



BPDTS Ltd

Providing digital technology  
services to DWP



# Annual Report & Accounts

2018/19





**BPDTS Ltd**

Providing digital technology  
services to DWP

# **BPDTS Ltd**

## **Annual Report and Accounts 2018/19**

(For the year ended 31 March 2019)

**Company registered number: 10344843**

Accounts presented to the House of Commons pursuant to Article 6 of the Government Resources and Accounts Act 2000

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# The Chair's Foreword

The Board is pleased to present the third annual report and accounts for BPDTS Ltd covering its second full year of operations. BPDTS delivers specialist digital and technology services to our sole customer, the Department for Work and Pensions (DWP).

I am pleased to report that BPDTS, throughout 2018/19, met the key business plan objectives, providing savings in both cost and time for our customer, DWP, whilst increasing levels of customer satisfaction.

BPDTS grew rapidly in 2018/19 to meet the increased demand for a wider range of services from our customer, with the number of permanent employees almost doubling from 451 to 817 people. We are continuing to benchmark and appraise job roles in the wider digital market to seek to provide a competitive reward structure and compelling employee value proposition to ensure we continue to retain the talent we have recruited.

This year we have successfully embedded our new structure and specialist communities of practice, with Practice Leads building and shaping their business areas. Service quality has continued to improve with markedly fewer hours lost and fewer incidents for our customer, leading to better performing services for DWP employees and UK citizens.

We have invested heavily this year in learning and development, both to support our customer in transforming the tools and technologies being used and to enable our people to progress their own professional development.

In this specialist supplier arrangement, BPDTS offers excellent value for money by providing the high quality service and skills required, at a reduced cost to the Department relative to external suppliers, and we continue to benchmark our overhead costs and utilisation rates to ensure we remain competitive.

We continue to support the strategic aims of DWP and most importantly help to sustain and improve the systems and processes that provide support to the lives and needs of millions of our fellow citizens. We aim to be the partner of choice for the Department.

As part of BPDTS's transition to a Non-Departmental Public Body, independent Non-Executive Directors have been appointed providing an independent oversight and constructive challenge to the Executive Directors. Full details of these appointments are included in the Directors' report (section 2). I would like to take this opportunity to thank former directors Helen John, Mayank Prakash, Debbie Alder and Paul Greening for their contribution, commitment and support to the Board, and I wish them the very best for the future.

In addition the Department for Work and Pensions is currently undertaking a tailored review of BPDTS, and we look forward to receiving the outcome.

The Board looks forward to being able to report on further successes in the future as BPDTS Ltd develops.



**Jeremy Moore**  
BPDTS Chair  
28 October 2019

# Chief Executive's Foreword

I am delighted as Chief Executive of BPDTS to present to you the Annual Report and Accounts for 2018/19. I hope you find it interesting.

BPDTS Ltd is a private limited company and we provide digital and technology services to our sole customer, the Department for Work and Pensions. Together, we are transforming digital experiences of millions of people as they look for work, deal with illness or disability, support children after separation, or plan for retirement. In April, BPDTS became a Non-Departmental Public Body, recognising the role that BPDTS plays in delivering the Department's digital strategy. With the attainment of this status, we have developed a framework document that sets out my responsibilities as the Accounting Officer.

Our key asset is our people and we now employ a large number of talented and innovative technical professionals. It is only through them that we can provide the excellent services that we strive for. I am fully committed to listening to what each and every member of the organisation has to say, so that we can build on their ideas and drive the company forward. To do this, people need to feel confident to speak out and have the confidence that we will act. We have invested time in developing a culture of learning, autonomy and purpose and are building a strategy around our people, supporting them to deliver their very best for our customer.

During 2018/19, the demand for our services increased and we responded immediately, implementing a faster and more effective recruitment process so that we scale rapidly. This has been not only a year of growth, but of consolidation, building a company we can all be proud of.

I would like to thank the Board, Executive Team and all my colleagues for their support in making our third year of operation the most successful yet.



**Loveday Ryder**

Chief Executive and Accounting Officer

28 October 2019

# Strategic Report





# Background

BPDTS Ltd is a private limited company, whose sole member is the Secretary of State for Work and Pensions. We were set up in 2016 to provide digital technology services to the DWP.

The Company's employees are public servants who provide a full range of digital technology services to DWP, our sole customer. We've been set up to provide services, where our people are remunerated more flexibly to attract and retain high quality digital, data and technology specialists.

We are unique as a public body because we can deliver technical services at a significant cost advantage over the private sector. We provide a differentiated employment offer, taking advantage of our size, flexibility, gradeless structure and pure technical focus to enable us to attract digital professionals not usually available to the civil service

We work with the DWP Digital Group, its partners to build and run, in innovative and cost effective ways, secure and reliable digital technology that's used and valued by over 22 million people.

Our services help to ensure DWP Digital is able to provide simpler, secure, faster and more efficient digital services that meet the needs of the people who use them.

We work with DWP to design and deliver these services to make a difference to millions of UK citizens at critical times in their lives as they:

- look for work and do all they can to realise their full potential
- deal with illness or disability
- support children after separation
- plan for, and enjoy a secure retirement.

BPDTS was formally classified as a Non-Departmental Public Body on 17 April 2019. A Master Services Agreement sets out the basis on which BPDTS provides services to DWP and a Framework Agreement sets out how BPDTS should operate as an arm's length body in the public sector. Under these agreements, BPDTS is required to recover its costs in full through charges to DWP. DWP has made working capital available to BPDTS, in the form of repayable cash funding, under a Funding Facility Agreement. Under a Support Services Agreement, DWP provides some services to BPDTS, such as accommodation, for which it charges.



[Find out about BPDTS and our values](#)

# Strategic Report

We are proud of what we've achieved in providing digital technology services to our sole customer, DWP. Our service covers a range of offerings in the professional disciplines of Architecture, Engineering, Data and Analytics, Delivery Management, Product Design and Service Management.

BPDTS services work collaboratively with DWP teams to build, run and maintain many of the digital systems that support DWP's core functions. We have brought positive change, innovation and business improvements, helping to deliver world class service to the Department and its users. The technology services we have provided together, including an improved digital experience, are transforming the lives of millions of our fellow citizens as they look for work, deal with illness or disability, support children after separation, or plan for retirement.



BPDTS identified a number of key areas on which to focus the business in 2018/19.

### Strategic Objective 1

## Capacity

Growing our capacity in a wider range of professional digital services



### Strategic Objective 2

## Quality

Actively seeking out opportunities and taking further steps to improve the services we offer



### Strategic Objective 3

## Capability

Continually refreshing the skills of our people so they're equipped to deliver innovative solutions and service excellence



### Strategic Objective 4

## Efficiency

Cutting out unnecessary bureaucracy and complexity by simplifying how things get done, and looking at how else we can deliver services even more efficiently.



## Capacity



Our first business plan priority was to increase our service capacity. DWP, like other departments, was looking to build capacity within the public sector and challenged BPDTS to scale up to deliver significant numbers of additional services. The flexibilities that BPDTS has in its remuneration mix meant that we could offer a number of advantages to DWP as a supplier, but the challenge to recruit in new areas at scale and pace was critical.

Our first priority was to attract high calibre digital professionals into Practice Lead roles. These individuals provide leadership to their practices, are proactive in the digital market place, share insight, utilise their networks, lead recruitment and work closely with DWP Digital Group colleagues. This has enabled BPDTS to gain understanding of DWP's demand and develop the capacity to supply high quality services.

We have also developed and begun to mature communities of practice this year for each of our technical disciplines, so that everyone can support and contribute to professional development activities. Investment in community building has been significant and we are beginning to see the results in engagement and maturity of ideas.

Most fundamentally, we focused on our recruitment process, completely streamlining it, introducing new technology and focusing on real-time campaign feedback to considerably reduce advert to offer timings to as low as 13 days in some areas. We looked at the candidate experience and improved the look and feel of interactions, ensuring that people were engaged and supported throughout the process. We also ensured that panels were trained to reduce unconscious bias and that sifting was done anonymously to promote a more diverse workforce. As a result, we successfully recruited up to 80 new joiners per month across a range of disciplines – which was a huge logistical challenge that the business managed and executed successfully. Using feedback, we continued to iterate and improve until we had a highly rated new joiner experience.

By the end of 2018/19, BPDTS had almost doubled relative to its size at the end of the 2017/18 financial year and during 2019/20 will be at the new target level the Department has set for us at 1124 employees. BPDTS has been proven to be an effective vehicle to attract and retain highly specialist digital and technology talent not readily accessible to the civil service.

Key Objective	Measure(s)	KPI / Target	Position at year end
1. Recruit Service Practice Leads to increase market activity	Practice Leads recruited	Leads in place for all practices and active in the marketplace	Achieved
2. Optimise end to end recruitment process	Process to be fit to scale and meet high expectation of digital market	End to end timings of under 7 weeks from advert to offer	Achieved
3. Promote workforce diversity	Promote increased gender balance through sift and interview process	17% of interview candidates to be women (industry average)	Achieved 21.4% across all roles

Key Objective	Measure(s)	KPI / Target	Position at year end
4. Recruit and retain high calibre digital professionals	Recruitment to proceed at pace per month until service target met	80 per month until service target met	Initial set up to meet the increase in demand took some time. In November 18 and January 19, when recruitment was at its peak, performance was within tolerance level.
	Retention of recruits meeting standards to be high	95% retention rate for new joiners within first 12 months	Achieved for permanent recruits

## Future Plans 19/20

In 2019/20, we plan to continue to scale up our business to meet the customer requirement. We will look to market best practice, so that we are learning from those around us and reflecting the expectations of candidates as they navigate our recruitment process. Once scaling up is complete, we will focus even more on candidate fit with the culture we are building in BPDTS alongside technical competence and experience.

Having become more visible in the market over the last 12 months, we want to continue to develop our attraction strategy, not only to target digital talent across the market, but also understand how we can become the employer of choice for women and those looking for apprenticeship opportunities. This, alongside implementing our Diversity and Inclusion strategy, will help to nurture those with the aptitude and potential to be the technology leaders of the future.

We also plan to focus more this year on effectively managing resourcing and anticipating and planning for potential future challenges. As we reach target capacity, our emphasis will shift from meeting new service demand by recruitment. We will need to source new opportunities from within the business, encouraging career progression for our top talent. We want to ensure that in deploying our people to meet service demand, we continue to put their development, growth and well-being at the heart of what we do, to achieve the best outcomes for all.

Having established communities of practice, we will continue to invest in them. We will promote the knowledge, skills and learning opportunities they provide to develop our existing people and attract new talent into the organisation.



## Quality



In 2018/19 we have seen the benefits of our approach to organise into Service Practices that mirror professional disciplines, improving the focus on technical excellence. This has expanded our service catalogue and offers a broader range of services to our customer. Much investment has been made in practice set up and development, ensuring our people have a forum to share knowledge, coach and mentor and hone their professional skills.

As the practices have grown and the depth of capability increased, we have been able better to meet the customer demand for expertise in a more timely manner. We have worked to assure the quality of the services provided through monitoring customer satisfaction levels and taking prompt action on any emerging concerns. We have seen a consistently improving trajectory of approval ratings throughout the year.

Another objective we set for the 2018/19 business year was to improve the quality of our advice and insight to the customer, ensuring we were making the best of the expertise we had across the company, breaking down the organisational silos we had inherited. In particular, this led us to improve our problem management process and ensure we enabled better join-up between application development and support teams across the company. We also focused on developing 'agile' capability across the organisation, so that a culture of continuous improvement began further to drive up service performance.

