Relevant union officials

	GAD
Number of employees who were relevant union officials during 2020-21	9
Full-time equivalent employee number	8.3

Percentage of time spent on facility time

Percentage time	No of Employees
0 - 1%	7
1 - 50%	2

Percentage of pay bill spent on facility time

	£000
Total cost of facility time	5
Total pay bill	16,536
% of total pay bill spent on facility time	0.03%

Paid trade union activities

	%
Hours spent by employees who were relevant trade union officials during 2020-21 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 Outturn against Parliamentary Supply (SOPS) and supporting notes.

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

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

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

The format of the SOPS mirrors the supply estimates, published on GOV.UK, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn 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).

The SOPS and estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 19, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on GOV.UK

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

Summary Tables – mirrors part 1 of the estimates
Summary table, 2020-21, all figures presented in £000's

Type of Spend	SoPS Note	Outturn			Estimate			Outturn vs Estimate, saving/(excess)		Prior year outturn total 2019-20
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	
Departmental Expenditure Limit										
Resource	1.1	(1,085)	–	(1,085)	2	–	2	1,087	1,087	(719)
Capital	1.2	150	–	150	150	–	150	–	–	175
Total		(935)	–	(935)	152	–	152	1,087	1,087	(544)
Annually managed expenditure										
Resource	1.1	(31)	–	(31)	50	–	50	81	81	2
Capital	1.2	–	–	–	–	–	–	–	–	–
Total		(31)	–	(31)	50	–	50	81	81	2
Total		(966)	–	(966)	202	–	202	1,168	1,168	(542)
Total budget										
Resource	1.1	(1,116)	–	(1,116)	52	–	52	1,168	1,168	(717)
Capital	1.2	150	–	150	150	–	150	–	–	175
Total budget expenditure		(966)	–	(966)	202	–	202	1,168	1,168	(542)
Non-budget expenditure	1.1	–	–	–	–	–	–	–	–	–
Total budget and non-budget		(966)	–	(966)	202	–	202	1,168	1,168	(542)

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 2020-21, all figures presented in £000's

Item	SoPS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior year outturn total, 2019-20
Net cash requirement	3	(2,115)	(32)	2,083	(383)

Administration Costs 2020-21, all figures presented in £000's

Type of spend	SoPS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior year outturn total, 2019-20
Administration costs	1.1	(1,085)	2	1,087	(719)

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, 2020-21 (£000's)

SoPS1. Outturn detail, by estimate line

SoPS1.1 Analysis of net resource outturn by estimate line

Type of spend (Resource)	Administration				Programme				Resource outturn			Estimate			Outturn vs Estimate, saving/ (excess)	Prior year outturn total, 2019-20
	Gross	Income	Net		Gross	Income	Net		Total	Virements	Total inc. virements					
Spending in Departmental Expenditure Limit (DEL)																
Voted expenditure																
Administration	22,587	(23,690)	(1,103)	-	-	-	-	(1,103)			(18)			1,085	(736)	
Use of provision	18	-	18	-	-	-	18				20			2	17	
Total voted DEL	22,605	(23,690)	(1,085)	-	-	-	(1,085)				2			1,087	(719)	
Non-voted expenditure	-	-	-	-	-	-	-	-			-			-	-	
Total non-voted DEL	-	-	-	-	-	-	-	-			-			-	-	
Total spending in DEL	22,605	(23,690)	(1,085)	-	-	-	(1,085)				2			1,087	(719)	
Total spending in Annually Managed Expenditure (AME)																
Voted expenditure																
Voted Provisions (AME)	-	-	-	(31)	-	(31)	(31)				50			81	2	
Total voted AME	-	-	-	(31)	-	(31)	(31)				50			81	2	
Non-voted expenditure	-	-	-	-	-	-	-	-			-			-	-	
Total non-voted AME	-	-	-	-	-	-	-	-			-			-	-	
Total spending in AME	-	-	-	(31)	-	(31)	(31)				50			81	2	
Total resource	22,605	(23,690)	(1,085)	(31)	(31)	(31)	(1,116)				52			1,168	(717)	

