



Government
Actuary's
Department

Annual Report and Accounts 2022-23

HC 99



Government
Actuary's
Department

Annual Report and Accounts 2022-23

(For the year ended
31 March 2023)

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This is part of a series of departmental publications which, along with the Main Estimates 2023-24 and the document Public Expenditure: Statistical Analyses 2022, present the government's outturn for 2022-23 and planned expenditure for 2023-24.

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Section 1

An abstract geometric design featuring a dark teal background. A large triangle is composed of several smaller triangles. The top triangle is light blue. The bottom-left triangle is orange. The bottom-right triangle is magenta. The leftmost triangle is light blue with horizontal stripes. The top-right triangle is light blue with vertical stripes. The bottom-right triangle is light blue with vertical stripes.

The Performance Report

An abstract geometric design featuring a white background. A large triangle is composed of several smaller triangles. The top triangle is light blue. The bottom-left triangle is orange. The bottom-right triangle is magenta. The leftmost triangle is light blue with horizontal stripes. The top-right triangle is light blue with vertical stripes. The bottom-right triangle is light blue with vertical stripes.

Key highlights

£24.8m

fee income in 2022-23



4.7

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

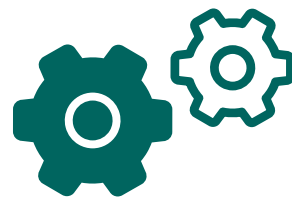
We reviewed the records for:



over 16m
members



across 20
public sector
pension schemes



across 183
different scheme
sections



67%

Civil Service People
Survey GAD employee
engagement



3,694

followers on LinkedIn



149,930

recorded visits to our
website pages



£2m

The value of work moved from
Excel spreadsheets on to
Python based dashboards



£300k

Work on Quality Assurance
of Models



16

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

29

GAD staff members
participating in secondments

32

GAD actuaries involved in
mentoring others in the
actuarial profession

5

New experts in Python and R

2

staff on the ONS Data
Science Graduate course

Overview

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



Foreword by the incoming Government Actuary



I took over as Government Actuary on 1 November 2023 on the retirement of Martin Clarke. Martin was Government Actuary for the full reporting period covered by this Annual Report and Accounts. Martin leaves a strong legacy, expanding the range of work delivered by the Government Actuary's Department and increasing its reach across government to provide expertise on a number of important initiatives. As I embark upon this role, I look forward to leading the department into its next phase, with continued focus on innovation, being an efficient and relevant partner to government and developing its impact even further across the public sector. I wish Martin all the best in his next endeavours and look forward to what I know will be an exciting time in the department's journey.

Fiona Dunsire
Government Actuary



Foreword by the outgoing Government Actuary




Since this is the last report that GAD will produce during my period as Government Actuary, it is natural, even in the context of an annual report, to reflect on the changes during, and the progress made, since I joined the department in 2014. Those changes and progress are in fact most evident in the highlights of the year 2022-23 which are set out in this report.

As I joined the department, the cycle of public service pension valuations for 2012 was reaching its conclusion. It is with some symmetry therefore that I will be retiring at a similar stage in the 2020 cycle. During that period, the changes and progress I referred to have transformed this exercise influencing both the quantity and the content of the analysis and advisory work that GAD undertakes.

Foremost of the changes are the effects of the McCloud judgment of course. But the consequences of the re-emergence of inflation and the lowering of estimates of future long-term growth of the economy have also challenged GAD's clients and required GAD support and advice. The progress I referred to covers the approach we take to this substantial workload, centralising much of the analytical work within our specialist Analytical Services Team and developing tools that firstly enable us to process and analyse data more effectively and efficiently, and secondly help our actuaries and their clients develop deeper insights and understanding.

Some of these innovations are referenced in the case studies in this report, whilst the sheer volume of work undertaken is of course reflected in the fee income for the year, which is once again at a record level.

The process improvements and the application of modern analytical technology have undoubtedly helped to restrain the cost to our clients and the resourcing challenge for GAD arising from this increased demand. But I must also recognise the dedication and professionalism of colleagues within the department for the exceptional support they provide in this field, firstly to policy development and subsequently to implementation in all its technical detail across the multiplicity of public service pension schemes.



Another feature of the period since 2014 has been the events that have contrived to make major risks even more real. The consequences of geopolitical tensions, the continuing effects of COVID-19, the challenges of an ageing population and the ever-present global warming have undoubtedly raised risk awareness and the demand for specialist advice. In turn we, as actuaries, have to respond by refreshing and updating our skills and knowledge. We must also develop our partnership working capabilities to embrace other analytical disciplines in the pursuit of holistic responses to these huge challenges.

In this report we refer both to the work we have done on often quite novel financial risks to government which in part reflects this changing landscape. We also refer to the development of our own knowledge, skills and inclusive culture in a number of areas, all of which is so much of a strategic theme for GAD and enhances the career experience within the department. Our progress has also meant the recruitment of colleagues with a greater diversity of analytical skills based both in London and as part of our growing presence in Edinburgh.

That the challenges are still not fully met is an incentive to continue to develop our strategies so that the increasing need for informed and intelligent analysis in a changing world can continue to be met by those working under the umbrella of the Government Actuary's Department.

More detail on our performance is explained in the Executive's Report and the Performance and Operating Review.

It has been the privilege of my career to be Government Actuary and to work with such talented and dedicated professionals. My thanks to them all and my very best wishes for the future.

Martin Clarke CB

Outgoing Government Actuary

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

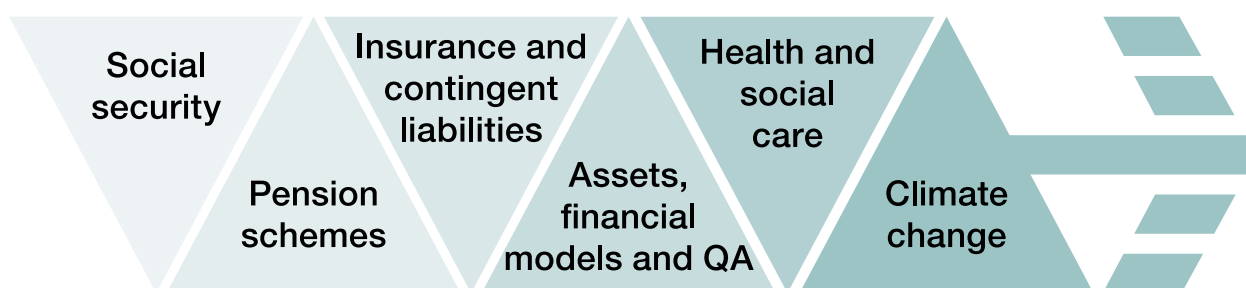
The mission of the Government Actuary's Department (GAD) is to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice.

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

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

We are part of the analysis function in government.

Our areas of expertise continue to evolve and include:



Our vision

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

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

- **expert:** We provide high quality, professional advice
- **collaborative:** We partner effectively with our clients to understand and address their business needs
- **inclusive:** We value and develop all our people
- **innovative:** We are forward looking, continually developing and improving to meet evolving client needs

GAD's strategy

Our current five-year departmental strategy was launched in April 2020. The document can be read in full on our website.¹ Our strategy is centred around four strategic themes as set out below.