Finally, we worked in collaboration with DWP and other service providers on their World Class Service programme. Service performance in operations is better than ever before, delivering markedly higher availability on critical systems for our customers. BPDTS has played a significant part in reducing DWP's operational downtime to 0.1% in 2018/19, down from 0.5% the previous year and 2.1% in 2014/15 under previous arrangements. For example, BPDTS handles 93.37% of all level 2 incidents, and these have reduced by 45% this year, translating into far fewer outages, enabling customers to use critical systems when they need them.

Key Objective	Measure(s)	KPI / Target	Position at year end
1. Ensure customer satisfaction	Customer satisfaction survey	Service quality and confidence level over 3 out of 5	Achieved
2. Reduce average number of days to fix problems	Improved time to resolve problems	125 days	Achieved 118 days on average through year
3. Ensure high utilisation	Available time to spend on customer-facing work	97% (± 2% tolerance) of time available for customer-facing work	Achieved 95% average through the year (within tolerance)
4. Reduce capacity gap	Lag between customer demand and fulfilment	16% gap to reflect time to recruit	It takes time for recruitment processes to respond to changes in demand, causing a slight lag between roles requested and filled. Performance at year end was 26%.

## Future Plans 19/20

We will continue to use the feedback we receive from our customers to monitor and improve our end to end service performance. We also plan to enhance the assurance we provide around our offerings to DWP. We aim to gain a greater insight into DWP's future priorities in each Line of Business, and provide the capacity and capability to help them deliver proactively on those priorities.

Although much progress was made during 2018/19, there is more work to do to see the true benefit from communities of practice in all areas. We will continue to collaborate with DWP's practice network to combine efforts and share learning, where we can.

We plan to continue our focus on the 'agile' methodology, developing an in-house coaching service to offer advice and support to teams, and to embed the changes in ways of working we have begun.

We recognise that there is likely to be a Spending Review during 2019/20, and we will work with our customer to ensure that our services and approach are adapted to meet any emerging transformation plans.

Finally, we aim to be in a position to offer high quality advice and thought leadership to DWP in support of its strategic decision-making. We will aim to create an environment in which all employees are able to contribute to innovation in the way we deliver our services and contribute to the continual improvement of DWP's offerings to citizens.



## Capability



Over the last 12 months, we have invested heavily in the development of our people. We are committed to encouraging our people to grow to fulfil their potential and develop their capability to meet the demands of the future. We are equally committed to ensuring that BPDTS provides interesting and challenging work to those joining us, as well as a community in which to develop and nurture, sharing ideas, knowledge and skills with other digital professionals.

In 2018/19, we made progress in establishing our practices with expert Digital Services Practice Leads (DSPLs) who can lead and support people in their career development. The practices have organised a programme of community learning activities, covering topics of interest and sharing knowledge and experience. We have undertaken capability assessments to identify technical and non-technical skills and areas for future development so that people can build development plans that will move them forward.

We have also launched a mentoring programme with colleagues from across the organisation mentoring and being mentored to support development, and we have particularly encouraged our senior leaders to contribute to the programme.

A new group of apprentices joined the company this year, demonstrating our continuing commitment to building capability and nurturing future talent.

As a result of this investment, we have started to embed a learning culture. We are seeing people embrace the commitment and enthusiasm we have for ongoing development

Key Objective	Measure(s)	KPI / Target	Position at year end
1. Development reviews completed	All employees to have had development review and plan	Reviews in place and plans complete	Achieved within tolerance
2. Increase time spent on learning and development	Time spent on learning and development activities through timecard	5 days per person per year	Exceeded due to large volume of induction training and new technology training required by customer as systems modernised
3. Create new apprenticeship programme	Cohort of apprentices recruited and started	Programme in place	Achieved and 7 apprentices commenced in October 2018
4. Create a mentoring programme	Scheme in place	Creation by June 2018 and 10% of company involved	Achieved



## Future Plans 19/20

Over the next 12 months we will continue with our commitment to assess, grow and nurture capability within BPDS, as well as bringing in new skills from outside.

Building on our baseline skills assessment, we will identify where our skills hotspots are, and how we fill key skills gaps, for example by targeted apprenticeships in hard to fill roles, such as DevOps. Our new apprenticeship strategy supports this objective.

We are rolling out a new training platform to ensure our employees have access to opportunities to develop themselves both personally and technically, and we will continue to support people as they progress with their development plans. We are keen to build on the learning culture we have grown, and this is a core part of our culture and employee value proposition.

We recognise that capability building is not just about increasing technical competence. It is also how we support our people in their personal leadership development. We plan to support all of our employees in their leadership development, and we have trained some of our leaders as trainers to support the roll-out of a new programme. We are confident that this will contribute to shaping the culture that we are looking to build.

We have placed a large emphasis on the overall health of our people, our company and our customers during 2019/20 and are proud of the vision we have set through our people for the future. Our culture is unique to us and we have developed a new set of organisational outcomes, which will harness the kind of organisation our people have said they want. This will encourage our people to do their best work, shaped around learning and empowerment and will continue to be a priority so we can thrive and adapt to change over the coming years. Our aim is to have highly motivated colleagues as well as attracting the best people to join us in the future.

We recognise cultural changes don't happen as a project on the side and we have encouraged all our people to design and deliver the new framework. We're proud of how far we have all come in a relatively short space of time and we'll continue to ensure this is a holistic and bottom-up approach going forward.

We are refreshing our training strategy and will ensure that everyone understands the priorities and how to access training opportunities. We will look at the interventions we procure and ensure we are making opportunities available to all through our diversity and inclusion strategies.



## Efficiency



One of our key strategic priorities is to continue to demonstrate efficiency and risk to our customer. This year, we monitored cost effectiveness by benchmarking the cost of our overheads against best practice indicators and tracking our utilisation and cost base through a new framework of key performance indicators. We also tracked our charges for services against our competitors through comparable commercial frameworks to ensure we remain at a comparable cost to the civil service and significantly better value than the private sector.

By achieving the major increase in capacity requested by DWP, with monthly recruitment at a high rate, we have enabled DWP to reduce its dependence on other suppliers, enabling them to make large savings on their contingent labour costs.

We have also continued to deliver the planned savings from bringing application development, maintenance and support into the public sector, and have achieved an additional 11% efficiency savings in our service operations by modernising, streamlining and automating some components of application support, offering our customer a better service for considerably less money.

Building a culture of challenge and continuous improvement is a key enabler for delivering our services more efficiently and effectively and we invested in an 'agile' skilling programme to ensure our employees all felt equipped to look for improvement ideas as part of their roles. We re-invigorated the scheme for promoting improvement ideas this year, and have seen a steady stream of good suggestions that have led to business and service improvements.

Improving levels of employee engagement is also a key priority for BPDTS as an organisation, and we committed to making significant improvements to our engagement index over the year, eventually achieving a 10% increase in the annual survey.

Key Objective	Measure(s)	KPI / Target	Position at year end
1. Maintain value for money	Proportion of spend on overheads (including line management)	Spend under 20%	Achieved within tolerance
	Cost against competitors	Cost of key roles against contingent labour and other frameworks	Achieved – 36% cheaper for equivalent roles
2. Minimise non-productive time	Reduce working days lost due to sickness	Fewer than 6 days lost per person per year	Achieved 5.6 average over the year
3. Achieve efficiency savings in IT Service Management	Reduction in cost of original service transferred to BPDTS	30% challenge set by customer	An 11% saving has been achieved. The remaining predicted savings have been deferred in agreement with the customer
4. Improve employee engagement	Employee engagement index	12% improvement	Achieved 53% from 41%

## Future Plans 19/20

In 2019/20, we will continue our drive for value for money. Increased capacity in BPDTS will enable DWP to make even greater cash savings, but we cannot rest there. We will need to continue to strike a balance between attracting and retaining digital talent on the one hand, and keeping our cost advantage on the other. We believe the key to this is an employment offer that goes beyond the pay packet by providing challenging, worthwhile development opportunities in an exciting diverse organisation.

Another priority for us will be investing in a culture of continuous improvement. The best ideas for improving our own efficiency and the end to end efficiency of DWP's processes are likely to come from those closest to the processes – our people. By developing our culture, we will help to ensure that our people are empowered and equipped to make a difference and deliver transformation services to the customer.

All our enabling services are focused on supporting those in service delivery roles to do their jobs better and to simplify processes and improve the support we give them. As a result, we plan to upgrade a number of our business systems to meet the needs of a growing digital company and improve the user experience for our employees. The focus for 2019/20 is on a new timesheet system and new intranet to improve our knowledge management.



# Financial Outturn

The outturn for our second full year of running was £51.8m. This was significantly higher than expenditure (£42.4m) in 2017/18. During the year, DWP indicated that they wished BPDTS to increase capacity significantly in order to play our part in wider digital transformation in the Department. As a result, our services and cost base increased as the year progressed.

The company operates on a full cost recovery basis, facilitated by monthly billing cycles with DWP. All goods and services chargeable by DWP to BPDTS are billed on a quarterly basis. The total outstanding loan value from DWP was £10m as at 31st March 2019. No additional loans have been granted in 2018/19. The initial loan was to provide the necessary additional funding to cover the anticipated eventual shortfall relating to Fair Deal pension transfer payments and to allow for BPDTS to cover its short term working capital commitments. This has also provided the organisation with a clear signal as to the intention of DWP to operate BPDTS as a going concern.

The costs set out in this annual report relate only to operating BPDTS and the assets owned and used by BPDTS to deliver its services.



# Business Plan for 2019/20

As set out above, we have ambitious plans for 2019/20 that build on the progress made last year aligned to the four strategic themes:



## Capacity

Continuing to enhance our capacity in a wider range of professional digital services

## Quality

Actively seeking out opportunities to innovate, and continually improve the services we offer, focusing on delivery excellence, and becoming the supplier of choice for our customer

## Capability

Continually supporting our people in their self-development so they're equipped to deliver innovative solutions and service excellence

## Efficiency

Cutting out unnecessary bureaucracy and complexity by simplifying how things get done, and looking at how else we can deliver services even more efficiently



# Summary

In summary, the company performance in 2018/19 has been successful, meeting the significant performance targets and key milestones, doubling the size of the company and setting us up to deliver the services our customer needs for the future.

The biggest challenge for 2019/20 is to ensure we continue to build a strong and positive company culture that helps us retain and develop the digital talent that we have recruited. Our main ambition is to be the partner of choice for our customer, making BPDTS services high quality, innovative, and value for money.

**Loveday Ryder**  
Chief Executive and Accounting Officer  
28 October 2019





# Directors' Report

create a repository.





# Directors' report

The Directors of BPDTS 2018/19

Name	Role/Position	Date Appointed and Term
<b>Helen John</b>	Chair & Non-Executive Director	From 21 Nov 2016 for 3 years Chair of Board from 24 Aug 2018 to 01 Jan 2019 Resigned on 28 Mar 2019
<b>Claire Johnston</b>	Chair & Non-Executive Director	Appointed on 24 Aug 2016 for 3 years Chair of the Board from 24 Aug 2016 to 23 Aug 2018 Resigned on 23 Aug 2018
<b>Loveday Ryder</b>	Chief Executive & Accounting Officer	Appointed on 22 Jan 2018 for 18 months and further extension until 31 Jan 2021
<b>Debbie Alder</b>	Non-Executive Director	Appointed on 21 Nov 2016 for 3 years Chair of Remuneration Committee to 31 Mar 2019 Resigned on 28 Mar 2019 Remains an independent member of Remuneration Committee
<b>Paul Greening</b>	Chief Finance Officer	Appointed on 21 Nov 2016 for 3 years Resigned 31 Mar 2019
<b>Ian Wilson</b>	Non-Executive Director	Appointed on 1 Jun 2018 for 5 years Chair of Audit, Risk & Assurance Committee from 18 Oct 2018
<b>Valerie Gordon-Walker</b>	Non-Executive Director	Appointed on 01 Jan 2019 for 5 years Chair of Remuneration Committee from 01 Apr 2019
<b>Mayank Prakash</b>	Non-Executive Director	Appointed on 21 Nov 2016 for 3 years Member of Remuneration Committee Resigned on 31 Dec 2018
<b>Jeremy Moore</b>	Chair & Non-Executive Director	Appointed on 01 Jan 2019 for 5 years Chair of Board from 01 Jan 2019
<b>John Osmond</b>	Non-Executive Director	From 01 Feb 2019 for 3 years
<b>Katie Kapernaros</b>	Non-Executive Director	From 01 Feb 2019 for 3 years

The Directors present their annual report on the affairs of BPDTS, together with the financial statements and auditor's report for the year ended 31 March 2019.