SoPS1.2 Analysis of capital outturn by Estimate line

Type of spend (Capital)	Outturn			Estimate			Outturn vs Estimate, saving/ (excess)	Prior year outturn total, 2019-20
	Gross	Income	Net total	Total	Virements	Total including virements		
Spending in Departmental Expenditure Limit (DEL)								
Voted expenditure								
Purchase of capital items	150	-	150	150	-	150	-	175
Total voted DEL	150	-	150	150	-	150	-	175
Non voted expenditure	-	-	-	-	-	-	-	-
Total non voted DEL	-	-	-	-	-	-	-	-
Total spending in DEL	150	-	150	150	-	150	-	175
Spending in Annually Managed Expenditure (AME)								
Total voted AME	-	-	-	-	-	-	-	-
Total non-voted AME	-	-	-	-	-	-	-	-
Total spending in AME	-	-	-	-	-	-	-	-
Total capital	150	-	150	150	-	150	-	175

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.

An explanation of variances between the estimates and outturn is as follows:

Admin DEL: The favourable variance of £1,087k from estimate was mainly generated by GAD earning £683k more in income than had been forecast through the estimate process. Management has also made the decision to recognise an asset for the portion of the dilapidations provision on Finlaison House which can be recovered from the subtenants at the end of the lease. The subtenants are responsible for the eventual dilapidations costs for those floors and have accounted for this within their own accounts.

AME: The favourable variance of £81k is largely due to the utilisation of provisions in year.

Capital DEL: There is no variance on CDEL.

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 2019-20
Net resource outturn	SOPS 1.1	(1,116)	(717)
Net income for year in Statement of Comprehensive Income	SOCI	(1,116)	(717)

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 2020-21 or 2019-20.

SoPS3. Reconciliation of net resource outturn to net cash requirement

Item	Reference	Outturn total	Estimate	Outturn vs Estimate, saving/(excess)
Total resource outturn	SOPS 1.1	(1,116)	52	1,168
Total capital outturn	SOPS 1.2	150	150	–

Adjustments to remove non-cash items:

Depreciation and amortisation		(489)	(516)	(27)
New provisions and adjustments to previous provisions		19	(70)	(89)
Departmental unallocated provision		–	–	–
Supported capital expenditure (revenue)		–	–	–
Prior period adjustments		–	–	–
Other non-cash items		(69)	(68)	1

Adjustments to reflect movements in working balances:

Increase/(decrease) in work in progress		201	–	(201)
Increase/(decrease) in receivables		(913)	400	1,313
(Increase)/decrease in payables		84	–	(84)
Use of provisions		18	20	2
Net cash requirement		(2,115)	(32)	2,083

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 £2.083 million is mainly due to a significant reduction in GAD's trade receivables balance through more robust credit control processes implemented in year.

SoPS4. Amounts of income to the consolidated fund

SoPS4.1 Analysis of income payable to the consolidated fund

Item	Reference	Outturn total		Prior year 2019-20	
		Accruals	Cash basis	Accruals	Cash basis
Income outside the ambit of the Estimate		–	–	–	–
Excess cash surrenderable to the consolidated fund		2,115	2,115	383	383
Total amount payable to the consolidated fund		2,115	2,115	383	383

The closing balance of £2.115m will be surrendered to the consolidated fund by 31 March 2022.

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 2021, GAD had no losses or special payments to report (2019-20: £nil). The reporting threshold for losses and special payments is £300k.

Gifts

As at 31 March 2021, GAD had no gifts to report (2019-20: £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 £000	Full cost of service £000	Surplus/(Deficit) £000
2020-21 Actuarial services work	22,144	21,028	1,116
2019-20 Actuarial services work	19,618	18,901	717
2018-19 Actuarial services work	19,133	16,377	2,756

The surplus reported in 2020-21 includes the expected reimbursement from the subtenants of £457k for the dilapidation provision relating to the subtenants' portions of Finlaison House. The unit cost is as per the fee rates 2020-21.