Clients

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

People

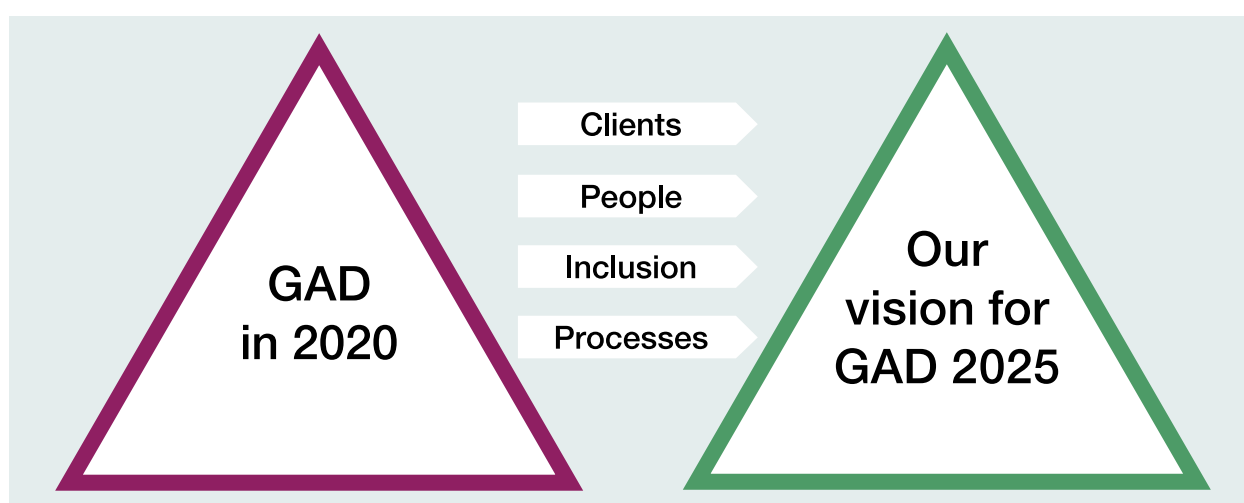
GAD aims to have people with the right skills in the right place, driven by what our public sector clients need us to do.

Inclusion

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

Processes

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



What we do

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

Insurance and risk transfer

We provide actuarial advice to government departments, public bodies, local authorities and international development organisations on life, general and health insurance-related matters. Examples include: NHS Resolution, Department for Education (DfE) (Risk Protection Arrangement) and the newly created Department for Energy Security and Net Zero (DESNZ).

¹ www.gov.uk/government/publications/government-actuaries-department-gad-2025-strategy

We advise on the values and underlying risks of future potential financial liabilities which might arise from self-insurance, risk transfer schemes, or government interventions. Our analysis and advice apply to a wide range of challenges, including modelling medical negligence claims, the effect of wide-spread flooding in the UK, and the risks associated with large scale infrastructure projects.

Investment, funding and credit risk

Our services help organisations explore ways to fund their long-term financial obligations. We analyse how future expenditure may change, and explore funding strategies that can mitigate risk. We also assess the operational aspects of investments and the policy and legislative implications. We provide advice on financial risks to UK government from credit support schemes and other credit related contingent liabilities.

Data science

We continue to improve the quality of our client advice through the development of our data analytics capability within the department. We use modern programming tools to implement efficient data processes and apply a range of advanced analytical techniques such as machine learning algorithms, and spatial and time-series analysis. Together with the use of visualisations and interactive dashboards, our expertise in this area has enabled us to identify trends and discover insights to inform strategic decision making.

Modelling and quality assurance

We advise governments and organisations in the UK and around the world on financial modelling, demographic modelling and other bespoke modelling services. This includes:

- expert external assurance on a client's models, their quality assurance governance and approach, or specific aspects of the modelling
- advice and assistance on a model that a client wishes to develop internally
- providing a full modelling service, from initial consideration of model design to producing and interpreting results and making recommendations

Public service pension schemes

We provide actuarial advice to all of the main UK public service pension schemes such as those for the Civil Service, armed forces, police, fire service, teachers, local government and National Health Service. Our advice impacts a significant proportion of the population, covering around 16 million members in total. We advise and assist UK government departments on strategic pension scheme policy and implementation, including the implications of legal cases affecting public service pension schemes such as the McCloud case. We also support the ongoing management of the schemes by measuring scheme costs and employer contributions, providing financial information for government accounts, and producing and maintaining schemes' actuarial factors.

Funded pension schemes

We advise funded occupational pension schemes (those which have a pool of assets backing the liabilities) in the wider public sector and the private sector.

This work includes consultancy services for trustees of schemes, advice to sponsors, and strategic benefit and investment reviews.

Pensions policy, regulation and supervision

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

Staff transfers

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

Social security

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

More information about GAD's services is available on the GAD website.²

How we are funded

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

Key organisational risks

There are risks to not meeting the objectives set out in our five-year strategy and annual business plans. The key strategic risks identified by the Management Board are set out below.

Clients: Risk that GAD's reputation for providing high-quality advice to clients effectively and efficiently is damaged or that GAD's services do not match the evolving needs of its clients.

People and inclusion: Risk that GAD is unable to provide future advice effectively due to a lack of access to appropriate talent.

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

² www.gov.uk/gad/services

Finance: Risk that GAD does not meet financial targets or has weaknesses in its financial control framework.

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

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

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

Going concern assessment

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

Performance summary

In 2022-23, GAD achieved all of its parliamentary estimate targets. The fee income of £24.8 million is an all-time high for GAD and an increase of £0.7 million from 2021-22. Throughout the year, GAD has placed continued emphasis on growing skills and capabilities, recognising the value emerging tools and technologies can bring to our work. The broadening of the department's workforce to include more analysts and business professionals alongside actuaries has enabled a faster integration of new capabilities and further diversification of work into additional areas in which public sector clients are seeking support.

During the year, GAD has supported government across a wide range of policy areas. We have provided substantial knowledge and expertise to support the significant multi-departmental response to the McCloud judgment and the preparation for the ensuing 2020 valuations of the public service pension schemes. Our growing skill base has enabled us to provide user friendly calculators to help pension scheme members understand the implications of the remedy for McCloud. The Government Actuary provided a report to the Secretary of State for Work and Pensions to inform the latest review of the State Pension age. We have also provided a range of support in relation to financial regulation, from the review of insurance solvency requirements to the reconsideration of defined benefit pension regulation, as well as assignments for the FRC and Pensions Protection Fund. We have continued to engage widely across government and with the Government Analysis Function to better understand the needs of our public sector clients and to ensure we are building the required capabilities.

This was delivered alongside preparation for the relocation of our London office to new premises in Canary Wharf, and during the process of migrating to a new, more functional and resilient IT infrastructure. These preparations are the building blocks upon which we continue to evolve our ways of working, as we look to provide more effective and efficient support for all our clients.

Performance analysis

Performance and operating review

2022-23 has been another very successful year for the department. As well as continuing to support an ever-widening range of government policymaking and implementation, we continue to improve our processes, as well as enhancing data analytics and modelling capability.

The key highlights of our performance are as follows:

Clients



The 2022-23 financial year has seen the reappearance of high levels of inflation, volatility within financial markets and increased pressure on public finances. This has presented challenges across the public sector and it is reflected in the record demand for our support seen during the year. That demand is built on our reputation for partnering with our clients and developing our capabilities to meet their needs. Feedback from our client survey showed that 100% of respondents believe we demonstrate collaboration most or all of the time, with 94% believing we provide value for money.

