



eNews from GAD

Welcome to eNews



Welcome to GAD's regular newsletter. With Brexit looming ever closer, a unified Civil Service is essential for our country to plan and prepare successfully for the challenges ahead. In the first article of this edition of eNews we explore GAD's role in the wider world of the Civil Service's Analysis Function, a cross-government community of around 15,000 people whose work brings analytical rigour to projects throughout Government. I would certainly second the comment from Jonathan Athow, interim head of the Analysis Function, that "Together we are greater than a sum of our parts."

Following this comes the third in our series of centenary 'deep dives' which mark GAD's 100th anniversary. In this edition we focus on GAD's insurance work and explore some of the wide range of projects and successes achieved by our insurance specialists.

I've really enjoyed this edition of eNews and I hope you do too. [Previous issues of eNews](#) are available on our website.

Martin Clarke, Government Actuary

News from GAD

Quinquennial Review of Flood Re

GAD reviewed the first [Quinquennial Review of Flood Re](#) - a joint initiative between the UK insurance industry and the government. Flood Re is a reinsurance company which aims to make the flood cover part of household insurance policies more affordable. GAD reviewed the 'Actuarial Analysis of QQR Proposals' report which outlined the financial modelling and testing on behalf of Defra.

Personal Injury Discount Rate – Scotland

The Government Actuary published his determination of the [Personal Injury Discount Rate in Scotland](#), at the end of September 2019. The report concluded that the discount rate should remain unchanged at RPI - 0.75% pa. This rate is used to determine lump sum damage awards to people who make legal claims after suffering personal injuries.

Government Actuary to speak at Whitehall & Industry Group

Government Actuary, Martin Clarke will present a [breakfast briefing](#) on 8 October 2019. The talk will focus on GAD's centenary and include historical context about the department, an overview of recent projects and developments, and an exploration of future ways actuarial advice may contribute to better financial and societal outcomes.



Actuaries and the Analysis Function

Members of the Civil Service's Analysis Function are passionate about what they do and how they describe their work. In this article we take a closer look at the goals of the Analysis Function and the key role that actuaries play, some experiences of GAD staff, and future expectations.

Introducing the Analysis Function

Analysis is one of 12 professional functions across the Civil Service. It was introduced in 2017 to help realise the vision of becoming 'A Brilliant Civil Service'.

Today the Analysis Function is a community of more than 15,000 professionals who work on projects that help put analysis and evidence at the heart of government decision-making. It is described as being a community "for people with a passion for problem-solving".

Shared challenges and successes

Actuaries, like other professional analysts, need to communicate analytical concepts clearly to non-analysts. By working together, analysts across government can learn from each other's expertise, and receive useful insights to support their own projects.

The 4 key objectives in the Analysis Function are used to guide the work of the individual members to:

1. **build** capability across the function through a learning and development programme
2. **increase** the integration of analysis into other functions
3. **strengthen** career paths for analysis professionals
4. **promote** diversity and leadership within the profession

The role of actuaries

Despite being a small professional group, actuaries at GAD have a key role to play in supporting the vision to deliver better government outcomes through analysis. As Jonathan Athow, interim Head of the Analysis Function has said:



"Together we are greater than a sum of our parts. The Analysis Function is a collaboration between a number of analytical professions who deliver research, evidence and advice to a consistent, professional standard.

"We have a range of highly skilled and versatile people, who are instrumental to achieving our vision of 'analysis, evidence and research to help make better decisions to improve outcomes for the UK'.

"Actuaries are a key part of our community and GAD has a critical role to play in supporting us to achieve this vision and deliver on the [Analysis Function strategy](#)."

The Analysis Function comprises:

1. actuaries
2. data scientists
3. economists
4. engineers
5. geographers
6. operational researchers
7. scientists
8. social researchers
9. statisticians



Expanding actuarial careers

One of the main aims of the Analysis Function is to strengthen career paths for analytical professionals in government. For people in GAD this means opportunities to develop a wider breadth of skills and experience, and the potential to apply their analytical expertise in a range of government roles.

Mujahid Rahman, an Analyst in GAD who carries out calculations and analysis to help actuaries provide advice and assurance to clients commented:

“I’ve been working mostly on the public sector pension scheme valuations, including data processing, calculations and sensitivities.

“This work also involved learning and understanding all facets of how an actuarial valuation is performed and learning specific details of these kinds of schemes and regulations.”

Mujahid Rahman



The work involved learning and understanding all facets of how an actuarial valuation is performed.

Mujahid Rahman, Analyst,
Government Actuary's Department



Thannima Shamoli



My work presents unique challenges ... to develop bespoke solutions that meet specific needs.

Thannima Shamoli
Junior Trainee Actuary
Government Actuary's Department



Thannima Shamoli is a Junior Trainee Actuary who undertakes complex analysis of financial data to support public sector organisations.