The financial statements have been prepared in accordance with the Companies Act 2006 and, as appropriate, the Government Financial Reporting Manual (FReM) and other guidance issued by HM Treasury and the Secretary of State for Work and Pensions where the disclosure requirements of these go beyond the requirements of the Companies Act 2006.

In accordance with the International Financial Reporting Standards as adopted by the EU (Adopted IFRSs) and the guidance from the International Financial Reporting Interpretations Committee, the financial statements have been prepared and approved by the Directors. The Governance statement and the Remuneration and staff report following this section form part of this report.

### **Principal activities**

BPDTS Ltd is a private company as defined by the Companies Act 2006, limited by guarantee, with the reference number 10344843.

BPDTS was incorporated on 24 August 2016, with the principal objective to deliver information technology and security services to DWP. BPDTS services are required to support DWP's mission and objectives and its statutory functions and other responsibilities, in accordance with DWP's priorities and in compliance with its governance arrangements.

The most important events have been the delivery of milestones in the 2018/19 Business Plan.

### **Going concern basis**

In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

During the reporting period, BPDTS' expenditure was £51.8m, matched by income of £51.8m from DWP. Expenditure and income match because BPDTS is required, under agreements with DWP, to operate on a full cost recovery basis, without making a profit. As at 31 March 2019, BPDTS had assets less current liabilities of £10m, predominantly in the form of cash and debtors.

BPDTS Ltd is reliant on income from DWP, its sole customer. Under the Master Services Agreement between BPDTS Ltd and DWP, the agreement can be terminated by DWP with six months' notice.

During 2018/19, the Directors were provided with assurance from the Permanent Secretary for Work and Pensions regarding demand and current and future funding for BPDTS Ltd to satisfy the Board of Directors that BPDTS is a going concern until at least 2020/21.

Both BPDTS and DWP work closely to balance supply and demand to avoid having BPDTS staff under-employed or DWP having to employ expensive contingent labour or work left undone.

In August 2019, DWP commenced its first Tailored Review of BPDTS Limited to ensure we remain fit for purpose, well governed and properly accountable. We expect the report to be published by March 2020 at the latest.

In the light of the above, the Directors are satisfied that BPDTS Ltd is a going concern.

### **Dividends**

BPDTS Ltd is a private company limited by guarantee; it has no share capital and therefore does not pay dividends.

### **Information security**

The Directors recognise their responsibilities under the UK Data Protection Act 2018, which received Royal Assent on 23 May 2018 and the enforcement period for General Data Protection Regulations (GDPR) which came into force on the 25 May 2018. We ensure that personal and commercial information is protected against internal and external threats, loss or misuse. We engaged with DWP GDPR compliance assurance processes and demonstrate compliance.

None of the information security incidents investigated in 2018/19 were evaluated as a breach that would be reportable to either the Board of Directors, or the Information Commissioner under the Data Protection

Act, or GDPR. All investigations resulted in re-affirming standing processes and ensuring that both managers and staff were aware of their responsibilities.

The nature of the services provided by BPDTS makes information security a particularly important priority for BPDTS. To minimise risks during set up, the initial transfers of staff and services into BPDTS involved minimal changes in processes and controls inherited from DWP.

GIAA made recommendations over the improvement of corporate records management that have now been cleared.

Subsequent changes are reviewed on an ongoing basis to ensure they comply with DWP's security standards, and with the standards defined in ISO27001. The same standards are being used in service agreements with suppliers.

A particular focus in 18/19 was to investigate and improve the mechanisms and platforms for secure encrypted transmission of personal data between BPDTS and Shared Service providers that are outside DWP IT Systems and controls. These activities have provided greater rigour, and visibility of data movement which has in turn informed assurance and control measures.

To maintain assurance with DWP, BPDTS has agreed with DWP to implement the DWP annual training and revalidation mechanisms for security practices.

### **Employment and Inclusivity**

In early 2017 BPDTS Ltd received Disability Confident Employer accreditation. We're committed to removing barriers to disabled people in employment and ensuring that everyone has the chance to realise their aspirations. This reflects our belief in the benefits of a diverse workforce.

We'll continue to make sure our recruitment policies and internal procedures provide everyone with a fair opportunity to succeed.

Our policy is to make appropriate arrangements for the training and development of disabled employees.

### **Informing and consulting employees**

BPDTS used a variety of arrangements during the year to inform employees about key developments and to consult them. In addition to communications through line management, the company's intranet, Confluence, was a key means of providing written news and seeking comments from staff.

We hold monthly stand ups at every hub site and monthly all-colleague calls, as well as ample opportunities for engagement through practice and team meet-ups. The company's Employee Forum has been expanded this year to reflect the diversity and growth of the business and the expansion into six DWP locations and a range of other DWP offices. It included management and employee representatives, and meets monthly to discuss matters raised by both management and representatives and to consult on changes affecting our people.

### **Personal data related incidents**

In 2018/19 we had 4 Data Protection Act Subject Access Requests in connection with a member of staff's information and one FOI request. These have been responded to appropriately and within the prescribed timescales.

There were no personal data related incidents in 2018/19 reported to the Information Commissioner.

### **Environmental matters**

BPDTS operates out of DWP hub locations and offices and supports DWP's strategies in relation to sustainability.

## **Health and safety**

In the year 2018/19 we reported no accidents under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) to the Health and Safety Executive (HSE).

## **Auditors**

The Comptroller and Auditor General (C&AG) is the statutory external auditor of BPDTS Ltd.

The C&AG is an officer of the House of Commons and leads the National Audit Office (NAO). The C&AG certifies the accounts of all Government Departments and many other public sector bodies and has statutory authority to examine and report to Parliament on whether Departments, and the bodies they fund, have used their resources efficiently, effectively and with economy.

The audit programme is undertaken by the National Audit Office. The NAO is independent of government and their purpose is to scrutinise public spending for Parliament.

Internal audit is provided by the Government Internal Audit Agency (GIAA) who will review policy and practice, process, compliance, administration, communication and training, quality, assurance and improvements.

The internal audit programme is undertaken in conformance with the Public Sector Internal Audit Standards (PSIAS).

Each of the Directors individually confirms at the date of approval of this report that:

- So far as the Director is aware, there is no relevant information of which the BPDTS auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant information and to establish that the BPDTS' auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

**Loveday Ryder**

Chief Executive and Accounting Officer

28 October 2019



# Governance



# Governance Statement

BPDTS Ltd was set up as a company limited by guarantee. The Secretary of State for Work and Pensions is the sole member of BPDTS.

BPDTS is an arm's length body of DWP, with the Chief Executive Officer appointed as Accounting Officer with accountabilities and responsibilities delegated by DWP's Principal Accounting Officer. The CEO is also the Consolidation Officer for the purpose of Whole of Government Accounts. The Accounting Officer responsibilities are set out in the Framework Document and in HM Treasury's Managing Public Money. The Chief Executive has responsibility for day-to-day operations and has specific responsibilities for BPDTS employees.

BPDTS is committed to the principles contained in the UK Corporate Governance code issued by the Financial Reporting Council. The Board has had regard to the principles set out in the code insofar as they are appropriate to BPDTS as a Non-Departmental Public Body of DWP and given its size and how long it has existed.

## Board Composition

The composition of the Board varied over the year, reflecting retirements and the transition to more independent Non-Executive Directors appropriate for a Non-Departmental Public Body as shown in the Directors Report section. This completes the planned transition to an independent Board. The Directors Report provides full details of the changes that have taken place.

## Board Responsibility

The Board is responsible for setting company strategy, company risk appetite, approval of major items of expenditure and the establishment and monitoring of internal controls. It reviews the strategic direction of BPDTS and monitors its progress towards the achievement of its budgets and plan. The Board has sub-committees: the Audit, Risk and Assurance Committee and the Remuneration Committee.

The Board met 10 times during the reporting period. The Audit, Risk and Assurance Committee met three times during the year. The Remuneration Committee met six times in the year. The table below shows the number of Boards compared to those attended by members.

Board Member	Board meetings attended	RemCo meetings attended	ARAC meetings attended
<b>Helen John</b> (Chair & Non-Executive Director)	10/10	N/A	1/1
<b>Claire Johnston</b> (Chair & Non-Executive Director)	3/3	N/A	N/A
<b>Loveday Ryder</b> (Chief Executive & Accounting Officer)	10/10	6/6	3/3
<b>Debbie Alder</b> (Non-Executive Director)	7/10	6/6	N/A
<b>Paul Greening</b> (Chief Financial Officer)	10/10	5/6	3/3
<b>Ian Wilson</b> (Non-Executive Director)	8/9	N/A	3/3
<b>Valerie Gordon-Walker</b> (Non-Executive Director)	3/3	1/1	N/A
<b>Mayank Prakash</b> (Non-Executive Director)	7/7	2/5	N/A
<b>Jeremy Moore</b> (Chair & Non-Executive Director)	3/3	N/A	N/A
<b>John Osmond</b> (Non-Executive Director)	2/3	N/A	1/1
<b>Katie Kapernaros</b> (Non-Executive Director)	3/3	N/A	N/A

Jim Arnott our ARAC independent member attended three out of a possible three ARAC meetings this year.

Following the Board Effectiveness Survey in January 2018, we have taken the time to induct our new Non-Executive Directors ensuring that they are able to contribute fully to the Board and its sub-committees. A further Effectiveness Survey has been conducted later in the year providing insight into how successful we have been at this,

The following section sets out the system of control that the Board and Accounting Officer have put in place and the assurances which they have received from the BPDTS Executive Team (see below) and from the internal audit service provided by the Government Internal Audit Agency, on how the system of control is operating. It concludes with the Accounting Officer's assessment of the effectiveness of the system of control and sets out any control issues which the Board judges to be significant.



## System of control

### **BPDTS is principally governed by:**

- Company law and the Articles of Association;
- Agreements between DWP and BPDTS such as: the Framework Agreement, Master Services Agreement, Support Services Agreement and Funding Facility Agreement;
- The Accounting Officer's responsibility for BPDTS' expenditure and management; and
- The BPDTS Board's collective responsibility for advice on strategic and operational issues, and for scrutinising and challenging policies and performance.

The system of control includes the Board sub-committees and work undertaken and supported by the BPDTS Executive Team, along with the control framework, which is supported by internal and external audit assurance processes.

The control framework is intended to provide appropriate and proportionate safeguards, taking into account the accountabilities of BPDTS, its relationship with DWP and its place within the Department's strategic plans.