Remote contingent liabilities (audited)

As at 31 March 2021, GAD did not have any remote contingent liabilities that are required to be disclosed under parliamentary reporting requirements (2019-20: £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 2021-22. Further detail is provided within the Core Departmental Tables (see Corporate governance reporting section within the Accountability report).

Martin Clarke

Government Actuary
Accounting Officer

25 June 2021



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 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 2021 and of the Department's net operating income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I am independent of the Government Actuary's Department in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Government Actuary's Department's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Government Actuary's Department's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Government Actuary's Department is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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 certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; 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

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 material misstatements in the Performance and Accountability Reports. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Report Manual are not made; 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Government Actuary's Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Government Actuary's Department will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000 and International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Government Actuary's Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Government Actuary's Department's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Government Actuary's Department's controls relating to the Government Resources and Accounts Act 2000, the Supply and Appropriation (Main Estimates) Act 2000 and Managing Public Money.
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and transactions and bias in management estimates;
- obtaining an understanding of the Government Actuary's Department's framework of authority as well as other legal and regulatory frameworks that the Government Actuary's Department operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Government Actuary's Department. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Supply and Appropriation (Main Estimates) Act 2020, Managing Public Money, employment law and applicable tax legislation and regulations; and
- other risk assessment procedures performed relating to fraud, non-compliance with laws and regulations and regularity, including review of Board meeting minutes, attending the Audit and Risk Assurance Committee meetings; enquiries of management, internal audit and those charged with governance; review of significant and unusual transactions; and review of segregation of duties and mitigating controls.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity as appropriate including testing of significant and unusual transactions and including an assessment of the regularity of transactions tested.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies

Date 30 June 2021

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 2021

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	2020-21 £000	2019-20 £000
Income from sale of goods and services	4	(22,144)	(19,618)
Other operating income	4	(1,546)	(1,481)
Total operating income		(23,690)	(21,099)
Staff costs	2	16,691	14,672
Purchase of goods and services	3	3,521	2,909
Depreciation and impairment charges	3	489	381
Provision expense	3	20	38
Other operating expenditure	3	1,886	2,401
Total operating expenditure		22,607	20,401
Net operating income		(1,083)	(698)
Finance expense	3	(33)	(19)
Net income for the year		(1,116)	(717)
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	–	–
Total comprehensive net income for the year		(1,116)	(717)

The notes to the accounts on pages 90-105 form an integral part of these accounts.

Statement of Financial Position as at 31 March 2021

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.

	Note	As at 31 March 2021 £000	As at 31 March 2020 £000
Non-current assets			
Property, plant and equipment	5	719	1,064
Intangible assets	6	–	–
Total non-current assets		719	1,064
Current assets			
Work in progress	10	2,198	1,997
Trade and other receivables	12	4,003	4,916
Cash and cash equivalents	11	2,115	383
Total current assets		8,316	7,296
Total assets		9,035	8,360
Current liabilities			
Trade and other payables	13	(3,581)	(1,808)
Provisions	14	(30)	(35)
Total current liabilities		(3,611)	(1,843)
Total assets less current liabilities		5,424	6,517
Non-current liabilities			
Trade and other payables	13	(160)	(285)
Provisions	14	(1,465)	(1,497)
Total non-current liabilities		(1,625)	(1,782)
Total assets less total liabilities		3,799	4,735
Taxpayers' equity and other reserves			
General Fund		3,303	4,233
Revaluation Reserve		496	502
Total equity		3,799	4,735

The notes to the accounts on pages 90-105 form an integral part of these accounts.

Martin Clarke

Government Actuary
Accounting Officer

25 June 2021

Statement of Cash Flows for the year ended 31 March 2021

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	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net operating surplus		1,116	717
Adjustments for non-cash transactions	3	539	469
Decrease/(Increase) in trade and other receivables	12	913	(944)
Decrease/(Increase) in work in progress	10	(201)	(13)
Increase/(decrease) in trade and other payables less movements in payables relating to items not passing through the Statement of Comprehensive Net Income	13	(84)	346
Use of provisions	14	(18)	(17)
Net cash inflow from operating activities		2,265	558
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(150)	(175)
Purchase of intangible assets	6	–	–
Net cash outflow from investing activities		(150)	(175)
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund		2,115	383
Payments of prior year balance to the Consolidated Fund		(383)	(689)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		1,732	(306)
Cash and cash equivalents at the beginning of the year	11	383	689
Cash and cash equivalents at the end of the period	11	2,115	383