Some of the most significant developments over the year included:

- expanding our knowledge, experience and capabilities to support pension scheme administration challenges
- growing interest in our climate offering following our presentation at the first ever Civil Service Climate and Environment Conference
- placing 29 members of staff on secondment at 14 different organisations, supporting priority client activity and development of our staff through new experiences
- rapid support in September for government departments responding to the challenges in the Liability Driven Investment market for pension schemes
- working with multiple government departments to develop and implement McCloud remedy options and prepare for the 2020 public service pension valuations due to conclude in 2023/24
- reporting on the effect of changes in life expectancy on the period individuals can expect to be in receipt of a State Pension to inform the State Pension age review
- extending our capabilities to advise HM Treasury on their review of the solvency requirements placed on insurance companies

Clients (continued)

- supporting the Department for Levelling Up, Housing and Communities to introduce a new indemnity scheme to improve the effectiveness of the mortgage market for sales of flats in high rise buildings

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

We used a variety of methods to share our thought leadership and experiences over the year. We hosted seven webinars covering topics from the effect of COVID-19 on public finances, to the changes in pension tax. We also contributed to events hosted by the Analysis Function, the Institute and Faculty of Actuaries and the Civil Service Environment Network. We used the Actuaries in Government blog site to publish our thoughts on a wide range of topics including risk management across government, financing for disaster risks, and the interaction of the Bank of England base rate and inflation.

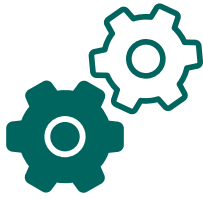
People and inclusion



Over the year, we continued to progress our people strategy and ensure that GAD remains fit for the future, this includes:

- **Hybrid working:** This year our staff embraced our new hybrid working policy, with most staff spending around 50% of their time working collaboratively with colleagues in our offices. This collaborative working has allowed staff to build connections with those who joined since 2020, as well as ensuring that knowledge and experience is shared across the department.
- **Human Resources:** This year saw the completion of a strategic review of our Human Resources team, which identified, among other things, greater emphasis to be placed on talent and skills development, with the creation of a new senior HR post to support the delivery of the department's ambitions.
- **Learning and development:** Over the course of the year, we focused our investment in developing our staff on key areas to improve our service to our clients. This includes working with the Government Consulting Hub to focus on the development of client consulting skills.
- **Recruitment:** We continued to make strides with improved recruitment processes, building on the successes of our overhauled graduate recruitment campaign in 2021-22, with particular focus on how we recruit experienced actuaries into government.
- **Diversity and inclusion:** This year saw the launch of our Diversity and inclusion strategy, which sets out a number of activities we all will undertake to ensure that GAD remains an inclusive and great place to work. These activities focus on 'culture', 'connections', and 'continuous development'.

Processes



We continued to embed and enhance our processes throughout the year, to improve our efficiency and robustness. Significant developments include:

- **Modernisation of tools:** We made use of our increased capabilities in modern analytical tools and techniques to update some of our frequently used models and processes. These updates provide increased functionality, better presentation of outputs, and they cut down on the time required to carry out tasks.
- **Risk management:** Our risk management approach runs throughout the organisation and highlights any areas of concern, as well as ensuring sufficient mitigation actions are being taken. Throughout the year we enhanced the summary reporting of our risks to better enable senior staff to prioritise areas that required attention.
- **Professional accreditation:** We received our re-accreditation with the Institute and Faculty of Actuaries Quality Assurance Scheme. The scheme provides external scrutiny to our processes and our professional approach to delivering a quality service.
- **IT:** To continue our journey of improvement in the capability, efficiency, resilience and security of our IT systems, we transitioned our infrastructure to the cloud and secured a move to a new partnership with Treasury Information Services (TrIS). The transition to the cloud was successfully completed in March 2023, and the move to TrIS support has been carefully planned to follow with a transition date early in the 2023-24 financial year.
- **Functional standards:** All government departments and agencies are required to adhere to the functional standards.³ These benchmark corporate delivery in certain key thematic areas including project delivery, security, HR, and finance. The standards provide a basis for assurance, risk management and capability improvement. They also support an improved and consistent way of working across government departments. Of the 13 standards currently in existence, 12 are applicable to us. Each functional lead has assessed their own functional area against the applicable standards during the year. We continue to be in a strong position across all 12 standards. Compliance with all mandatory elements has been achieved and there are plans in place to complete all tasks relating to the enabler standards.

³ www.gov.uk/government/collections/functional-standards

Finance



Client income for the year exceeded expectations, with continued increase in demand for our services across a number of government departments and agencies. Focused efforts on business development have allowed GAD to build upon its reach across the wider public sector as well as identify new areas where we can continue to add value.

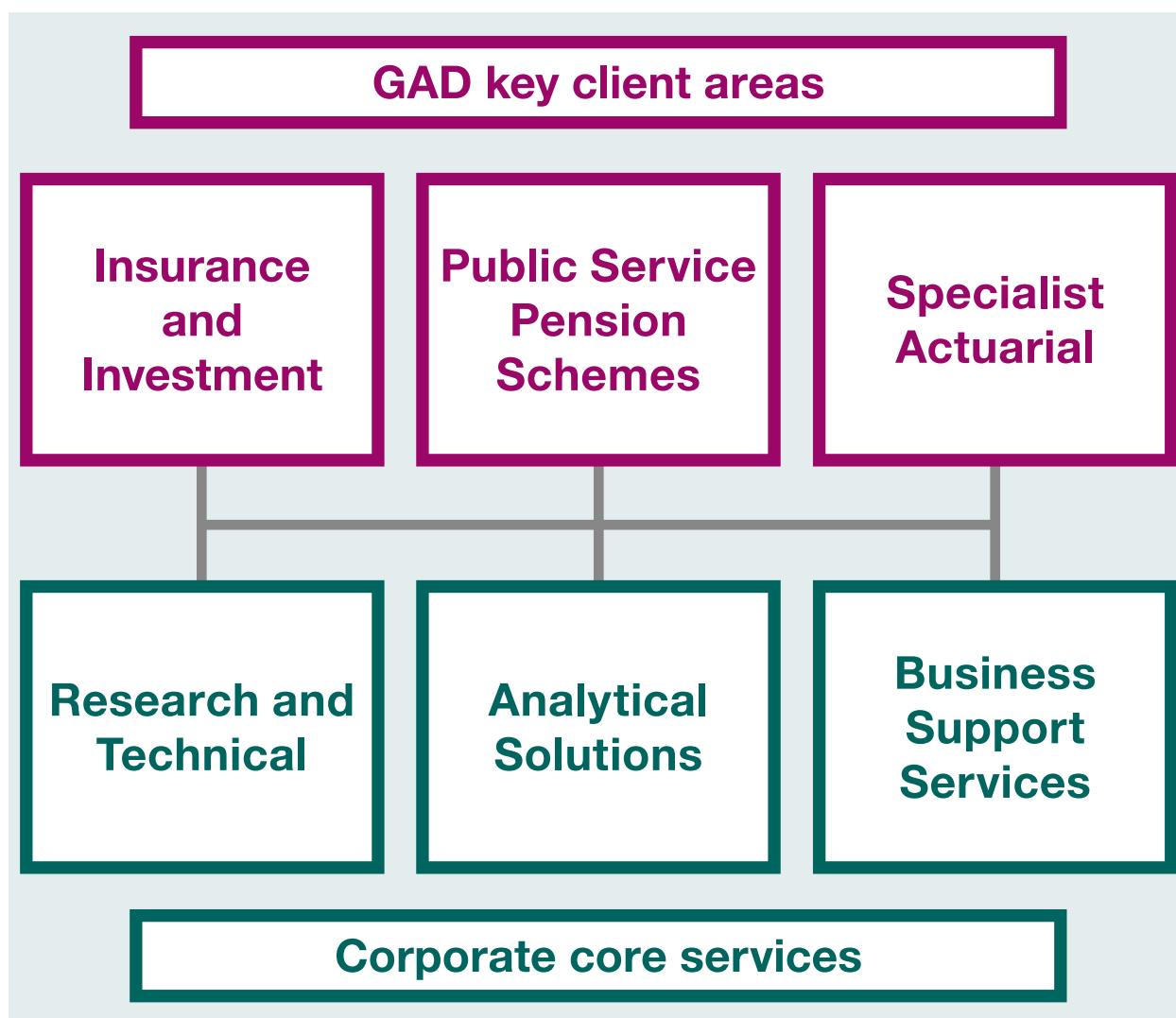
We continue to review our forecasting and resource planning processes to ensure all risks and opportunities are recognised and managed in a timely manner, supporting strong performance in year.