### **The key elements of the control framework are articulated in the following table:**



Control Area	Description	Risks Addressed	Accountability	Methodology
<b>Business</b>	Processes and controls for agreeing services and deliverables with DWP	Disruption in service and failure to fulfil demand for new services in a timely fashion	Head of Digital Delivery and Head of Digital Service Management enacted through the BPDTS Senior Leadership Team	Control is exercised through good management practice and stakeholder engagement supported by a robust framework of Key Performance Indicators and a high performing recruitment system
<b>People</b>	Processes and controls for joiners, leavers, line management, performance management, pay, allowances and staff engagement	Inability to induct successfully Inability to adapt to requirement variation Increased attrition through poor management of those awaiting assignment Declining utilisation rates Culture fragmenting	Head of Digital Delivery and Head of Digital Service Management supported by the Head of People and enacted through the BPDTS Senior Leadership Team especially working with the HR business partners	Control is exercised through Practice management, stakeholder engagement, Key Performance Indicators, clear corporate communications and governance assurance functions
<b>Finance</b>	Processes and controls for accounts payable and receivable, financial reporting, budgetary management and procurement.	Inability to plan recruitment and investment Instability in financial forecasting Fraud Misuse of Public Funds	Accountability is through the Chief Financial Officer with support from Head of Digital Delivery and Head of Digital Service Management	Control is exercised through robust financial planning and consulting with DWP Digital Financial forecasting as well as digital practice leads to ensure our financial processes can remain adaptive but still deliver required assurances
<b>Information Security</b>	Processes and Controls for the secure creation, use, storage and destruction of business information in compliance with UK Data Protection Act 2018 and General Data Protection Regulations (GDPR) which came into force in 2018	Inability to use DWP information safely, risk of fraud, of personal or citizen data breach or corporate espionage	Accountability is with the Head of Corporate Security, exercising the functions of a SIRO and reporting to the Chief Financial Officer.	Control is exercised through adherence to the InfoSec Policies of DWP for delivery on DWP systems and information, and through BPDTS's own policies of Corporate Information, all of which have been developed out of DWP policies and changed only where it is appropriate, necessary and beneficial to do so.

## The Executive Team

As Chief Executive and Accounting Officer, I am responsible for maintaining a robust system of internal control that helps us achieve our policies, aims and objectives, while safeguarding public funds and our assets. With my Executive Team, I run and manage BPDTS, and ensure it is delivering services to the satisfaction of DWP.

The Executive Team members have appropriate delegated management and risk management authority. They escalate risks which they cannot mitigate themselves or which may affect other business areas to executive team meetings, so as to reach a collective decision.

Executive Team	Role/Position
<b>Loveday Ryder</b>	Chief Executive and Accounting Officer
<b>Paul Greening</b>	Chief Finance Officer
<b>Julian Balaam</b>	Head of Communications
<b>Jill Moore</b>	Head of HR
<b>Richard McHugh</b>	Head of Digital Delivery
<b>Andy Lucas</b>	Head of Digital Service Management (to 12 Oct 2018)
<b>Pete Dewfall</b>	Head of Digital Service Management (from 21 Nov 2018)

## Risk Management Framework

BPDTS provides the Board and sub committees with up to date and accurate information ensuring they have a clear oversight of the risks faced by BPDTS. The Executive Team regularly review and manage these risks aiming to mitigate the risk and preventing them from becoming an issue that inhibits the operations of BPDTS.

BPDTS throughout 2018/19 has used the Risk Register as the basis of managing strategic risks. The risks during this period straddle the day to day operations of BPDTS and those that we are exposed to as a result of the increased recruitment.

### Roles, Responsibilities and Exercise of Duty

<b>Board</b>	Sets the risk appetite and ensures the risk management framework is appropriate and operating effectively.	Exercised formally at Board meetings every 2 months, quarterly through the ARAC, plus bi-annual risk appetite review and strategic risk review
<b>Executive Team (ET)</b>	Implements risk management in BPDTS and is accountable for the management and mitigation of the strategic risks assigned to them for mitigation. The management of risk-mitigation occurs through the BPDTS Executive Team activities and Business Plan milestones.	Exercised fortnightly through ET team meetings and formally through ET strategy sessions every 2 months
<b>Corporate Governance Team</b>	Administers the Risk Management Framework. Provide challenge and experience on the effective management of risk in BPDTS and to work with external controls and compliance.	Development and monitoring activity conducted day-to-day. Fortnightly reporting to the ET. Coordination of, and support to, the formal risk discussions at the ET, ARAC and Board.

### Risk Appetite

The company risk appetite falls broadly into two areas. Work continues to align our risk appetite to the tolerances we have expressed against our strategic risks. The risk appetite is owned by the Board, but delivered by the Corporate Governance Team, with oversight from the ARAC.

BPDTS has limited tolerance for risk where we are operating with and on our customer's projects and systems, as we acknowledge that the operational consequences for a major failure are significant and would directly affect public livelihood.

BPDTS is open to risk as we develop into an organisation with a progressive culture and an empowering employee relationship that is a destination of choice for the Digital Professionals that BPDTS wishes to attract and retain.

### Assurance

The ARAC reviews the risk management framework, and validates the Executives' practices and responses with GIAA providing their internal audit assurance. The Corporate Governance Team regularly monitors the BPDTS risk environment and works with the Executive on regular and proportionate responses.

1st Line	Policy and working practices as well as operational Management Information and management monitoring	Reporting into the Executive Team	Day-to-day activity
2nd Line	Governance, HR and Finance teams supporting and challenging the first line, as well as refreshing and developing policy	Reporting into the Executive Team	Through Business Plan activity and the fortnightly Executive Team meetings
3rd Line	Internal Audit and external compliance requirements and checks, including National Audit Office	Reporting into the executive owner of the relevant policy and process and into the ARAC	Informally through the day-to-day delivery of the audit plan and through the quarterly ARAC meetings



## Strategic Risks

BPDTS balances risk and opportunity in pursuit of achieving our objectives. It forms a key element of our governance and reporting framework and is agreed by the board, which also reviews the risk appetite statement bi-annually.

Recruitment	
<b>Description of risk</b>	Failure to continue to recruit people to the volume and quality required. [less than 80% of total demand]
<b>Causes</b>	Inefficient recruitment process, lowering of recruitment standards, digital labour market runs dry, failure to retain existing staff
<b>Potential Consequences</b>	Digital unhappy with BPDTS / route demand elsewhere e.g. expensive consultancy
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Continue process improvement</li> <li>• Target service-related headcount reached</li> <li>• Talent management and career pathways in place</li> </ul>
<b>Changes in year</b>	Risk has reduced through the year as we have demonstrated our ability to recruit at the volume and at the quality demanded

## Capability

<b>Description of risk</b>	Fail to meet DWP demand for skills [DWP perceive that BPDTS staff do not meet Digital, Data and Technology standards]
<b>Causes</b>	Low quality recruits, failure to retrain existing staff, lack of a culture to promote Learning and Development; service assurance not robust enough
<b>Potential Consequences</b>	DWP Digital unhappy with BPDTS / route demand elsewhere e.g. expensive consultancy
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Mature technical practices of community</li> <li>• Review technical capability of staff through development reviews</li> <li>• Enhanced service catalogues</li> <li>• First teams deployed with proven Reliability Engineering capability</li> <li>• Leaders at Level 3 and above to have undertaken Living Leader training</li> <li>• Create capacity to enhance employee involvement in innovation</li> </ul>
<b>Changes in year</b>	Work has been done through the year to improve communities of practice and cement the professional capabilities of BPDTS service delivery teams. This work continues into FY2019-2020 and has not yet changed the level of risk

## Major operational failure

<b>Description of risk</b>	E.g. DWP pension system down for a week for a reason connected with BPDTS
<b>Causes</b>	Inherent risks in old DWP systems, human error
<b>Potential Consequences</b>	DWP go elsewhere / wind up BPDTS; reputational damage
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Maintain existing service level monitoring controls</li> </ul>
<b>Changes in year</b>	Risk has reduced due to the maturing of technical practices and skills development

## Major control failure

<b>Description of risk</b>	Significant control failure in finance or governance [major fraud £ms, breach of pay remit]
<b>Causes</b>	Inadequate process, lack of compliance, culture of non-compliance, overloading of existing staff
<b>Potential Consequences</b>	DWP go elsewhere; additional DWP controls; reputational damage
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Strengthen finance and governance teams</li> <li>• Implementation of three lines of defence model to gain assurance of key control risks</li> </ul>
<b>Changes in year</b>	The risk remains unchanged

Value for money (VFM)	
<b>Description of risk</b>	Unable to demonstrate BPDTS's VFM as an entity
<b>Causes</b>	Underlying VFM of proposition deteriorates e.g. by failure to build high performance culture; lack of analytical and presentational skills
<b>Potential Consequences</b>	DWP seek alternative suppliers for services
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Improve benchmark data</li> <li>• Deliver Service Management efficiencies</li> <li>• Produce compelling VFM narrative</li> <li>• Develop more user-friendly KPI reporting</li> </ul>
<b>Changes in year</b>	Work on the BPDTS service model through the year has improved understanding of how BPDTS operates, but the underlying risk remained unchanged
Cyber	
<b>Description of risk</b>	Significant cyber breach
<b>Causes</b>	Inadequate process, lack of compliance, culture of non-compliance, overloading of existing staff
<b>Potential Consequences</b>	Loss of business. Fined. Reputational damage
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Maintain security awareness training</li> <li>• Recruitment of information security / risk specialist</li> </ul>
<b>Changes in year</b>	The Cyber threat against BPDTS working on DWP systems has remained unchanged throughout the year
Instability of demand	
<b>Description of risk</b>	Instability in DWP demand [e.g. >5% in a single month]
<b>Causes</b>	Extent of competing challenges facing DWP
<b>Potential Consequences</b>	BPDTS adopts strategies with poor Value for Money
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Improved demand management process with DWP</li> <li>• Explore with DWP other ways to mitigate demand instability</li> </ul>
<b>Changes in year</b>	The risk remained unchanged through the year

## Transition

<b>Description of risk</b>	Poor decisions resulting from lack of corporate memory
<b>Causes</b>	Changes in Board membership, Changes in CFO and Head of HR, changes in Digital Group
<b>Potential Consequences</b>	Loss of credibility with DWP; DWP eventually go elsewhere
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Effective NED induction</li> <li>• Managed transitions within the Executive</li> </ul>
<b>Changes in year</b>	Significant effort has gone into providing robust and comprehensive handovers and familiarisations for new leaders. The positive feedback has suggested the risk is now minimal

## Culture

<b>Description of risk</b>	Lack of a unified organisational culture
<b>Causes</b>	Addition of new recruits to existing TUPEd workforce; perceptions of impact of hygiene factors e.g. Ts and Cs; disillusion of new recruits
<b>Potential Consequences</b>	Dysfunctional behaviours in BPDS
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Complete culture discovery work and agree programme of future work</li> <li>• Increase engagement to at least 60% by Oct 19</li> <li>• Review model itself in light of changing Digital demands</li> </ul>
<b>Changes in year</b>	Planning and preparation work was carried out in year to prepare for the launch of Culture initiatives in FY2019-20, but the risk remained unchanged through the period

## Service Model

<b>Description of risk</b>	Operating business model does not sufficiently promote a services model
<b>Causes</b>	Competing challenges facing Digital Group lead to changes in business model or non-compliance with agreed model
<b>Potential Consequences</b>	Affordability and perceived Value For Money of BPDS for DWP deteriorates
<b>Mitigating Actions</b>	<ul style="list-style-type: none"> <li>• Review compliance with model</li> <li>• Review model itself in light of changing Digital demands in support of Tailored Review</li> </ul>
<b>Changes in year</b>	The service model was improved through the year, but the impact has not yet been felt and so there is no change to the risk

## Assurance about the operation of the system of control

Over the course of the year to support continuity within the business we have operated a mix of adopted commercial controls and feedback processes, along with DWP policies, controls and processes. However, we have also developed a range of people, finance, operations and governance controls and processes to support our responsibilities, our workload and our people.