The notes to the accounts on pages 90-105 form an integral part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

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
Balance at 1 April 2020		4,233	502	4,735
Net Parliamentary Funding – Excess cash to be surrendered to the Consolidated Fund	13	(2,115)	–	(2,115)
Comprehensive net income for the year	SOCI	1,116	–	1,116
Notional charges				
Auditor's Remuneration	3	63	–	63
Other reserve movements including transfers		6	(6)	–
Balance at 31 March 2021		3,303	496	3,799
Balance at 1 April 2019		3,831	502	4,333
Net Parliamentary Funding – Excess cash to be surrendered to the Consolidated Fund	13	(383)	–	(383)
Comprehensive net income for the year	SOCI	717	–	717
Notional charges				
Auditor's Remuneration	3	68	–	68
Other reserve movements including transfers		–	–	–
Balance at 31 March 2020		4,233	502	4,735

The Notes to the accounts on pages 90-105 form an integral part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These financial statements have been produced under the accounts direction given by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000.

These financial statements have been prepared in accordance with the 2020-21 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:

Leasehold improvements	the shorter of useful economic life of improvements or to the end of lease
Information Technology	3 to 4 years
Furniture and Fittings	the shorter of useful economic life or 10 years
Intangible Assets	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 understate 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 will replace IAS 17, but has been postponed for FReM entities until 1 April 2022. Under IFRS 16 the lease on Finlaison House will come on balance sheet from 1 April 2022. 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 subtenants 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 2022 IAS 17 will be replaced by IFRS 16 for FReM entities. The subletting of Finlaison House will be accounted for in line with IFRS 16 from 1 April 2022.

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

Provisions 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 2021, GAD had no losses or special payments to report (2019-20: £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. As a consequence of COVID-19, annual leave utilised in 2020-21 has been below historic levels. This has resulted in an higher year-end liability than in previous years.

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 2022. 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 2022 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 £5,000 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 2022) 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 subtenants 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*	2020-21 £000 Total	2019-20 £000 Total
Wages and salaries	12,354	22	12,376	10,966
Social security costs	1,481	1	1,482	1,322
Other pension costs	3,331	–	3,331	2,974
Total costs	17,166	23	17,189	15,262
Less recoveries in respect of outward secondments	(498)	–	(498)	(590)
Total costs	16,668	23	16,691	14,672

* 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.

3. Expenditure

	Note	2020-21 £000 Total	2019-20 £000 Total
Purchase of goods and services			
Facilities management		988	912
Agency and other temporary staff*		204	93
Information technology		1,347	1,255
Training		224	206
Recruitment		202	86
Subscriptions		146	141
Travel, subsistence and hospitality		6	63
Telecommunications		45	39
Consultancy and legal**		288	55
Auditor's remuneration – internal audit		30	29
Photocopying, stationery and publications		41	30
Other operating expenditure			
Rentals under operating leases			
Building		2,201	2,224
Equipment		30	36
Non-cash items			
Depreciation and amortisation	5, 6	489	381
Provision for doubtful debt expense		6	–
Provision movements	14	14	38
Borrowing costs (unwinding of discounts on provisions)	14	(33)	(19)
Dilapidations asset movement	12	(457)	–
Loss on disposal of assets		6	1
Loss on revaluation		–	–
Auditor's remuneration – external audit		63	68
Other expenditure		43	72
Total		5,883	5,710

* The increase in temporary staff costs is as a result of the employment of a temporary technical resource to support the implementation of additional HR system functionality as well as a temporary programme manager.

** The increase in the consultancy and legal costs is due to services obtained to improve the capability of GAD's core actuarial software platform as well as legal support for actuarial casework.