Review of progress, 2022-23

GAD's team structure

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



Insurance and Investment (I&I)

Helping government manage risk: The I&I team continued to support departments and agencies responsible for government risk pools. This includes NHS Resolution on the potential costs arising from clinical negligence and the DfE on the potential costs of property damage and liability claims across the school estate. Our actuaries and analysts helped our clients understand, quantify and manage their risks – determining provisions and prices to charge members as well as supporting on policy areas and emerging risks. Our team have also supported DESNZ on third party liability insurance provisions for nuclear operators and the Foreign, Commonwealth and Development Office (FCDO) who oversee insurance initiatives which are supported by UK aid.

We have also been working with the Pension Protection Fund on its financial modelling, and with the Cabinet Office on a negotiation to improve the commercial terms of Civil Service defined contribution pensions which will lead to increased pensions for those members.

Partnering with clients: We continue to engage in multiple ways with our clients to ensure we effectively partner with them on our projects. This includes utilising our secondment programme which allows our actuaries and analysts to support on a wider range of issues, provides new experiences and opportunities for our staff, and helps to grow our networks. An example is our ongoing partnership with the Contingent Liability Central Capability, which is now in its second year of operation. Our staff seconded there provide insurance expertise in supporting them to evaluate, price, and better manage risks borne by the government through providing financial guarantees, indemnities, and insurance. We have also supported NHS Resolution, DfE, Centre for Disaster Protection, Department for Environment and Rural Affairs, Department of Health and Social Care and other departments via our secondment programme.

Supporting our clients in new areas: Our actuaries and analysts have supported a range of departments in developing policy on a range of areas or in addressing emerging risks and issues. The team supported a number of departments in relation to funding arrangements of pension schemes, alongside supporting the DWP in relation to the concerns that arose on pension schemes' Liability Driven Investments and with their joint consultation with the Financial Conduct Authority (FCA) on value for money for defined contribution pension schemes. The team also supported departments in non-pension areas such as, DESNZ in the process of establishing a fund to meet nuclear decommissioning for new nuclear sites, the FCA on the solvency position of funeral plan trusts, and beginning preparatory work with the Ministry of Justice on the next review of the Personal Injury Discount Rate in England and Wales.

Public service pension schemes (PSPS)

In 2022-23 we delivered a record amount of work for PSPS clients, encompassing regular annual work, major projects and bespoke client commissions.

Valuations and beyond: We made significant progress on the valuations and work got underway on factors to put us in a good position for completion during 2023-24. Our centralised approach has enabled us to react quickly to external developments and our new approach to reporting has been well received by clients.

Stakeholder management: Our work on the McCloud/Remedy benefits illustrator has continued to strengthen, with further client commissions during the year and extension of the scope for other clients. We have continued our popular webinar series to engage with clients and keep them up to date on new developments.

Enhanced offering: We have begun to lay the foundation for widening our offering in relation to scheme administration and pensions consulting. We hosted a round table for key stakeholders to discuss admin-related issues. We have also been involved in some significant workstreams for clients including procurement support, data insights and data improvements.

Throughout the year we have worked collaboratively with the other teams to share resource and adapt ways of working in order to meet the high client demand.

Specialist actuarial (SA)

Ways of working: Specialist Actuarial continue to challenge their ways of working.

We have launched our Operating Model outlining our long-term plans for the structure of the team. This reflects the changing roles of our staff in light of wider GAD initiatives such as business development specialists and split roles, in addition to our evolving client base. Staff are engaging with their line managers to discuss career aspiration and identify their longer-term roles and the development opportunities required to achieve these. To support this, we continue to look for opportunities for staff to support other teams through both long-term and short-term split roles to help widen knowledge of GAD's work. In addition, we have worked collaboratively with other teams to support individual projects where Specialist Actuarial expertise can add value. We have also been looking to develop scheme benefit models for our clients in conjunction with PSPS. We continue to work with AST to develop our standard practices and improve efficiency with particular focus on Staff Transfer processes as we restarted elements of that work to incorporate changes as a consequence of the McCloud remedy.

Ongoing policy support: We have provided ongoing support to HM Treasury on policy issues relating to unfunded pension schemes for public service employees, in particular on the development of pensions policy arising from the McCloud judgment and the review of the discount rate methodology for public service pension schemes. We also provided actuarial advice to the DWP in relation to government policy affecting funded occupational pension schemes and the state pension, and we have recently published a report to help inform the government's review of the State Pension age.

Business development activities: The Specialist Actuarial team has received commissions for a wide range of new projects during the year. These commissions have included reviews of overseas social security arrangements and a quality assurance review for the FCA in relation to guidance on a redress scheme for former members of the British Steel Pension Scheme. The team has also supported a number of central government departments in managing their commitments to fund various defined benefit pension schemes. The breadth and diversity of the team's work enables continuing development of GAD's actuarial staff and helps put them in a position to provide expert advice to clients, taking into account the public sector context.

Analytical Solutions (AST)

Extending our support for client teams: We have continued to build our relationships within GAD and meet regularly with each of our client facing teams to discuss ongoing and upcoming work with the aim of better anticipating future demand and the capabilities that we need to build to provide a great service. We've seen an increased demand for our services from client teams, particularly the I&I team, which demonstrates the extent of our reach within GAD. AST have also played a key role in GAD change projects such as the move to the TrIS IT service and the redesign of our Intranet.

Broadening our horizons: We have revamped our approach to analysts by setting out a clear framework around the skills and behaviours that we are looking for from them. Alongside this we have identified new learning opportunities in areas such as data science, coding and quality assurance to enable everyone to reach their potential. The range of work we have done within the team over the last year has continued to increase with growing amounts of work relating to data analysis, model QA and other non-traditional areas of actuarial work.

Leading the way: We've increased the use of new tools and techniques within the team, for example by migrating internal processes to modern languages such as R and Python in our PSPS valuation work, and making use of web design techniques to provide great looking member facing tools. We have also begun migrating our data processing work onto more modern platforms to provide improved performance and outputs, and increased efficiency.