These controls have been subject to our internal audit programme and one of the tasks for the Audit and Risk Assurance Committee is to form a view on the robustness of the design and operation of the systems of control that are in place.

The ARAC has taken assurance from the conclusions of internal audit reviews. It has also taken assurance by making enquiries of management in relation to subjects such as financial controls, risk management, whistleblowing and fraud.

### **Fraud and Whistleblowing**

In the course of the year there were no recorded incidents of fraud which were in excess of the reporting threshold nor any whistleblowing cases raised.

### **Internal audit**

In 2018/19, our internal auditors (Government Internal Audit Agency - GIAA) carried out a programme of audits across the business.

They undertook audits on:

- Financial Annual Reporting
- Security Controls
- Corporate Records
- Target Operating Model
- Management Information and Key Performance Indicators
- Key Financial and HR Controls

All of the recommendations made during the year have been cleared notwithstanding the Key Financial and HR Controls where the recommendations have deadlines in 2019/20.



### Assurance Opinion of the Head of Internal Audit

The Head of Internal Audit, Robert Evans, provides independent assurance to our CEO and the Board (via the Audit and Risk Assurance Committee - ARAC). This includes audit and advisory engagements, which help us improve our risk management, control and governance.

In the Internal Audit Annual Report and Opinion 2017/18 he provides his opinion as follows:

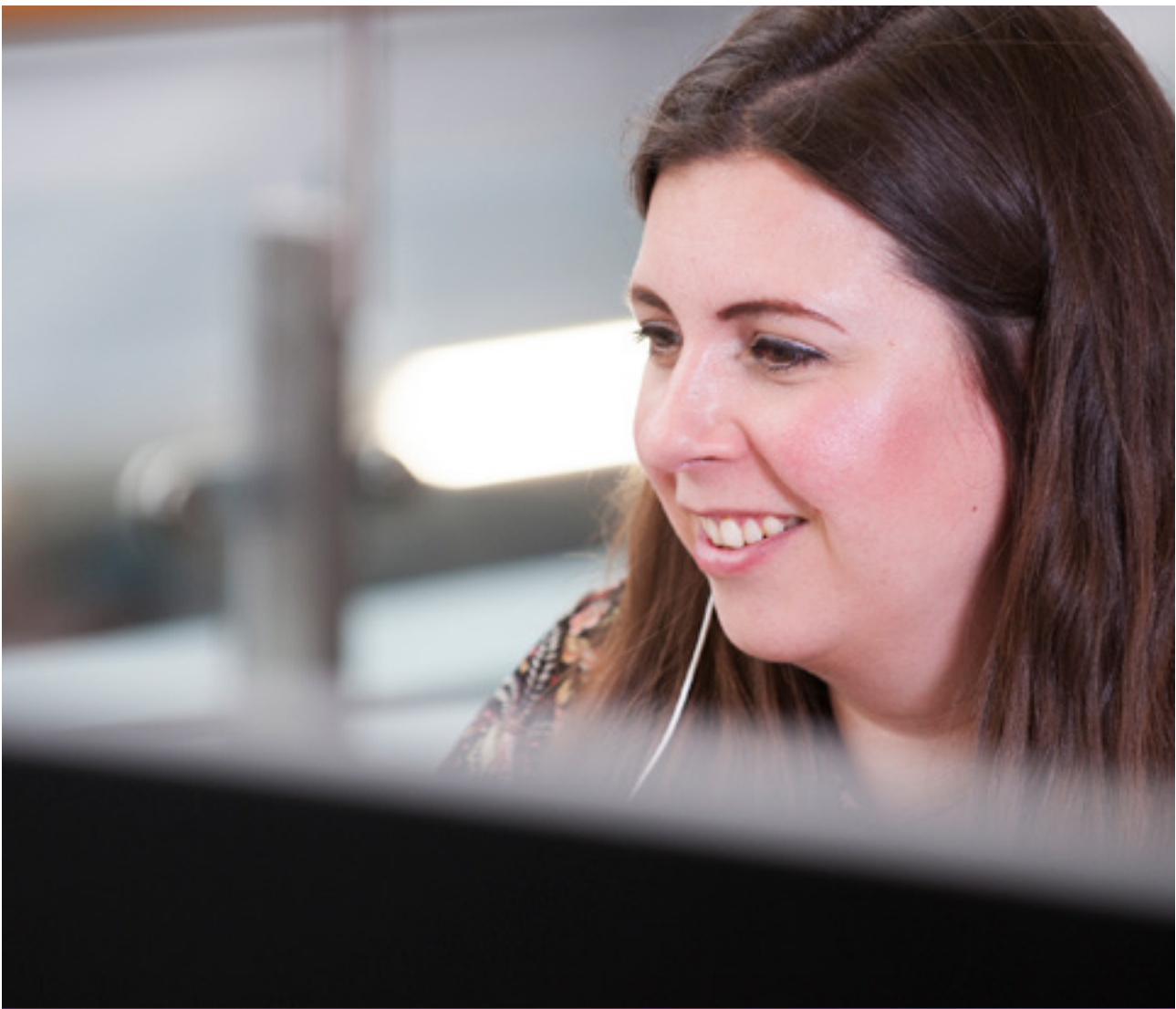
I am providing an overall **MODERATE** opinion on the framework of governance, risk management and internal control within BPDTS Ltd for 2018/19 (2017/18: Moderate). In reaching this opinion, I have carefully considered the outcome of audits conducted during the year, the status of outstanding audit recommendations and discussed my observations with management.

The control environment of BPDTS continues to develop. We have identified the need to improve controls relating to HR, payroll and finance. Some of these will be implemented during 2019/20 whilst we continue to identify further enhancements throughout the year (see Note 17).

#### Loveday Ryder

Chief Executive and Accounting Officer

28 October 2019



# Finance



# Statement of Directors' and Accounting Officer's responsibilities in respect of financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of BPDTS and of the profit or loss for that period.

In preparing the accounts BPDTS is required to comply with the requirements of the Companies Act 2006 and the Financial Reporting Manual (FRoM) and in particular to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- Make an assessment of the entity's ability to continue as a going concern;
- Make judgements and estimates on a reasonable basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain BPDTS' transactions and disclose with reasonable accuracy at any time the financial position of BPDTS and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors are also responsible for safeguarding the assets of BPDTS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board of Directors and is signed by the Accounting Officer, who is also a Director, on behalf of the Board of Directors.

The Principal Accounting Officer for Work and Pensions has designated me, a Director and Chief Executive Officer, as Accounting Officer for BPDTS Ltd.

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 BPDTS' assets, are set out in Managing Public Money, published by HM Treasury.

I confirm that this annual report and accounts 2018/19 is, as a whole, fair, balanced and easy to understand. I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

**Loveday Ryder**  
Chief Executive and Accounting Officer  
28 October 2019

# Remuneration and staff report

The Board set up a Remuneration Committee to plan the pay strategy for BPDTS. The BPDTS' pay strategy is implemented within an annual pay remit, signed off by the Accounting Officer, approved by the Secretary of State and agreed by the Treasury.

## Remuneration of Directors

The Board is appointed by the Secretary of State for Work and Pensions. All the Executive Directors in the reporting period were senior civil servants whose remuneration, like that of other senior civil servants, is set by the Prime Minister following independent advice from the Senior Salaries Review Body. Details are available on [www.gov.uk](http://www.gov.uk).

Loveday Ryder (CEO) was appointed on secondment for eighteen months (extended to thirty-six months) and is a civil servant employed by the Ministry of Justice. The CEO salary is charged at 100% to BPDTS Ltd.

Paul Greening (CFO) and Ray Long (CEO) were civil servants employed by DWP. All of Paul Greening's salary and 75% of Ray Long's salary was recharged by DWP to BPDTS. Salary recharges are based on the proportion of time spent by directors, in their BPDTS roles, subject to a de minimis limit.

The dates of appointment and contract lengths of the Directors are given in the Directors' Report above.

## Executive Directors' pay

This information was subject to audit

Directors' remuneration						
	2018/19			2017/18		
	Salary	Pension Benefits	Total Remuneration	Salary	Pension Benefits	Total Remuneration
	£000	£000	£000	£000	£000	£000
Ray Long <sup>1</sup> Chief Executive (Retired 31 Dec 2017)	-	-	-	80-85 (FYE: 105-110)	20 (FYE 27)	100-105 (FYE 130-135)
Loveday Ryder Chief Executive (appointed 22 Jan 2018)	105-110	45	150-155	20-25 (FYE: 105-110)	6 (FYE 26)	25-30 (FYE 130-135)
Paul Greening <sup>2</sup> Chief Financial Officer (Retired 31 Mar 19)	80-85	8	90-95	80-85	-2	80-85

The salaries stated above are solely for the period in the year when an individual served as Director for BPDTS Ltd. No bonus payments were made to the Executive Directors.

<sup>1</sup> The figures for Ray Long (Chief Executive) relate to his full remuneration. Only 75% of this was recharged to BPDTS as he retained some DWP responsibilities.

<sup>2</sup> The cost of Paul Greening's salary is charged out by Department for Work and Pensions to BPDTS on an average salary basis including an additional uplift for associated overheads. This meant that in 2018/19 BPDTS paid a total of £126k for Paul Greening's services.

**Salaries include:**

- gross salary
- reserved rights to London weighting or London allowances
- any other allowances and contracted expenses to the extent that they are subject to UK taxation.

Paul Greening retired on 31 March 2019 and no compensation payment was made. His pension benefit figures in the comparator year (2017/18) have been amended to -2, from 21 reported previously. This has resulted in the banding being reduced to 80-85 from a banding of 100-105.

**Executive Directors' pensions**

This information was subject to audit

**Directors' pensions – year ended 31st March 2019**

	Real increase in pension and related lump sum at pension age	Accrued pension at pension age – as at 31 March 2019 and related lump sum	CETV at 1 April 2018	CETV at 31 March 2019	Real increase in CETV (cash equivalent transfer value)
	£000	£000	£000	£000	£000
Loveday Ryder Chief Executive (appointed 22 Jan 2018)	2.5 - 5	25 - 30	297	368	23
Paul Greening Chief Financial Officer (Retired 31 Mar 19)	0 – 2.5 plus a lump sum of 0 – 2.5	35 – 40 plus a lump sum of 115 - 120	831	916	8

**Directors' pensions – year ended 31st March 2018**

	Real increase in pension and related lump sum at pension age	Accrued pension at pension age – as at 31 March 2018 and related lump sum	CETV at 1 April 2017	CETV at 31 March 2018	Real increase in CETV (cash equivalent transfer value)
	£000	£000	£000	£000	£000
Ray Long * Chief Executive (appointed 24 Aug 2016)	0 plus lump sum of 0	50 - 55 plus a lump sum of 160 - 165	1230	1240	(7)
Loveday Ryder Chief Executive (appointed 22 Jan 2018)	0 - 2.5	20 - 25	292	297	2
Paul Greening Chief Financial Officer (appointed 21 Nov 2016)	0 – 2.5 plus a lump sum of 0 – 2.5	35 - 40 plus a lump sum of 105 - 110	782	831	(3)

The CETV figures for Loveday Ryder are as at the date of appointment rather than the 1 April 2017, and they have been restated in the table above to correct those reported previously.

All Executive Directors are members of the Civil Service pension schemes.