4. Income

	2020-21 £000	2019-20 £000
	Total	Total
Government departments	19,001	16,453
Of which receipts from:		
Sub Tenants	1,546	1,481
National Insurance Fund	585	708
Wider public sector, private sector and overseas	4,689	4,646
Total	23,690	21,099

Income by geographical locations

UK	23,222	20,996
Overseas*	468	103
Total	23,690	21,099

Income by types of work carried out

UK policy advice	6,424	4,905
Staff transfers	966	2,330
UK public service pensions	10,385	6,882
Other actuarial work	4,369	5,501
Rent and miscellaneous	1,546	1,481
Total	23,690	21,099

* GAD's overseas income has increased due to client work in the Channel Islands as well as with international organisations such as the World Bank.

In 2020-21 income from the largest client was £1,700k (7.2% of total income), (2019-20: £1,708k).

5. Property, plant and equipment

	2020-21			
	Leasehold Improvements £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2020	2,332	1,116	206	3,654
Additions	–	150	–	150
Disposals	(15)	(291)	–	(306)
Balance at 31 March 2021	2,317	975	206	3,498

Depreciation

At 1 April 2020	(1,750)	(751)	(89)	(2,590)
Charged in year	(251)	(217)	(21)	(489)
Disposals	12	288	–	300
Balance at 31 March 2021	(1,989)	(680)	(110)	(2,779)
Carrying amount at 31 March 2020	582	365	117	1,064
Carrying amount at 31 March 2021	328	295	96	719

2019-20

Cost or valuation

At 1 April 2019	2,321	952	208	3,481
Additions	11	164	–	175
Disposals	–	–	(2)	(2)
Revaluations	–	–	–	–
Balance at 31 March 2020	2,332	1,116	206	3,654

Depreciation

At 1 April 2019	(1,630)	(514)	(71)	(2,215)
Charged in year	(120)	(237)	(20)	(377)
Disposals	–	–	2	2
Revaluations	–	–	–	–
Balance at 31 March 2020	(1,750)	(751)	(89)	(2,590)
Carrying amount at 31 March 2019	691	438	137	1,266
Carrying amount at 31 March 2020	582	365	117	1,064

The IT disposals in year relate to end of life servers, monitors and processors.

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

6. Intangible assets

	2020-21
	Software Licenses Total £000
Cost or valuation	
At 1 April 2020	149
Additions	–
Disposals	(149)
Balance at 31 March 2021	–
Depreciation	
At 1 April 2020	(149)
Charged in year	–
Disposals	149
Balance at 31 March 2021	–
Carrying amount at 31 March 2020	–
Carrying amount at 31 March 2021	–
	2019-20
Cost or valuation	
At 1 April 2019	149
Additions	–
Disposals	–
Balance at 31 March 2020	149
Amortisation	
At 1 April 2019	(145)
Charged in year	(4)
Disposals	–
Balance at 31 March 2020	(149)
Carrying amount at 31 March 2019	4
Carrying amount at 31 March 2020	–

7. Impairments

GAD did not incur any impairment costs during 2020-21 (2019-20: £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.

	2020-21 Total £000	2019-20 Total £000
Buildings		
Not later than one year	2,006	1,957
Later than one year and not later than five years	2,562	4,569
Later than five years	–	–
Total	4,568	6,526
Office Equipment*:		
Not later than one year	27	27
Later than one year and not later than five years	41	68
Later than five years	–	–
Total	68	95
Total commitments	4,636	6,621
Subtenants' lease**		
Not later than one year	(1,062)	(1,036)

* 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

GAD had no capital commitments at 31 March 2021 (31 March 2020: £15k).

8.3 Other financial commitments

GAD had no other financial commitments at 31 March 2021 (31 March 2020: £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 2021 was £2,328k. This includes an aged debt of £6k for which a provision for doubtful debt has been made, reducing the total trade receivables figure to £2,322k. GAD has received payment promises for the remaining aged debt and the majority of these are with inter-government clients. Therefore, GAD has deemed that no further provision for doubtful debt needs to be made for the remaining aged debt.