Public sector budgeting framework

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

- **Resource Departmental Expenditure Limit (RDEL):** A net limit comprising day-to-day running costs, less income from actuarial services provided and income from sub-letting of spare accommodation in our leasehold property.
- **Capital Departmental Expenditure Limit (CDEL):** Investment in capital IT equipment and leasehold improvements.
- **Resource Annually Managed Expenditure Limit (RAME):** A net limit for dilapidation provisions in relation to the lease for Finlaison House (GAD's headquarters) and a provision for a historic injury benefit.
- **Capital Annually Managed Expenditure Limit (CAME):** A limit for capital dilapidation provisions arising on our property leases since the implementation of IFRS 16.

The table below provides a summary of GAD's outturn in 2022-23, compared to the approved estimates.

Category	Reconciles to SOPS note	Outturn £000	Estimate £000	Variance £000	Commentary
Resource DEL	1.1	(792)	187	979	The favourable variance is as a result of lower than expected staff costs and also continued strong client demand for GAD's services despite the budgetary pressures faced by our clients.
Capital DEL	1.2	167	350	183	This variance is due to GAD reducing its capital spend as it neared the end of the lease on its London office.

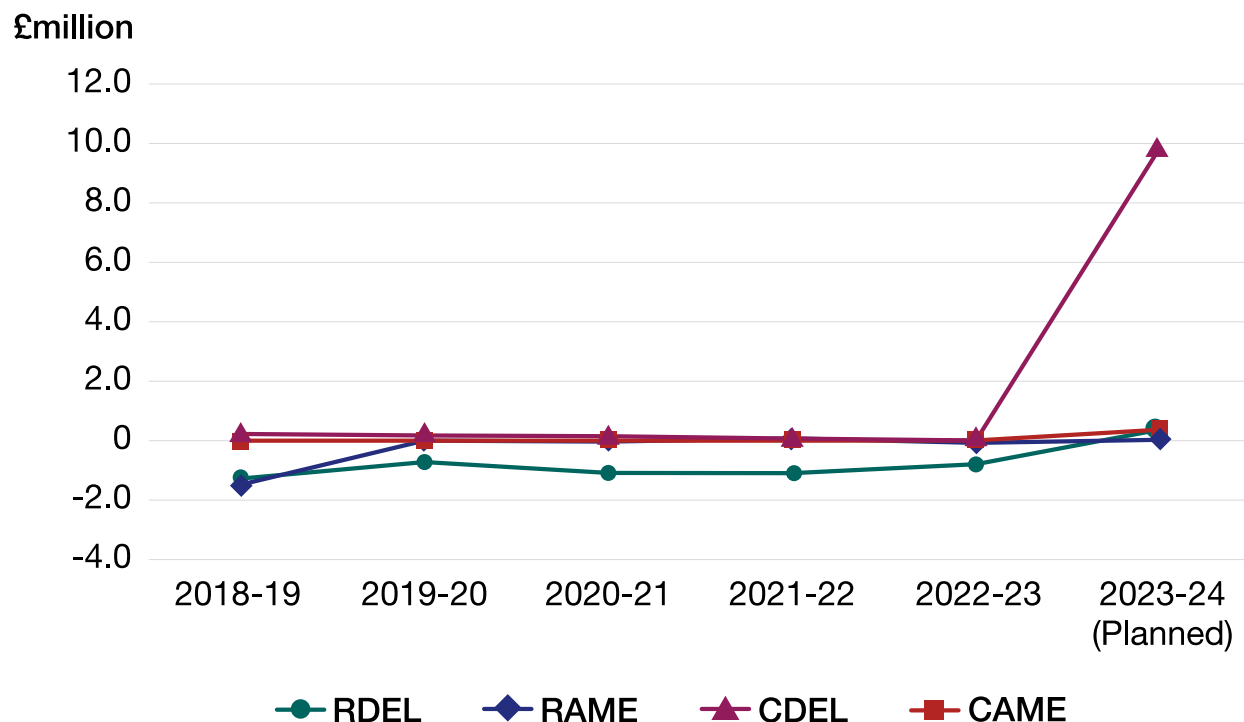
Category	Reconciles to SOPS note	Outturn £000	Estimate £000	Variance £000	Commentary
Resource AME	1.1	(74)	100	174	The favourable variance is due to the movement in the discount rate applicable to GAD's provisions.
Capital AME	1.2	7	10	3	

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

GAD's income arises from the fees charged to clients as well as rental income received from our subtenants at the London office. Due to GAD being self-funded, GAD's net outturn (RDEL) is often negative (i.e. income is higher than spend) as can be seen in the trend analysis below. Any excess cash held as at 31 March as a result of this is paid over to HM Treasury.

GAD is expecting its capital DEL spend to increase significantly in 2023-24 due to the IFRS 16 CDEL impact of entering a new office lease agreement.

Budget area spend trend analysis



Case studies – some of GAD’s work during 2022-23

Pension valuation dashboard



GAD provides actuarial advice on all the main UK public service pension schemes, which affects around 16 million people in total. This involves a substantial amount of data, and work, for our staff. By standardising processes and developing efficient pipelines, we can enable our actuaries to gain insights from the data more quickly. In addition, the use of interactive dashboards helps us visualise and understand the meaning behind the results and ultimately helps us share the main messages with our clients.

Pension valuation dashboard

When undertaking a valuation, our actuaries need to understand the answers to key questions including:

- how have the pension liability and contributions changed since the previous review and what are the key drivers?
- what will the employer contribution rate be over the next implementation period?
- will member benefits and/or member contributions need to be altered?

As part of the tool GAD has developed, a data pipeline is created in the Python programming language. It’s used to answer these questions efficiently and in a standardised way across the pension schemes we value.

After a user selects a scheme, the tool delivers the results on an interactive dashboard. It then separately provides a comprehensive audit trail of the calculations.

Pipeline benefits

Across government there are many models (often Excel based) and processes which exist that perform similar functions and require substantial amounts of time to update and maintain.

GAD is benefiting from developing pipelines that enable different models to be combined and streamlined.

What benefits has the tool provided?

A single centralised code file means only one model needs to be updated if the calculation methodologies require updating, rather than multiple models. It also means:

- faster processing speed
- ability to utilise larger volumes of data
- better consistency in calculation processing and output formats across schemes (so it is easier and more efficient for the people involved and more robust against errors)
- clearer documentation of calculations for users
- greater levels of automation leading to reduced risk of errors
- more intuitive experience for users
- users cannot accidentally alter the underlying calculation code while using the dashboard

GAD's data science capabilities and techniques complement traditional actuarial approaches on many client projections, including this one.



Analysis of experience dashboard



The development of our Analysis of experience dashboard has provided us with a greater understanding of the underlying movements in pension scheme data. This helps us set and validate assumptions and improves the robustness of our work.

It allows the user to compare the actual experience of membership progression for a pension scheme against expectations.

Interactive and flexible

As with any model, once the assumptions have been set and the results produced, exterior factors then change, and assumptions need updating.

The Analysis of Experience Dashboard is an interactive, flexible, and accessible tool. It enables actuaries to visualise emerging experience from a range of perspectives. Features include dropdown menus and range sliders. Buttons allow users flexibility to adjust the calculations and outputs on the dashboard using validated input values.