**Non-Executive Directors' pay**

This information was subject to audit

<b>Non-Executive Directors' remuneration and pension arrangements – 2018/19</b>			
	<b>Salary £000</b>	<b>Pension Benefits £000</b>	<b>Total Remuneration £000</b>
Ian Wilson Non-Executive Director (appointed 1 Jun 2018)	0-5	-	0-5
Valerie Gordon-Walker Non-Executive Director (appointed 1 Jan 2019)	0-5	-	0-5
Jeremy Moore Chair & Non-Executive Director (appointed 1 Jan 2019)	0-5	-	0-5
John Osmond Non-Executive Director (appointed 1 Feb 2019)	0-5	-	0-5
Katie Kapernaros Non-Executive Director (appointed 1 Feb 2019)	0-5	-	0-5
Helen John Non-Executive Director (resigned 28 Mar 19)	Salary paid by Department for Work and Pensions	As part of their employment	-
Claire Johnston Non-Executive Director (resigned 23 Aug 18)	Salary paid by Government Legal Department	As part of their employment	-
Debbie Alder Non-Executive Director (resigned 28 Mar 19)	Salary paid by Department for Work and Pensions	As part of their employment	-
Mayank Prakash Non-Executive Director (resigned 31 Dec 18)	Salary paid by Department for Work and Pensions	As part of their employment	-

<b>Non-executive directors' remuneration and pension arrangements 2017/18</b>		
	<b>Employing organisation that pays their salary</b>	<b>Pension arrangements</b>
Claire Johnston	Government Legal Department	As part of their employment
Mayank Prakash	Department for Work and Pensions	As part of their employment
Debbie Alder	Department for Work and Pensions	As part of their employment
Helen John	Department for Work and Pensions	As part of their employment

The actual salary paid in year and full-year equivalent are contained within the same banding.

No compensation payments were made by BPPTS to the four Non-Executive Directors who resigned during 2018/19.

All Non-Executive Directors performing duties for BPPTS as part of their employment for Department for Work and Pensions and Government Legal Department were members of the Civil Service pension scheme with the respective employers. All Non-Executive Directors newly appointed in year did not have access to the BPPTS pension scheme.

### Remuneration of employees

Remuneration of employees is set by the Board on the advice of the Remuneration Committee.

### Fair pay disclosure

This information was subject to audit

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.

Year	Pay band of highest paid Executive Director	Median total pay	Ratio
2018/19	£105,000 - £110,000	£39,500	2.73 : 1
2017/18	£105,000 - £110,000	£32,967	3.28 : 1

The pay band of our highest-paid Director during 2018/19 was £105-110k per annum (full year equivalent). This was 2.73 times the median pay of the workforce, which was £39,500k (FTE).

In 2018/19 no employee was paid more than the highest-paid director. BPPTS does not have "pay bands". Salary rates ranged from £15,000-£20,000 to £105,000-£110,000 (£14,000-£14,500 to £105,000-£110,000 in 2017/18).

The salary ratio has changed for a variety of reasons, including the impact of the 2018 pay settlement for BPPTS staff which meant that the median salary increased by a higher percentage than that of the highest paid director.

Total pay 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.

## Staff costs

Staff costs in the year ending 31 March 2019 were as follows:

Item	31 March 2019	31 March 2018
<b>Wages and salaries</b>	25,329	17,222
<b>Contractors</b>	11,098	10,543
<b>Social security costs</b>	2,696	1,651
<b>Pension costs</b>	1,946	1,339
<b>Directors' salary recharges</b>	301	208
<b>Fair Deal costs</b>	-	481
<b>Total staff costs</b>	41,370	31,444

The Fair Deal costs represent the estimated costs to cover a probable pension deficit for those staff that have the option to transfer their accrued benefits from the EDS 1994 Scheme to the CSPA (Civil Service Pension Arrangements) (see note 14).

## Pension costs

BPDTS makes contributions to its own BPDTS workplace pension scheme. For 2018/19, employer contributions of £1,473k (2017/18 - £862k) were payable to the BPDTS workplace pension scheme.

Employer contributions payable to the CSPA under the 2013 New Fair Deal policy for 2018/19 were £473k (2017/18 - £477k).

## Civil Service and Other Compensation Schemes - Exit Packages

There were no civil service and other compensation schemes exit packages agreed by BPDTS during the reporting period ended 31 March 2019 (Prior period ending 31 March 2018 - no exit packages in year).

## Pension schemes

### Aviva pension scheme

Most BPDTS employees are members of a defined contribution workplace pension scheme, set up by BPDTS and operated by Aviva under a Master Trust. BPDTS meets its obligations under automatic enrolment legislation and provides a generous employer contribution for employees joining the Aviva scheme.

Under the Aviva scheme, employee and employer contributions as a percentage of salary are as follows:

Employee contribution	Employer contribution
3%	6%
4%	8%
5%	10%
Over 5%	10%



## Civil Service Pension Schemes

Some employees of BPDTS and all civil servants seconded to BPDTS are members of the Civil Service pension schemes.

From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS).

The PCSPS has four sections: 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.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022.

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3.8% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of 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 or her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation.

Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum.

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).

**Staff data**

Average number of people employed

The average number of people employed and engaged (or contracted) during the period of economic activity was as follows:

This information has been subject to audit

Period	Item	Employees	Engaged	Total
Period ended 31 March 2019	Average number of people employed and engaged	572	119	691
Period ended 31 March 2018	Average number of people employed and engaged	399	132	531

**Staff composition and policies**

During 2018/19 there has been a focus on recruitment that has resulted in a significant growth in the number of employees in BPDTS. As we continue to mature as an organisation we are developing our policies so that they suit our business and our relationship with DWP.

**Off-payroll engagements**

The tables below set out the off-payroll arrangements in BPDTS for the reporting period. Following a change to the Intermediaries legislation on 6 April 2017, BPDTS now undertakes IR35 assessments for all off-payroll workers that are engaged via an intermediary.

<b>Table 1: All existing off-payroll engagements, as at 31 March 2019, that were paid more than £245 per day and that lasted longer than 6 months</b>	<b>2018/19</b>
No. of existing engagements as of 31 March 2019	58
<b>Of which</b>	
No. that have existed for less than one year at time of reporting.	16
No. that have existed for between one and two years at time of reporting.	18
No. that have existed for between two and three years at time of reporting.	24
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

<b>Table 2: All off-payroll engagements that were new or reached a length of 6 months between 1 April 2018 and 31 March 2019, where they were paid more than £245 per day</b>	<b>2018/19</b>
No. of new engagements, or those that reached six months between 1 April 2018 and 31 March 2019	58
<b>Of which</b>	
No. assessed as caught by IR35	3
No. assessed as not caught by IR35	55
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year.	58
No. of engagements that saw a change to IR35 status following the consistency review	0

### Sickness data

Our data is based on an average of 572 staff from 1 April 2018 to 31 March 2019 and 399 for the period of 1 April 2017 to 31st March 2018.

For the period below our data on sickness shows the following:

	<b>Working days</b>	<b>Days lost to sickness</b>	<b>Average Working Days Lost (annual equivalent)</b>
Period ended 31 March 2019	148,460*	3,193	5.59
Period ended 31 March 2018.	89,708*	2,082	5.2

\*working days has not been reduced for bank holidays or annual leave.

## **Diversity and inclusion**

In BPDTS we value diversity and are committed to equality within our workforce. We want BPDTS to be a place where everyone is valued, respected, treated fairly and with dignity, and we have developed a new strategy to prioritise work in this area.

BPDTS is proud to have attained a level 2 accreditation for Disability Confident, a scheme designed to help organisations to recruit and retain disabled people and people with health conditions, to benefit both the individual and the organisation.

In March, we published our second gender pay gap report. The report showed that at 8.1%, the mean gender pay gap of BPDTS in favour of male employees is significantly smaller when compared with the Civil Service mean gender pay gap of 9.8% and also in comparison to other digital and technology companies.

BPDTS has a median gender pay gap at 1.7%. Whilst this represents a positive reflection of our female staff salaries, we are continuing to take positive steps to monitor and positively address the Gender Pay Gap by promoting our 'Women in Digital Group', which has been established to encourage women to consider a career in digital. We run events, blogs and lunch and learns taking a proactive approach to this agenda.

As part of our recruitment training, our hiring community has undertaken unconscious bias training. We actively monitor the percentage of women that we attract (currently 23% (in month) in comparison to the industry average of 20%), to check our strategy is encouraging women to apply to work with us.

Career pathways and learning and development is actively encouraged and open to all, promoting senior progression of women in BPDTS. There are also good numbers of senior female role models. Policies use gender neutral language, and we have promoted family friendly policies, and encourage applications of a part time, jobsharer and full time basis.

### **Loveday Ryder**

Chief Executive and Accounting Officer

28 October 2019

# Auditor's Report

## The certificate and report of the Comptroller and Auditor General to the Members of BPDTS Ltd

### Opinion on financial statements

I certify that I have audited the financial statements of BPDTS Ltd for the year ended 31 March 2019 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration 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 company's affairs as at 31 March 2019 and of the net operating income for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

### Opinion on regularity

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

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of BPDTS Ltd in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BPDTS Ltd's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' and Accounting Officer's Responsibilities Statement, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Other Information**

Directors are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the

financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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

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

### **Report**

I have no observations to make on these financial statements.

### **Gareth Davies**

Comptroller and Auditor General

4 November 2019

### **National Audit Office**

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# Financial Statements

## Statement of Comprehensive Income

for the year ended 31 March 2019

	Note	year end 31 March 2019 £000	year end 31 March 2018 £000
Operating income		51,842	42,435
<b>Operating expenditure</b>			
Staff costs	2	(41,370)	(31,444)
IT support and service costs	3	(2,707)	(4,980)
Non IT support services	4	(5,328)	(2,528)
Depreciation, amortisation and impairment	8 & 9	(482)	(2,047)
Other expenditure	5	(1,887)	(935)
<b>Total operating expenditure</b>		<b>(51,774)</b>	<b>(41,934)</b>
Corporation Tax		(68)	(501)
<b>Net operating income</b>		<b>-</b>	<b>-</b>
Other comprehensive income			
Net gain on revaluation of intangible assets	9	-	33
<b>Total comprehensive income for the year end 31 March 2019</b>		<b>-</b>	<b>33</b>

The notes on pages 60-71 form part of these financial statements.



## Statement of Financial Position

as at 31 March 2019

	Note	year end 31 March 2019 £000	year end 31 March 2018 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	-	439
Intangible assets	9	-	43
<b>Total non-current assets</b>		<b>-</b>	<b>482</b>
<b>Current assets</b>			
Trade and other receivables	10	13,240	5,150
Cash and cash equivalents	11	7,924	19,305
<b>Total current assets</b>		<b>21,164</b>	<b>24,455</b>
<b>Total assets</b>		<b>21,164</b>	<b>24,937</b>
<b>Current liabilities</b>			
Trade and other payables	12	(10,560)	(6,965)
Provisions	14	(553)	(7,921)
<b>Total current liabilities</b>		<b>(11,113)</b>	<b>(14,886)</b>
<b>Total assets less current liabilities</b>		<b>10,051</b>	<b>10,051</b>
<b>Non-current liabilities</b>			
DWP loan	13	(10,000)	(10,000)
<b>Total non-current liabilities</b>		<b>(10,000)</b>	<b>(10,000)</b>
<b>Total assets less total liabilities</b>		<b>51</b>	<b>51</b>
<b>Equity</b>			
Revaluation Reserve		51	51
General Reserve		-	-
<b>Total equity</b>		<b>51</b>	<b>51</b>

As the Company is limited by guarantee, it has no share capital.