The aged debtor analysis as at 31 March 2021 is as follows:

	31 March 2021 £000
Up to 30 days	1,385
31-180 days	818
181-365 days	84
Over 365 days	40

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 2021 £000
Up to 1 year	3,127
1 to 5 years	–
Over 5 years	–

The £3,127k excludes the accrual for the rent-free period on Finlaison House (£123k) and the annual leave accrual under staff payables (£331k) as these are non-cash items.

9.3 Market Risk

GAD is exposed to foreign currency risk from overseas customers, which amounted to £Nil debtor value as at 31 March 2021 (31 March 2020: £15k). The overseas income during the year 2020-21 was £468k (2019-20: £103k), of which £48k in 2020-21 was billed in foreign currency. It is management's decision to bear the related foreign currency risk, as these are considered not material.

10. Work in progress

	2020-21 £000	2019-20 £000
Value of time worked but not billed	2,198	1,997
Balance at 31 March	2,198	1,997

11. Cash and cash equivalents

	2020-21 £000	2019-20 £000
Balance at 1 April	383	689
Net change in cash and cash equivalent balances	1,732	(306)
Balance at 31 March	2,115	383

The following balances at 31 March were held at:

Government Banking	2,115	383
Balance at 31 March	2,115	383

12. Trade receivables, financial and other assets

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Trade receivables	2,322	3,374
Deposits and advances	2	50
Prepayments and accrued income	1,222	1,492
Dilapidations asset	457	–
Balance at 31 March	4,003	4,916

GAD has recognised an asset for the expected reimbursement from the subtenants for their portions of the dilapidations provision. See note 14 for further commentary on this.

13. Trade payables and other current liabilities

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
VAT	725	1,044
Trade payables	32	16
Staff payables	331	241
Other payables	2	2
Accruals and deferred income	253	2
Accrual for rent-free period	123	120
Consolidated Fund creditor for cash unspent – year end	2,115	383
Balance at 31 March	3,581	1,808
Amounts falling due after more than one year:		
Accrual for rent-free period	160	285
Balance at 31 March	160	285
Total	3,741	2,093

14. Provisions for liabilities and charges

	Dilapidations £000	Others £000	2020-21 Total £000	2019-20 Total £000
Balance at 1 April	1,260	272	1,532	1,530
Provided in the year	–	–	–	–
Provisions not required written back	–	–	–	–
Provisions utilised in the year	–	(18)	(18)	(17)
Changes in discount rates	–	14	14	38
Borrowing costs (unwinding of discounts)	(32)	(1)	(33)	(19)
Balance at 31 March	1,228	267	1,495	1,532

14.1 Analysis of expected timing of discounted flows

	Dilapidations £000	Others £000	2020-21 Total £000	2019-20 Total £000
Not later than one year	12	18	30	35
Later than one year and not later than five years	1,216	92	1,308	1,331
Later than five years	–	157	157	166
Balance at 31 March	1,228	267	1,495	1,532

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 2021 and concluded that the portion of the dilapidation provision relating to the floors occupied by GAD's three subtenants is recoverable as a reimbursement from the subtenants. This is because the subtenants are responsible for the dilapidations on these floors and have accounted for this within their own accounts. GAD has recognised a separate asset for this reimbursement in note 12.

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 2021 GAD held no contingent liability (31 March 2020: £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 Ministry of Housing, Communities and Local Government; the Home Office; HM Revenue and Customs; HM Treasury; the Department of Health and Social Care; the Department for Business, Energy and Industry Strategy; Department for Education; the Ministry of Defence; and the Ministry of Justice.

GAD also receives rent and facilities management income from subtenants 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 2020-21 the total net income from these subtenants was £1,546k (2019-20: £1,481k).

The above entities are not related parties per the IAS 24 definition; however, we have chosen to disclose the transactions with these entities as they are part of the wider Whole of Government Accounts group.

No board member, key manager or other related parties has undertaken any material transactions with GAD during the year. Management Board members' remuneration is disclosed in the Remuneration report.

17. Third-party assets

During 2020-21 the Department did not hold any third-party assets (2019-20: £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.

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 2020-21 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 2020-21 is set out in the Government Actuary's Department Main Estimate 2020-21. The document is available at the HM Treasury website at www.gov.uk/hm-treasury.