It also:

- loads the inputs (from external files) that are relevant to the selected scheme
- performs a standard set of calculations on the input data
- prints output tables and interactive charts to the dashboard itself and external files
- provides an audit trail of data and model versions used

Dashboard benefits

Benefits include interactive charts which can be used to explore the data further and gain greater insights and understanding of its features. Other benefits also include:

- greater interactivity of the tool (compared to previous Excel model) makes it easier for users to test different proposed assumptions
- access to a wider range of in-built statistical tests and visualisations that Python and R has available
- performs calculations for the various experience items (such as pensioner mortality, withdrawal, age retirement etc) within a single model/code
- single centralised code file means that only one model needs to be updated if the calculation methodologies require updating (rather than needing to update separate Excel spreadsheets for each scheme as in previous valuations)
- better consistency in calculation processing and output formats across schemes (so easier and more efficient for the people involved, and more robust against errors)
- greater level of automation leading to reduced risk of errors

Staff transfers/HMRC bulk transfer exercise



GAD provides support to public sector bodies where a compulsory transfer of employment results in a change of pension scheme for staff.

Our involvement helps to protect the value of earned pension benefits. We can also assess whether the new pension scheme is more or less valuable than the old one and advise on any compensation that may be needed.

This can also include assessments of the impact of the 2015 (or transitional protection) remedy on that work and other specialist staff related advice.

Bulk transfer exercise

HMRC engaged GAD to assist them with a 'New Fair Deal' bulk transfer exercise covering the transfer of around 50 employees from a private sector pension scheme to the Civil Service Pension arrangements as a result of a contract re-let.

The bulk transfer terms proposed by the private sector scheme resulted in a potential pensions shortfall of £1.1 million that HMRC would have been liable for. However, the original outsourcing contract included an underpin to the bulk transfer terms on exit. GAD provided advice to HMRC on the actuarial implications of the underpin and briefed HMRC's lawyers to enable legal advice to be given.

Significant savings

After robust discussions with the private sector employer, HMRC's interpretation of the contract was accepted. This meant HMRC didn't have to meet the potential £1.1 million shortfall, realising a significant saving for the public purse.

At the end of the exercise, HMRC said:

"Excellent turnaround times, good practical advice, very engaging. Advice is clear and well-articulated to enable the customer to understand very difficult at times detail."

"GAD's experts are very helpful, and they give timely and valuable advice."

GAD supports public sector bodies where compulsory transfer of employment leads to staff changing pension schemes.

Retirement calculator



Pensions experts in GAD developed a 'retirement calculator' to help public service pension scheme members. We developed the platform following the McCloud legal ruling.

The judgment means that many public service pension scheme members will have to make a choice between the benefits provided by 2 different schemes for the period 2015 to 2022.

The choice is between legacy schemes (typically final salary schemes) and reformed schemes (typically career average revalued earnings schemes). This is now commonly known as the 2015 remedy.

2015 remedy (transitional protection)

Most public service pension schemes reformed in April 2015 (2014 for the local government scheme in England and Wales). From this date most staff joined the new reformed schemes.

People closest to retirement were protected from the impact of the reforms. Those protections were later ruled to be age discriminatory. As a result, the affected public service pension schemes are implementing ways to remedy this age discrimination.

The government has laid primary legislation to implement the remedy, however each scheme needs to issue further regulations containing details of how it will apply in that scheme.

How it works

GAD's 'retirement calculator' helps scheme members eligible for the 2015 remedy understand in general terms which scheme might be better for them. It provides an illustration of the benefits scheme members could receive under the legacy and reformed schemes, under a range of assumptions.

It then allows members to compare these benefits using different retirement options, such as early or late retirement, or exchanging a pension for a cash lump sum.

In this way scheme members can explore the retirement options most relevant to them in a neat visual illustration based on their own membership data before they need to make a formal decision.

To provide members with the best possible experience, developers at GAD created the retirement calculator in Python combined with modern web software. This allows us to provide complex numerical information in a simple graphical format that means members can immediately visualise the impact of their choices.

Collaborating with clients

The GAD team has further developed the retirement calculator to seamlessly link it to stored member data, saving the member manually inputting their details.

A bespoke platform will allow members to access all communications relating to their McCloud decision, through a single login. They can then efficiently explore if the best outcome for them is impacted by their assumptions or choices for retirement.

Furthermore, GAD continues to support our public service pension scheme clients by developing other calculators for clients not affected by remedy.

Climate change risk analysis



At GAD we work on an increasing the number of climate-related projects.

Climate change is a source of long-term risk and uncertainty, and this is an area where actuaries are ideally placed to advise and support.

Embedding in GAD's workstreams

Wherever climate risk is relevant we take account of it in our advice. This approach is guided by professional requirements and proportionality.

As such, we embed climate scenario analysis across a range of workstreams. For example, as part of the latest actuarial valuations GAD is undertaking for the public service pension schemes, we are considering the impact of certain climate scenarios on the future costs of pensions.

Climate disclosure

Over recent years, climate disclosure requirements, including those recommended by the Taskforce on Climate-related Financial Disclosures have been widely adopted across the UK economy.

We supported HM Treasury's plan to introduce similar disclosure requirements in central government to be ready for the 2025 to 2026 annual reports and accounts.

Risk management, including the use of climate scenario analysis, is a central aspect of these disclosure requirements, and one where GAD is well-suited to support departments.

GAD will continue to support HM Treasury in the drafting of risk management guidance for the public sector. We will also continue working closely with central government departments which are early adopters of disclosure recommendations.

Net zero

We support government in its wider climate and net zero ambitions. This has included providing financial modelling to help the DfE decarbonise. One such example included converting school minibus fleets to electric vehicles and identifying schools most in need of heating system updates.

Sustainability reporting

We are committed to integrating sustainability across our operations to support the government sustainability strategy.

GAD's work does not directly influence the areas identified in the UN Sustainable Development Goals. However, our work for clients increasingly contributes to departmental efforts to meet commitments to sustainability, for example on net zero. GAD continues to invest in capability to support sustainability across the public sector including building the relevant skills within the department and hosting webinars to engage with our clients on the wider agenda.

GAD also supports the sustainability work of the Institute and Faculty of Actuaries through providing the time of employees to volunteer and contribute to profession-wide work. This includes two of GAD's actuaries sitting on the Institute and Faculty of Actuaries' Sustainability Board, working on incorporating sustainability into actuarial education and developing guidance on new practices for actuaries working in this area.

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

Greening Government Commitments

Our objectives and targets are based on the Greening Government Commitments (GGCs) 2021 to 2025. These targets concentrate on:

- mitigating climate change and working towards net zero by 2050
- minimising waste and promoting resource efficiency
- reducing water use, procuring sustainable products and services
- adapting to climate change
- reducing environmental impacts from ICT

Further detail on the GGC targets can be found on the GOV.UK website.⁴

GAD uses a dashboard system which enables us to report sustainability information accurately and in a timely manner.

As we transition out of the pandemic to a hybrid working pattern, the figures for the financial year continue to be lower than in previous years.

4 www.gov.uk/government/publications/greening-government-commitments-2021-to-2025

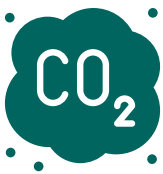
Commitment A: Mitigating climate change – working towards net zero by 2050

GAD is committed to Net Zero and is in the process of collating its carbon footprint. This includes data from the utilities usage for Finlaison House, business travel and accommodation, utilities from staff working from home and the commute to their main office, and carbon generated from GAD's services.

The footprint data will continually improve as we develop suitable systems to gather more accurate information at a more granular level.

The requirement to meet the ultra-low emission vehicles Government Fleet Commitment is not applicable to GAD, as GAD does not own, hire or lease car fleets.