The notes on pages 60-71 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 28/10/2019, and were signed on its behalf by:

**Loveday Ryder**

Chief Executive and Accounting Officer

28 October 2019

Company registered number: 10344843



## Statement of Cash Flows

for the year ended 31 March 2019

	Note	year end 31 March 2019 £000	year end 31 March 2018 £000
<b>Cash flows from operating activities</b>			
Net operating income		-	-
<b>Adjustments for:</b>			
Depreciation	8	244	437
Amortisation	9	43	1,280
Impairments	8	195	330
(Decrease)/increase provision	14	(99)	481
Use of provisions	14	(7,269)	-
(Increase)/decrease in trade and other receivables	10	(8,090)	7,238
(Decrease)/increase in trade and other payables	12	3,595	955
(Decrease)/increase in Corporation Tax payable		-	501
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(11,381)</b>	<b>11,222</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	-	-
Purchase of intangible assets	9	-	-
Receipt of shareholder loan	13	-	5,000
<b>Net cash inflow/(outflow) from investing activities</b>		<b>-</b>	<b>5,000</b>
<b>Cash flows from financing activities</b>			
<b>Net cash inflow/(outflow) from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash in the period</b>		<b>(11,381)</b>	<b>16,222</b>
<b>Cash at the beginning of the period</b>		<b>19,305</b>	<b>3,083</b>
<b>Cash at the end of the period</b>		<b>7,924</b>	<b>19,305</b>

The notes on pages 60-71 form part of these financial statements.

## Statement of Changes in Equity

for the year ended 31 March 2019

	General Reserve £000	Revaluation Reserve £000	Total £000
<b>Balance at beginning of period</b>	-	51	51
Net operating income for the period	-	-	-
Net gain on revaluation of intangible assets	-	-	-
<b>Balance at end of period</b>	<b>-</b>	<b>51</b>	<b>51</b>

for the period ended 31 March 2018

<b>Balance at beginning of period</b>	-	18	18
Net operating income for the period	-	-	-
Net gain on revaluation of intangible assets	-	33	33
<b>Balance at end of period</b>	<b>-</b>	<b>51</b>	<b>51</b>

As the Company is limited by guarantee, it has no share capital.  
The notes on pages 60-71 form part of these financial statements.

# Notes to the Accounts

## Note 1: Statement of accounting policies

### 1.1 General Information

BPDTS Limited (“BPDTS” or “the Company”) is a company that is limited by guarantee and is incorporated and domiciled in the United Kingdom. The company is registered in England at the following address: Caxton House, Tothill Street, London, United Kingdom, SW1H 9NA.

The Company is wholly owned by the Secretary of State for Work and Pensions. The Company’s principal activities are the provision of information technology and IT security services to the Department for Work and Pensions (DWP).

BPDTS was incorporated on 24 August 2016 and commenced trading on 1 December 2016. The period covered by these accounts is 1st April 2018 to 31 March 2019.

### 1.2 Basis of preparation

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£’000) except when otherwise indicated.

The financial statements have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as appropriate, the 2018/19 Government Financial Reporting Manual (FRM) and any other guidance issued by HM Treasury, where these disclosure requirements go beyond those of the Companies Act 2006.

Where IFRS permits a choice of accounting policy, the Company has selected the accounting policy that is the most appropriate to provide a true and fair view. The policies the Company has adopted are set out below. They have been consistently applied in dealing with items that are considered material to the accounts.

### 1.3 Accounting standards, interpretations and amendments

The Company has adopted all IFRS, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2019.

The following IFRSs have been issued but are not yet effective and therefore have not been applied in preparing these financial statements, but may need to be adopted in subsequent periods;

- a. IFRS 16 Leases (effective from 1 January 2019)

The Directors expect that the adoption of these standards will not have a material impact on the financial statements of the Company in future periods. The Company has reviewed its contracts to identify any that may contain a lease arrangement. The estates agreement with the DWP does not fall within the definition of a lease for IFRS 16 purposes and the IT agreement with the DWP is deemed to fall under the exemption for leases of low-value underlying assets.

### 1.4 Accounting convention

These financial statements have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, and intangible assets.

## 1.5 Going Concern

The Directors have a reasonable expectation that BPDTS has adequate resources to continue operations for the foreseeable future. The basis of this is continuing on-going support from the DWP, which includes the provision of a long term loan, which is detailed in note 13. Further detail of the going concern basis for preparation of the financial statements is detailed in note 15.

## 1.6 Areas of judgement and estimation techniques

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenditure. Actual results may differ from those estimates. Areas of judgement include non-current asset revaluations, depreciation and amortisation periods, provisions and impairments.

The Fair Deal Provision reflects the shortfall that arises from the differing capital assessments of how much is needed to finance the accrued pension rights where members transfer their accrued benefits from their previous scheme into the public service scheme that they have joined for future service. The estimated average shortfall was produced by Government Actuary's Department on behalf of BPDTS, based on the age, salaries and length of service of these people.

Further information in relation to the Fair Deal provision is provided in note 14

## 1.7 Revenue Recognition (Income)

From 1 April 2018 we adopted IFRS 15 (Revenue from Contracts with Customers). There has been no impact on our financial statements as a result of adoption.

In line with IFRS 15 we recognise revenue when earned. All income is generated directly from services provided to the DWP and is recognised in the SoCI on an accruals basis net of VAT. Invoices for services are raised in arrears. Where the invoice has not been raised but the service was provided by the 31 March 2019, an estimated charge will be included as accrued income.

## 1.8 Property, plant and equipment

Property, plant and equipment (PPE) are initially measured at cost. Subsequently PPE are stated at depreciated historical cost as a proxy for fair value. Where material the Company re-values PPE in accordance with IAS 16.

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Where appropriate, items are pooled. The following thresholds apply:

Information technology hardware, and software	£1,000
Other tangible assets	£5,000

All expenditure on repairs and maintenance is charged to the SoCI during the financial year in which it is incurred.

## 1.9 Intangible assets

Whether the Company acquires intangible assets externally or generates them internally, they are valued initially at cost, with subsequent valuation at fair value. Where an active market exists for the asset, it is carried at a revalued amount based on market value at the end of the reporting period. Where no active market exists the assets are revalued using appropriate indices to reflect depreciated replacement cost as a proxy for fair value.

**Purchased software licences**

Software licences and applications are capitalised at cost as intangible assets, if they are in use for more than one year and cost more than £1,000. They are subsequently revalued using the most recent Office for National Statistics published indices as a proxy for fair value.

**1.10 Depreciation and amortisation**

Depreciation is charged on property, plant and equipment, and amortisation is charged on intangible assets using the straight line method to reflect the consumption of economic benefits.

<b>Depreciation</b> (Estimated useful asset lives are within these ranges)	
Information technology	3 to 7 years
<b>Amortisation</b>	
Purchased software licences	The shorter of the licence period, or 5 years

**1.11 Impairment of non-current assets**

At each period end, the Company reviews the carrying amounts of its PPE and intangible assets, to determine whether there is any impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell, and value in use. Impairment losses are recognised as required by IAS36, which requires impairment losses to be recognised in the SoCI to the extent that the impairment loss exceeds the amount in the revaluation reserve for that particular asset.

**1.12 Financial assets and liabilities**

From 1 April 2018 we adopted IFRS 9 (Financial Instruments). There has been no material impact on our financial statements as a result of adoption.

In line with IFRS 9 (Financial Instruments), BPDTS recognises financial assets and liabilities when it becomes party to the contracts that give rise to them. The BPDTS policy is not to trade in financial instruments.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They are initially recognised at fair value and subsequently held at amortised cost using the effective interest method. The fair value of trade receivables is usually the original invoiced amount. The Company recognises any changes in value in the SoCI.

**Cash and cash equivalents**

Cash and cash equivalents have an original maturity of three months or less, and represent cash balances held with the Government Banking Service.

**Financial liabilities**

The Company determines its financial liabilities as contractual obligations to deliver cash or other financial assets to another entity. They are recognised initially at fair value and are subsequently held at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation to transfer cash flows is extinguished. Financial liabilities consist of trade payables and accruals.

### 1.13 Provisions

The Company recognises provisions in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). They are valued using the best estimate of the expenditure required to settle the obligation, and are discounted to present value where the effect is material.

### 1.14 Pensions

Employees who join the Company are eligible to participate in a defined contribution workplace pension scheme, set up by BPDTS and operated by Aviva under a Master Trust. This enables BPDTS to fulfil its obligations under automatic enrolment legislation.

The Company matches personal contributions to personal plans on a 2:1 basis. The Company will contribute £2 for every £1 contributed by the employee, up to a maximum of 10% of gross salary.

A number of staff in BPDTS have contractual rights to the civil service pension arrangements (CSPA) under the 2013 New Fair Deal policy on exactly the same Terms and Conditions as other members of the scheme.

BPDTS has Admitted Bodies status into the scheme, which is managed by the Scheme Management Executive within the Cabinet Office. The Civil Service Pension Arrangements (CSPA) is an unfunded multi-employer defined benefit scheme. The Company is unable to identify its underlying share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19, accounts for the scheme as if it were a defined contribution scheme.

Under the BPDTS workplace scheme and the CSPA, the Company accounts for the schemes as defined contributions schemes, and therefore pension liabilities do not rest with the Company.

### 1.15 Holiday entitlements

Where an employee has annual leave accrued in the accounting period but not taken as at the date of the accounts, the amount of this is reflected in the financial statements as short term employee benefits expected to be paid in exchange for that service. These manifest as a liability on the Statement of Financial Position (SoFP).

### 1.16 Contingent liabilities

The Company discloses contingent liabilities in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts.

For some statutory and non-statutory contingent liabilities the likelihood of transfer of economic benefit is remote. However, the Company still discloses some of these for Parliamentary reporting and accountability, where this is needed under the requirements of Managing Public Money.

### 1.17 Taxation

BPDTS has registered for Value Added Tax (VAT), Pay As You Earn (PAYE) and Corporation Tax (CT). CT is payable to the extent that income exceeds trading losses. Tax is recognised in the SoCI. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the SoFP date.

### 1.18 VAT

BPDTS provides IT services to the DWP which are taxable at the standard rate of VAT at 20%. Expenditure in these financial statements is shown exclusive of VAT as BPDTS recovers input VAT in accordance with the VAT Act 1994.

### 1.19 Funding

BPDTS receives its funding by way of a long term loan from the DWP detailed at note 13, which is reflected in the SoFP as a long term liability. There is a funding facility agreement in place between the DWP and BPDTS which details the terms of the agreement. The funding is provided for working capital or for such purposes as agreed by the DWP.

### 1.20 Reserves

BPDTS has two reserves, the general reserve and the revaluation reserve. The general reserve's purpose is to reflect any net income received by the business including any gains on disposals of non-current assets that may arise. As at the date of these financial statements there have been no movements on this reserve since the inception of the company. The purpose of the revaluation reserve is to reflect any movement in the carrying value of intangible assets held by the business.

## Note 2: Staff & contractor costs

Staff costs during the year ending 31 March 2019 were as follows:

	<b>31 March 2019</b> <b>£000</b>	<b>31 March 2018</b> <b>£000</b>
Wages and salaries	25,329	17,222
Contractors	11,098	10,543
Social security costs	2,696	1,651
Pension costs	1,946	1,339
Directors' salary recharges	301	208
Fair Deal costs	-	481
<b>Total staff costs</b>	<b>41,370</b>	<b>31,444</b>

The Fair Deal costs represent the estimated costs to cover a probable pension deficit for those staff that have the option to transfer their accrued benefits from the EDS 1994 Scheme to the CSPA (see note 14).