She said: “Working with public sector clients means that my work has a real-life impact, and this makes my work both rewarding and exciting.

“It also presents unique challenges that require creativity to develop bespoke solutions that meet their specific needs.”

Core profession for the future

Earlier this year actuaries from GAD helped launch the new **Analysis Standard** to audiences at Civil Service Live in Edinburgh and London and we continue to play our role in promoting analysis as one of the core Civil Service functions.

When launching the Analysis Function, Civil Service leaders forecast it would provide an overall focus for analytical professions. This is especially relevant now as the country prepares for Brexit and afterwards. The Function also provides greater visibility for best practice analysis, and an opportunity to shape the structure and governance of analysis across government.



Jonathan Athow added: “There is still a long way to go in this journey but by operating as a Function, we can drive progress and grow together as a high performing, vibrant and resilient community who are trusted for the analysis we do.”



Centenary deep dive: the rapid growth of GAD's insurance work

To celebrate GAD's centenary, eNews is running a series of 'deep dives' into key areas in which our actuaries have contributed to public life over the last 100 years. This article, the third in our 4-part series, discusses GAD's role providing insurance advice to UK government – an important and growing addition to GAD's actuarial offering.

Rapid recent growth

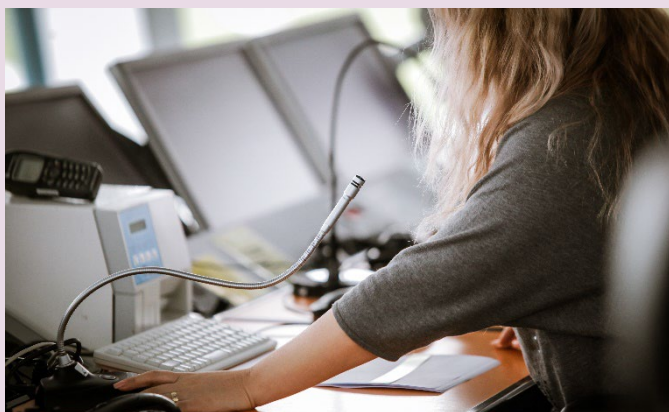
The [1918 Haldane Report](#) recommended a single source of actuarial expertise for government. GAD's work on insurance historically focussed on assisting supervisors in their regulation of the insurance industry. However, in recent years our actuaries have been exploring the way in which actuarial techniques used by insurance companies could be better used to advise government departments on the risks they face. Since then GAD has enjoyed sustained and rapid growth, advising on existing insurance and risk pooling arrangements in government, the implementation of new ones and more generally the way in which actuarial techniques can support better risk quantification and management.



Case study: Airline insolvency

When travel firms Monarch and Thomas Cook collapsed, the government ensured that thousands of affected holidaymakers were brought home.

GAD's insurance team recently worked with the Department for Transport on the [Airline Insolvency Review](#). GAD's analysis helped the review propose a flight protection scheme which would protect holidaymakers who have booked flights directly (ie not on ATOL-protected package holidays) against airline insolvency. If these recommendations are implemented, any future airline insolvency repatriation would be paid for in full by the airlines and travellers rather than the government picking up the excess (after ATOL, travel insurance and card payment guarantees).