Scope 1 (direct) emissions

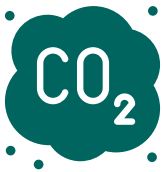
		Baseline 2017-18	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	% change 2022-23 from baseline
Non-financial indicators (CO ₂ e)	Scope 1 emissions ⁵	26	36	31	21	25	27	+4%
	Fugitive Refrigerant emissions	0	0	0	0	0	33	+100%
Related Energy Consumption (KWh)	Gas consumption	140,418	193,648	170,588	116,191	139,257	150,590	+7%
Financial indicators (£)	Expenditure on gas	6,807	5,151	4,818	4,050	5,214	12,242	+80%

There was a refrigerant leak from the main building chillers in 2022. This is recorded in the Fugitive Refrigerant emissions field above.

Gas usage has increased since lockdown, and while slightly above baseline figures, is still lower than the periods 2018-2020.

⁵ CO₂ emissions figures are taken from the Cabinet Office electronic Property Information Mapping Service (ePIMS) database. From 2021-22, CO₂ emissions figures are taken from the DEFRA conversion factors: www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

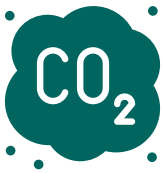
Scope 2 and 3 (energy indirect) emissions

		Baseline 2017-18	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	% change 2022-23 from baseline
Non-financial indicators (CO ₂ e)	Scope 2 emissions ⁶	115	72	63	34	35	40	-65%
	Scope 3 emissions (Transmission and distribution losses)	10	6	5	3	3	3	-70%
Related Energy Consumption (KWh)	Electricity consumption	317,791	257,515	247,623	143,792	162,651	200,332	-37%
Financial indicators (£)	Expenditure on electricity	39,305	29,746	35,997	22,350	25,202	37,419	-5%

Electricity usage is higher than during lockdown levels, however still below benchmark levels. The building moved to a zero carbon (nuclear based) tariff in April 2022 due to the increased costs of the clean renewable (green) tariff.

⁶ CO₂ emissions figures are taken from the Cabinet Office electronic Property Information Mapping Service (ePIMS) database. From 2021-22, CO₂ emissions figures are taken from the DEFRA conversion factors: www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

Scope 3 (official business travel) emissions

		Baseline 2017-18	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	% change 2022-23 from baseline
Non-financial indicators (CO ₂ e)	Scope 3 emissions (Indirect – official business travel) ⁷	33	48	17	0	2.5	21	-36%
Other non- financial indicators	Number of domestic flights	99	133	155	1	11	93	-6%
	Distance travelled on international flights	8,866	42,859	1,322	0	0	0	-100%
Financial indicators (£)	Expenditure on official business travel	40,975	57,783	33,686	529	10,965	48,636	+19%

As staff return to the office, business travel has increased. The majority is through Edinburgh staff visiting the London office for work and meetings.

⁷ CO₂ emissions figures are taken from the Cabinet Office electronic Property Information Mapping Service (ePIMS) database. From 2021-22, CO₂ emissions figures are taken from the DEFRA conversion factors: www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

Commitment B: Minimising waste and promoting resource efficiency

Waste



		Baseline 2017-18	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	% change 2022-23 from baseline
Non-financial indicators (tonnes)	Total waste to landfill	0	0	0	0	0	0	0%
	Total reused*						0.4	
	Total recycled	38	7	5	0.7	4.1	4.6	-88%
	Total ICT waste recycled*						2.9	
	Total ICT waste reused*						0	
	Total waste composted	3	2	2	0.1	0.2	0.8	-73%
	Incinerated with energy recovery	2	2	2	0.5	1.1	1.8	-10%
	Total waste	43	11	9	1.3	5.4	10.5	-76%
Financial indicators (£)	Total disposal cost	6,941	6,059	5,276	4,599	6,417	12,951	+87%

*New reporting requirement for 2022-23.

None of GAD's waste goes to landfill as all waste is either composted, reused, recycled or incinerated for energy recovery. Staff are encouraged to limit how much waste they produce. GAD have multiple waste streams in place to encourage waste segregation. The Government Furniture Clearing House is utilised when donating unwanted furniture. Our policy and practice is to recycle all redundant IT equipment that cannot be re-used using approved Waste Electrical and Electronic Equipment brokers.

It is currently not possible for GAD to split the disposal costs between the different waste streams. GAD will work with the Government Property Agency (who manage GAD's facilities management contract) to improve analysis on this in preparation for next year's financial reporting.

As staff have returned to the office in 2022-23, waste generation from the office has increased, though it is still a lot less than in previous years. In preparation for the move away from Finlaison House, increased office waste, building waste and surplus furniture has been shredded, recycled, reused or incinerated.

GAD is in the process of implementing a reuse scheme and a strategy to remove consumer single use plastic by 2025.

Paper



	Baseline 2017-18	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	% change 2022-23 from baseline
Non-financial indicators (A4 reams)	785	595	395	0	40	134	-83%

134 reams of paper were purchased in 2022-23. This is an 83% reduction from the 2017-18 baseline.

Commitment C: Reducing our water use



		Baseline 2017-18	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	% change 2022-23 from baseline
Non-financial indicators (m³)	Water consumption	842	784	770	347	474	545	-35%
	m³ per FTE	5.2	4.6	4.4	1.7	2.2	2.6	-50%
Financial indicators (£)	Water supply and disposal costs	2,340	1,654	2,103	886	1,271	1,574	-33%

GAD is on target to achieve the 8% reduction in water consumption from the 2017-18 baseline. Currently, GAD has seen a 35% reduction in water use compared to the baseline.

Water use has stabilised as staff return to the office. In addition, due to water management requirements to help reduce the risk of Legionella, we have a daily flushing regime in place that ensures that water is turned over on a regular basis.

Commitment D: Procuring sustainable products and services

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

We promote sustainability in procurement by:

- working closely with our suppliers – particularly in the areas of catering, cleaning and stationery to adopt sustainable processes
- using a furniture clearing house to acquire and donate second-hand furniture between public sector departments
- buying less environmentally damaging products and services
- complying with environmental legislation and regulatory requirements
- including relevant environmental conditions or criteria in specification and tender documents, and evaluating supplier offers accordingly
- raising awareness of environmental issues within GAD, and among suppliers and contractors

GAD is working towards embedding the Government Buying Standards as part of implementing the Cabinet Office Functional Standards.



Commitment E: Nature recovery – making space for thriving plants and wildlife

GAD does not hold natural capital or landholdings.

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

Commitment F: Adapting to climate change

We are committed to limiting the extent to which we contribute to climate change. Reduction measures are designed to do this by reducing carbon dioxide emissions from energy use and transport. GAD is in the process of conducting a climate change risk assessment. From this we will be able to create a climate change adaptation action plan and strategy to respond to the risks identified in the assessment. To support us in this we have engaged with the facilities management provider, Mitie, to ensure that their use of facilities reflects energy conservation and lighting reduction during off-peak hours. We will also continue to encourage staff to travel by rail over air for business. GAD has a Climate Change Acorn Group to engage staff and clients in climate change adaptation.

In 2023-24, the GAD London office will relocate to a more energy efficient building, and with the engagement of the FM provider, and the Government Property Agency (GPA), will help with climate change reduction.

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

Commitment G: Reducing environmental impacts from Information Communication Technology (ICT) and digital

GAD is considering its environmental impact from ICT in its IT strategy and will align wider strategies to emerging policies which are under development.