Details of Directors' salary recharges and the average number of persons employed are provided within the Remuneration and Staff Report.

## Note 3: IT Support and service costs

IT Support and service costs during the year ending 31 March 2019 were as follows:

	<b>31 March 2019</b> <b>£000</b>	<b>31 March 2018</b> <b>£000</b>
IT support and service costs	2,707	4,980
<b>Total IT support and service costs</b>	<b>2,707</b>	<b>4,980</b>



During 2018/19 BPDTS migrated off a number of legacy IT contracts which led to a reduced cost in the overall provision of IT services across the business.

## Note 4: Non IT support services

Non IT support services during the year ending 31 March 2019 were as follows:

	<b>31 March 2019</b> <b>£000</b>	<b>31 March 2018</b> <b>£000</b>
Non IT support services	5,328	2,528
<b>Total Non IT support services</b>	<b>5,328</b>	<b>2,528</b>

The majority of the Non IT support services costs relate to Estates charges levied by DWP. Furthermore, BPDTS Estates costs have increased during 2018/19 commensurate with the size of the organisation.

## Note 5: Other expenditure

Other expenditure costs during year ending 31 March 2019 were as follows:

	<b>31 March 2019</b> <b>£000</b>	<b>31 March 2018</b> <b>£000</b>
Staff related costs	1,562	687
Professional services	236	110
General office expenses	89	138
<b>Total other expenditure costs</b>	<b>1,887</b>	<b>935</b>

The main contributor to the increase in other expenditure costs is expenditure incurred as a direct result of the number of permanent employees increasing significantly during 2018/19.

## Note 6: Auditors Remuneration

BPDTS Ltd is audited by the Comptroller and Auditor General. No non-audit work was undertaken for the Company during the accounting period. The amount paid or payable to the auditors for the audit of the Company's 2018/19 financial statements was £70,000 (2017/18: £50,000).

## Note 7: Taxation

	year ended 31 March 2019 £000	year ended 31 March 2018 £000
Non-deductible expenses	215	273
Depreciation and amortisation expenditure	287	2,047
Less capital allowances	(127)	(364)
<b>Amount subject to Corporation Tax</b>	<b>375</b>	<b>1,956</b>
<b>Total tax charge</b>	<b>68</b>	<b>391</b>

The total taxation charge recognised in year was £68k, this being a combination of the current year corporation tax charge and the prior year value not previously recognised.

## Note 8: Property, plant and equipment

	year ended 31 March 2019 £000	year ended 31 March 2018 £000
<b>Cost or Valuation</b>		
At 1 April 2018	951	1,281
Impairments	(195)	(330)
<b>At 31 March 2019</b>	<b>756</b>	<b>951</b>
<b>Depreciation</b>		
At 1 April 2018	512	75
Charged in year	244	437
<b>At 31 March 2019</b>	<b>756</b>	<b>512</b>
<b>Net book value at 31 March 2019</b>	<b>-</b>	<b>439</b>
<b>Asset financing</b>		
Owned	-	439
<b>Net book value at 31 March 2019</b>	<b>-</b>	<b>439</b>

During 2017/18 an impairment to the Remote Secure Connectivity (RSC) production devices was recognised to reflect the plans to migrate off the existing solution, resulting in an impairment of £330k. The migration took place in March 2019 which resulted in a further impairment of £195k during 2018/19.

## Note 9: Intangible assets

	year ended 31 March 2019 £000	year ended 31 March 2018 £000
<b>Cost or Valuation</b>		
At 1 April 2018	1,761	1,728
Additions	-	-
Revaluations	-	33
<b>At 31 March 2019</b>	<b>1,761</b>	<b>1,761</b>
<b>Amortisation</b>		
At 1 April 2018	1,718	438
Charged in year	43	1,280
<b>At 31 March 2019</b>	<b>1,761</b>	<b>1,718</b>
<b>Net book value at 31 March 2019</b>	<b>-</b>	<b>43</b>

## Note 10: Trade and other receivables

	31 March 2019 £000	31 March 2018 £000
Trade receivables	6,476	500
Accrued income	6,589	4,424
Prepayments	175	226
	<b>13,240</b>	<b>5,150</b>

The trade receivables are due from the Company's only customer, the DWP. Prepayments represent VAT payments on account.

## Note 11: Cash

	31 March 2019 £000	31 March 2018 £000
Balance at beginning of period	19,305	3,083
Net change in cash	(11,381)	16,222
<b>Balance at end of period</b>	<b>7,924</b>	<b>19,305</b>

BPDTS does not hold any cash equivalent balances. All cash holdings are held with the Government Banking Service.

## Note 12: Trade and other payables

	31 March 2019 £000	31 March 2018 £000
<b>Amounts falling due within one year:</b>		
VAT	1,537	1,045
Taxation and Social Security	1,029	498
Accruals and Deferred income	6,586	5,313
Other payables	1,408	109
<b>Balance at end of period</b>	<b>10,560</b>	<b>6,965</b>

## Note 13: Long term loan

	31 March 2019 £000	31 March 2018 £000
Balance at beginning of period	10,000	5,000
Increase in loan	-	5,000
<b>Balance at end of period</b>	<b>10,000</b>	<b>10,000</b>

BPDTS is a company limited by guarantee, which is wholly owned and funded by the DWP. The loan was increased during 2017/18 to £10 million as allowed under the funding facility agreement. BPDTS has the option to repay part or, the entire loan, in order to minimise cash balances in accordance with HM Treasury requirements.

In the event that the customer (DWP) terminated its service agreement with the supplier (BPDTS) the loan would be repayable immediately.

## Note 14: Fair Deal provision

	31 March 2019 £000	31 March 2018 £000
Balance at beginning of period	7,921	7,440
Amounts written back	(99)	(379)
Provided in the year	-	860
Provision utilised in year	(7,269)	
<b>Balance at end of period</b>	<b>553</b>	<b>7,921</b>

<b>Analysis of expected timing of Discounted Flows - Fair Deal Provision</b>	31 March 2019 £000	31 March 2018 £000
Not Later than one year	553	7,921
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Balance at end of period</b>	<b>553</b>	<b>7,921</b>

### Fair Deal Provision

A number of staff in BPDTS have contractual rights to the Civil Service Pension Arrangements under the 2013 New Fair Deal policy. The Fair Deal guidance states that members should be offered the option to transfer their accrued benefits from their previous scheme into the public service scheme that they have joined for future service – i.e. they are to be offered a bulk transfer option.

For members who take up the bulk transfer option, their previous scheme's liability will be extinguished and they will be given a service credit in the public service scheme, in respect of those transferred benefits. The bulk transfer option is designed to give transferees either a "day for day" service credit in the public service scheme, or an actuarial equivalent where benefits in the two pension scheme differ.

To enable this, the members' previous scheme pays a sum of money into the public service scheme in recognition of this transfer of benefits. This amount is known as the 'bulk transfer amount', or 'BTV'. In order to provide the service credit offered to the member the public service scheme will require a sum of money. This is known as the 'funding requirement'. The BTV and funding requirement are not usually the same.

If the BTV is lower than the funding requirement, then, in order for the transfer to go ahead, an additional sum is required to be paid into the public service scheme to make up the difference. This additional sum is known as the 'shortfall'. Therefore, in order to meet the Fair Deal requirement for a bulk transfer option to be offered, BPDTS will need to ensure that any shortfall will be paid.

In this specific case, the members' previous scheme is the HPE EDS 94 Scheme ('EDS 94 Scheme') and the public service scheme is the Principal Civil Service Pension Scheme (PCSPS). The eventual shortfall payable will be the difference between the PCSPS funding requirement, at the date it is met in full, and the money paid across by the EDS 94 Scheme in respect of the transfer of benefits.

The calculated shortfall was produced by Government Actuary's Department on behalf of BPDTS, based on the age, salaries and length of service of these staff.

During October 2018 Fair Deal exercises relating to tranches 1 and 2 of transferred in staff were concluded. This resulted in the actual transfer payment from the previous employer to the Civil Service pension schemes (i.e. the bulk transfer amount) for those individuals of £7.269m.

The remaining Fair Deal exercises still to be concluded as at the 31 March 2019 relate to tranches 3 and 4. These were concluded on the 4 September 2019. This resulted in the actual transfer payment from the previous employer to the Civil Service pension schemes of £553k. The amount provided in the 2018/19 accounts for these individuals is £553k based on the transfer payment made.

## Note 15: Going concern basis

After careful consideration, the Directors have a reasonable expectation that the Company's only customer the DWP will continue to utilise the Company's services for the foreseeable future. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements. The factors considered in reaching this conclusion are detailed on page 26 of the Directors' Report.

## Note 16: Financial instruments

The Company's cash requirements are largely met as a result of the Master Services Agreement requiring BPDTS to recover all costs through charges to its customer the DWP. The BPDTS cash requirements are supplemented by a funding facility provided by the DWP. BPDTS has very limited powers to borrow or invest funds. Financial assets and liabilities are generated by ordinary operational activities. The carrying amount of financial assets represents the maximum credit risk exposure.

Accordingly, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. As a result, the Company is exposed to minimal credit, liquidity, market or interest rate risk.

## Note 17: Contingent liabilities

The company has identified that pension deductions may not have been transferred promptly to the pension provider. It has also identified that there is an issue with the method of calculating pay in the month that employees join and leave the company. These issues are currently under investigation so at this time there is no reasonable estimate of any potential liability arising for the company in mitigating any impact for our staff (2017/18: no contingent liabilities in year).

## Note 18: Related party transactions

The Company's sole member is the Secretary of State for Work and Pensions. The DWP is regarded as a controlling related party. BPDTS operates on a full cost recovery basis, and accordingly recovers all of its costs from the DWP, which represented income to the Company of £51.8m during the period. The Company incurred expenditure of £5.3m for a range of support services it received from the DWP. These support services included Finance, Estates, HR and Commercial.

The outgoing BPDS Non-Executive Directors during the reporting period were all civil servants, and their salaries and pensions were paid for by the DWP except for the Chair, Claire Johnston, who was a salaried member of the Senior Civil Service employed by the Government Legal Department (GLD). None of the BPDS Non-Executive Directors appointed during the reporting period were civil servants.

One of the two Executive Directors during the reporting period, Paul Greening (CFO), was a civil servant employed by DWP. All of Paul Greening's salary was recharged by the DWP to BPDS. Loveday Ryder (CEO) is a civil servant seconded into BPDS from the Ministry of Justice (MoJ). All of Loveday Ryder's salary was recharged by the MoJ to BPDS.

Other than their salaries and pensions, no Board member, key manager or other related party has undertaken any material transaction with the DWP during the year.

## Note 19: Events after the reporting period

On 17 April 2019 BPDS was classified as an Non Departmental Public Body.

## Note 20: Losses and special payments

Managing Public Money requires a statement showing losses and special payments by value and by type to be shown where they exceed £300k in total and those that, individually, exceed £300k. Losses may relate to cash and store losses, bookkeeping losses, losses arising from a failure to make adequate charge for the use of public property or services, fruitless payments, claims abandoned and frauds. Special payments may relate to extra-contractual, extra-statutory and ex-gratia payments and compensations.

The Company incurred no losses or special payments in excess of the reporting threshold during the year (2017/18: No losses or special payments in year).

## Note 21: Commitments

The company has commitments in substance to the Department for Work and Pensions for the provision of estates and IT equipment. These forward commitments for 2019/20 are anticipated to be in the order of £4.6m (2018/19: £4.1m) for estates and £1.9m (2018/19: £2.7m) for IT equipment.











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