Table 1: Public spending

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21 Outturn	£'000 2021-22 Plans
Resource DEL										
Administration	(778)	(2,338)	(1,352)	(1,167)	(788)	(1,576)	(1,293)	(736)	(1,103)	(19)
Use of Provisions (DEL)	418	266	179	177	118	95	17	17	18	20
Total Resource DEL	(360)	(2,072)	(1,173)	(990)	(670)	(1,481)	(1,276)	(719)	(1,085)	1
Of which:										
Staff costs	12,101	12,018	12,220	12,391	12,883	13,627	13,810	14,672	16,691	18,183
Purchase of goods and services	3,884	4,491	4,336	4,522	4,407	5,012	5,104	5,259	5,362	6,588
Income from sales of goods and services	(16,674)	(18,970)	(18,109)	(18,279)	(18,334)	(20,496)	(20,586)	(21,099)	(23,690)	(25,224)
Depreciation*	266	318	320	316	314	316	336	381	489	391
Other resource	63	71	60	60	60	60	60	68	63	63
Resource AME										
Losses on revaluation	-	23	1	-	-	-	-	-	-	-
Provisions (AME)	(1,250)	(1,431)	(645)	(291)	(110)	(203)	(1,480)	2	(31)	50
Non Budget cover	-	-	-	-	-	2,539	-	-	-	-
Total Resource AME	(1,250)	(1,408)	(644)	(291)	(110)	2,336	(1,480)	2	(31)	50

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21 Outturn	£'000 2021-22 Plans
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Of which:

Losses on revaluation	-	23	1	-	-	-	-	-	-	-
Take up of provisions	(832)	(1,165)	(466)	(114)	8	(108)	(1,463)	19	(13)	70
Release of provision	(418)	(266)	(179)	(177)	(118)	(95)	(17)	(17)	(18)	(20)
Total Resource Budget	(1,610)	(3,480)	(1,817)	(1,281)	(780)	855	(2,756)	(717)	(1,116)	51

Of which:

Depreciation & Losses on revaluation	266	341	321	316	314	316	336	381	489	391
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Capital DEL

Administration	154	473	203	133	185	449	226	175	150	200
Total Capital DEL	154	473	203	133	185	449	226	175	150	200

Of which:

Purchase of assets	154	473	203	133	185	449	228	175	150	200
Net book value on disposal	-	-	-	-	-	-	-2	-	-	-

Capital AME	-	-	-	-	-	-	-	-	-	-
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Total Capital Budget	154	473	203	133	185	449	226	175	150	200
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Total departmental spending**	(1,722)	(3,348)	(1,935)	(1,464)	(909)	988	(2,866)	(923)	(1,455)	(140)
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Of which:

Total DEL	(472)	(1,917)	(1,291)	(1,173)	(799)	(1,348)	(1,386)	(925)	(1,424)	(190)
Total AME	(1,250)	(1,431)	(645)	(291)	(110)	2,336	(1,480)	2	(31)	50

* Includes impairments.