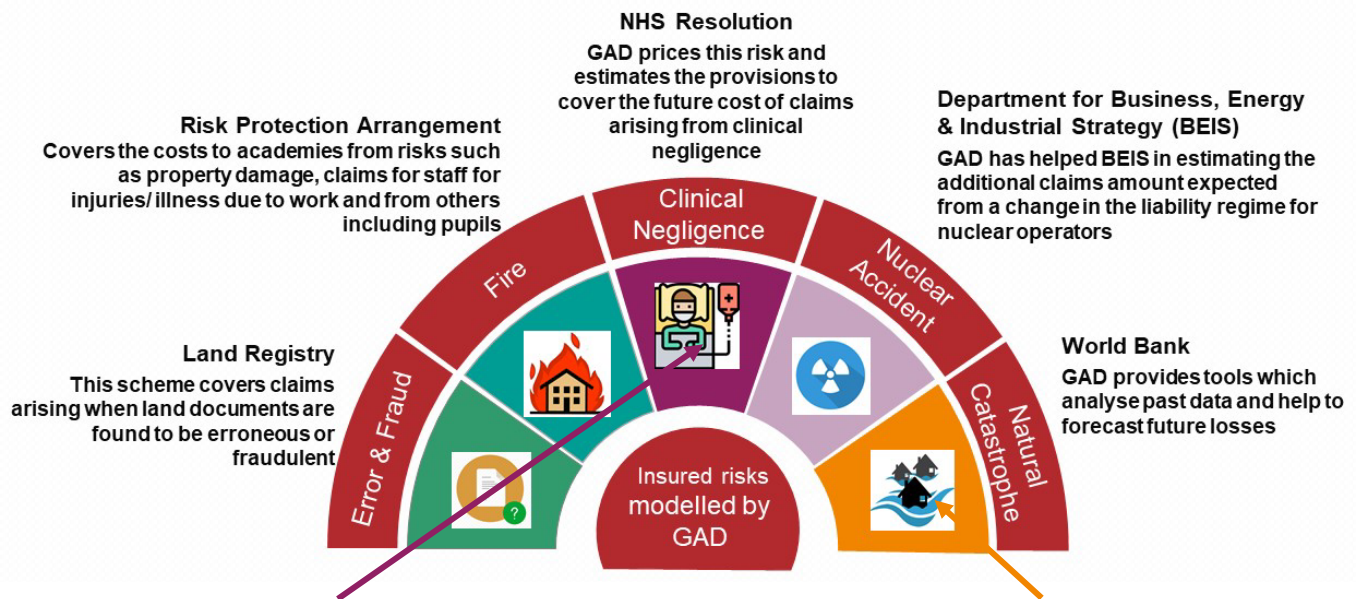


Bespoke projects

Recent projects have included advising on the risks of airline insolvency, ensuring doctors are provided with fairly priced coverage for clinical negligence and providing tools to help developing countries with their financial planning after natural disasters. All of these are a far cry from the more typical areas associated with actuarial insurance work, such as car, home and travel insurance. An overview of some key areas where GAD insurance actuaries advise is set out overleaf.

Advocating improved risk management

The expansion in our portfolio has been driven by policy decisions, more scrutiny and reporting of government's contingent liabilities, and an increased understanding of the value that improved risk management can add for departments. GAD actuaries advise HM Treasury on contingent liabilities and are active in championing better risk management practices across government, including the identification of new areas where the implementation of insurance may lead to better risk outcomes.



Case study: NHS Resolution

NHS trusts are often subjected to claims arising from their activities, for example a patient claiming medical negligence. NHS Resolution helps to control the risks of such claims, by managing claims and advising on safety and learning from mistakes.

Among other advice, GAD supports the setting of annual risk-related contributions for NHS bodies. The analysis which supports the setting of contributions helps NHS Resolution to identify factors which affect the risk of future claims and to communicate these factors to its members.

Case study: World Bank

Natural disasters threaten lives and livelihoods and when they occur the financial consequences for developing economics can be devastating.

GAD's work to support the World Bank has included producing a range of user-friendly modelling tools to help developing countries better understand their financial exposure to natural disasters, providing assistance with World Bank research initiatives and advising on appropriate disaster risk financing strategies for specific projects the World Bank is funding.

Anticipating future risks

As the risks the government faces are unique, so too is our work and this can require innovative and bespoke solutions. To date, our willingness to undertake projects ranging from the niche to the long-term has led to a rapid expansion in the size of our team and in the amount of work we undertake. This in turn means we've increased the breadth and depth of services, leading to a fully-rounded actuarial and analytical offer.

From emerging climate change, to technological advances such as the development of artificial intelligence, GAD will continue working with clients to help them plan for and anticipate future risks. In this way our expertise and work can continue to make a difference to our clients, and by extension to the public purse, throughout the century ahead.





Recent developments

The Pension Regulator (TPR): Codes of Practice

TPR will be reviewing its [code of practice](#) over the next year to reflect the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018. As part of this process, TPR expects to combine its current 15 codes of practice to form a single, shorter code, which will make them “quicker to find, use and update so that trustees and managers of all types of scheme can be more responsive to changes in regulation”.

Guide to the Pension Protection Fund (PPF) Levy 2019 to 2020

The PPF has published a [guide to the Pension Protection Levy 2019 to 2020](#). It is designed to help pension schemes understand their pension protection levy invoice and informs them what to do if they have any questions.

Financial reporting manual (FReM) 2020 to 2021

HM Treasury has launched a consultation seeking views on revisions to the FReM, which gives guidance for those preparing government annual reports and accounts. The revisions have been proposed in light of ‘[The government financial reporting review](#)’ and a thematic review of the Statement of Parliamentary Supply. They reflect feedback from those who use public sector annual reports and accounts, as well as those who prepare them. The consultation closes on 25 October 2019.

Department for Work and Pensions (DWP): Workplace pension scheme stewardship and governance - Shareholders Rights Directive II

DWP has published a factsheet [setting out an explanation of the requirements established by the Shareholder Rights Directive II \(SRD II\)](#) – relating to workplace pension scheme stewardship and governance. SRD II was introduced to improve transparency and stewardship of occupational pensions schemes, allowing for comparison between schemes so that engaged members and other stakeholders can better understand their investments. It ensures that all occupational pension schemes publish free of charge online information regarding the development and implementation of their shareholder engagement policy.