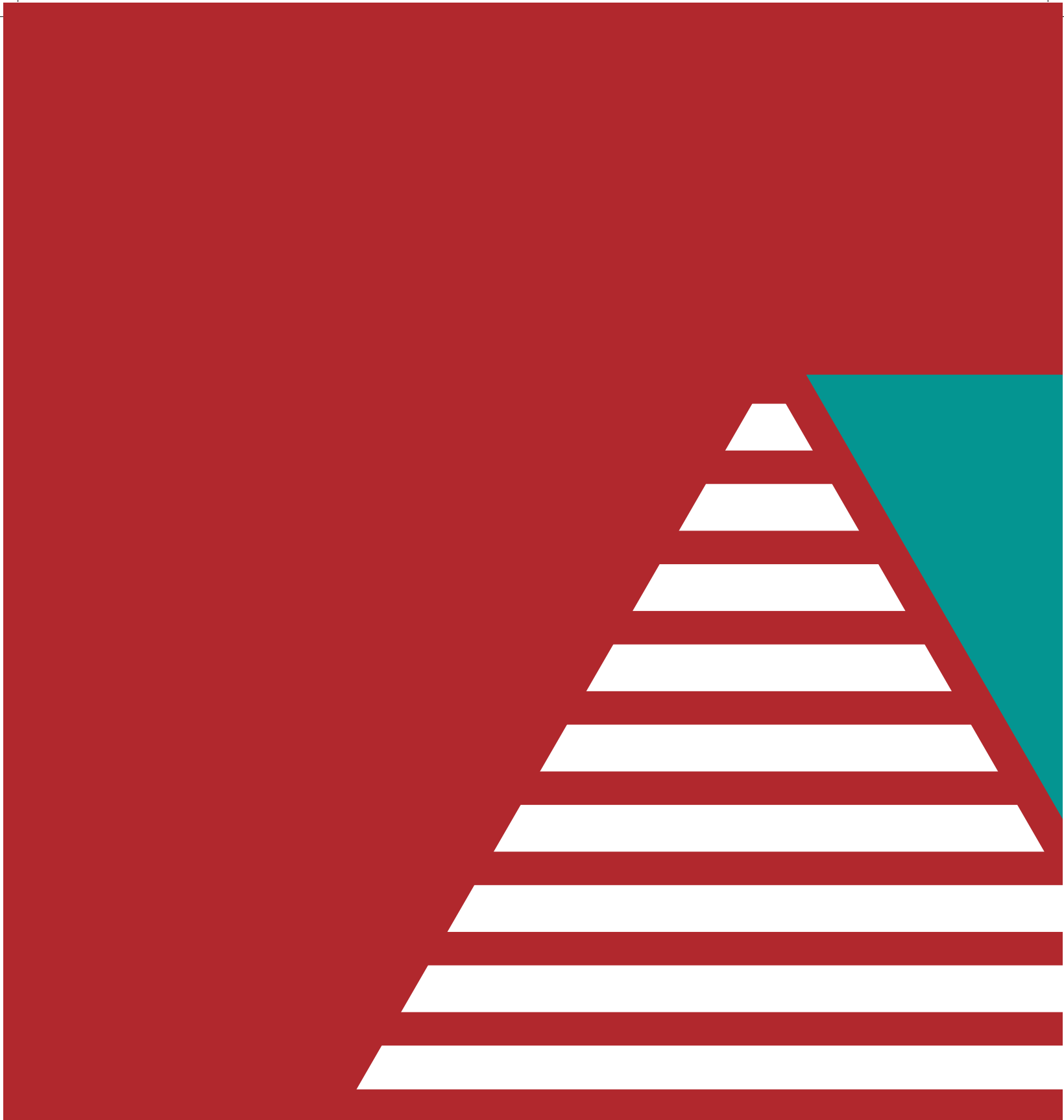
** Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation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

Table 2: Administration budget

	2012-13 Outturn	2013-14 Outturn	2014-15 Outturn	2015-16 Outturn	2016-17 Outturn	2017-18 Outturn	2018-19 Outturn	2019-20 Outturn	2020-21 Outturn	2021-22 Plans	£'000
Resource DEL											
Administration	(778)	(2,338)	(1,352)	(1,167)	(788)	(1,576)	(1,293)	(736)	(1,103)	(19)	
Use of Provisions (DEL)	418	266	179	177	118	95	17	17	18	20	
Total Resource DEL	(360)	(2,072)	(1,173)	(990)	(670)	(1,481)	(1,276)	(719)	(1,085)	1	
Of which:											
Staff costs	12,101	12,018	12,220	12,391	12,883	13,627	13,810	14,672	16,691	18,183	
Purchase of goods and services	3,884	4,491	4,336	4,522	4,407	5,012	5,104	5,259	5,362	6,588	
Income from sales of goods and services	(16,674)	(18,970)	(18,109)	(18,279)	(18,334)	(20,496)	(20,586)	(21,099)	(23,690)	(25,224)	
Depreciation	266	318	320	316	314	316	336	381	489	391	
Other resource	63	71	60	60	60	60	60	68	63	63	







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