GAD's ICT is continually reused and where needed, reimaged for staff to use. Redundant ICT is recycled through approved WEEE processes and reusable ICT is processed for reuse/recycled through IT recycling specialists.

Fiona Dunsire

Government Actuary

Accounting Officer

10 November 2023



Section 2

An abstract geometric design featuring a large magenta triangle on the left. To its right, a series of overlapping triangles and stripes are arranged. A central orange triangle points downwards. Above it, a triangle with vertical magenta stripes is visible. To the right of the orange triangle is a solid teal triangle pointing downwards. Further right, a triangle with horizontal magenta stripes is visible. The background is a solid magenta color.

The Accountability Report

An abstract geometric design featuring a large light purple triangle on the left. To its right, a series of overlapping triangles and stripes are arranged. A central orange triangle points downwards. Above it, a triangle with vertical magenta stripes is visible. To the right of the orange triangle is a solid teal triangle pointing downwards. Further right, a triangle with horizontal magenta stripes is visible. The background is a solid light purple color.

Overview

The Accountability Report includes:

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

Corporate governance report

Executive's report

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

During the year we generated an operating surplus of £0.836 million. Income for the year was £25.052 million. Fee income (income from actuarial services) increased by 3% (£0.717 million) from £24.102 million in 2021-22, to £24.819 million in 2022-23. Our fee rate increase for 2022-23 was 3%.

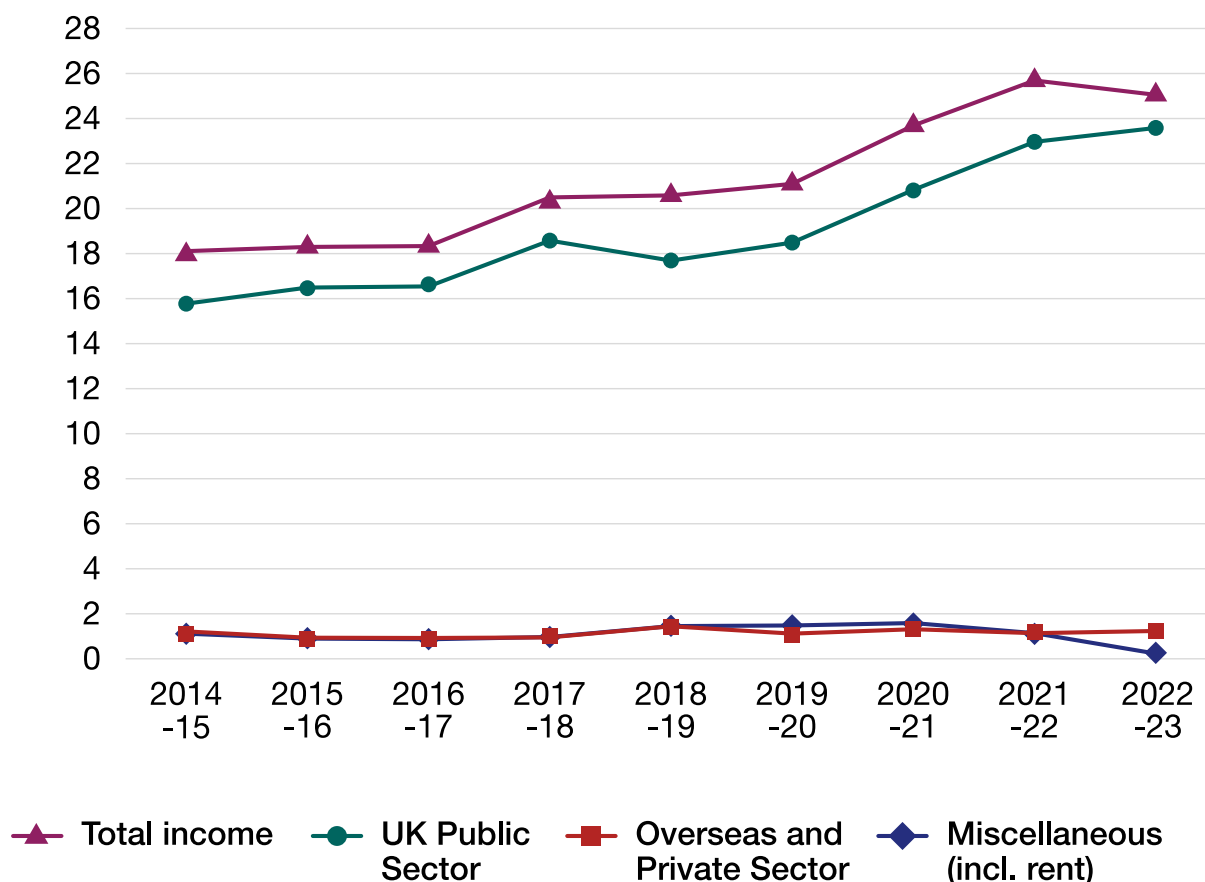
Income generated from within the UK was £24.743 million (2021-22: £25.369 million).

Overseas income was £309k (2021-22: £322k).

Miscellaneous income, which is generated by the subletting of floor space in Finlaison House, dropped significantly from £1.589 million in 2021-22 to £0.227 million in 2022-23 due to the change in lease accounting treatment under IFRS 16.

Income analysis

£ million



Administration and finance costs in 2022-23 amounted to £24.186 million, a £483k decrease from £24.669 million in 2021-22. Staff costs of £18.568 million are the main component of administration costs. Staff costs in 2022-23 increased by 3.9% (£691k), mainly due to the Civil Service pay award. Other administration expenditure in 2022-23 amounted to £5.618 million, a £1.174 million decrease from £6.792 million in 2021-22.

Our capital budget (or capital departmental expenditure limit, CDEL) for 2022-23 was £350k, of which £167k was used. The majority of the capital spend was on improved IT infrastructure, laptops and related equipment.

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

The Statement of Financial Position shows total assets of £8.099 million (2021-22: £7.960 million), non-current and current assets less current liabilities: £3.330 million (2021-22: £5.002 million), and non-current liabilities of £685k (2021-22: £1.540 million).

Payment of suppliers

Our aim, in accordance with government policy, is to pay 90% of undisputed invoices within five working days of the receipt of goods or services or the presentation of a valid invoice, whichever is the later. During 2022-23, 99.6% of invoices by value (98.4% by number) were paid within five working days. The equivalent figures for 2021-22 were 99.7% of invoices by value (99% by number). No interest payments were made under the late Payment of Commercial Debts (Interest) Act 1998.

Expenditure on consultancy, professional services, temporary staff, publicity and advertising

During 2022-23 we spent £110k (2021-22: £248k) on consultancy and professional services. We incurred costs of £57k (2021-22: £313k) on the employment of temporary staff including a project manager and communications officer. We aim to have a small proportion of staff on temporary and fixed-term contracts to provide flexibility to meet fluctuating demand.

In 2022-23, £13k was incurred on publicity and advertising costs, all of which was for recruitment (2021-22: £6k).

Financial risk

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

Political and charitable donations

GAD made no political or charitable donations in 2022-23 (2021-22: £nil).

Recruitment and turnover

GAD's staff turnover this year was 17.4% to the end of March 2023 (11.5% in 2021-22).

The pace of our recruitment held steady as we ensured we had sufficient staff to meet our workload and responded to a competitive marketplace. The majority of our recruitment activity took place in quarter two. We rely on contingent labour, mostly in the form of agency contractors, to manage short term and cyclical demands.

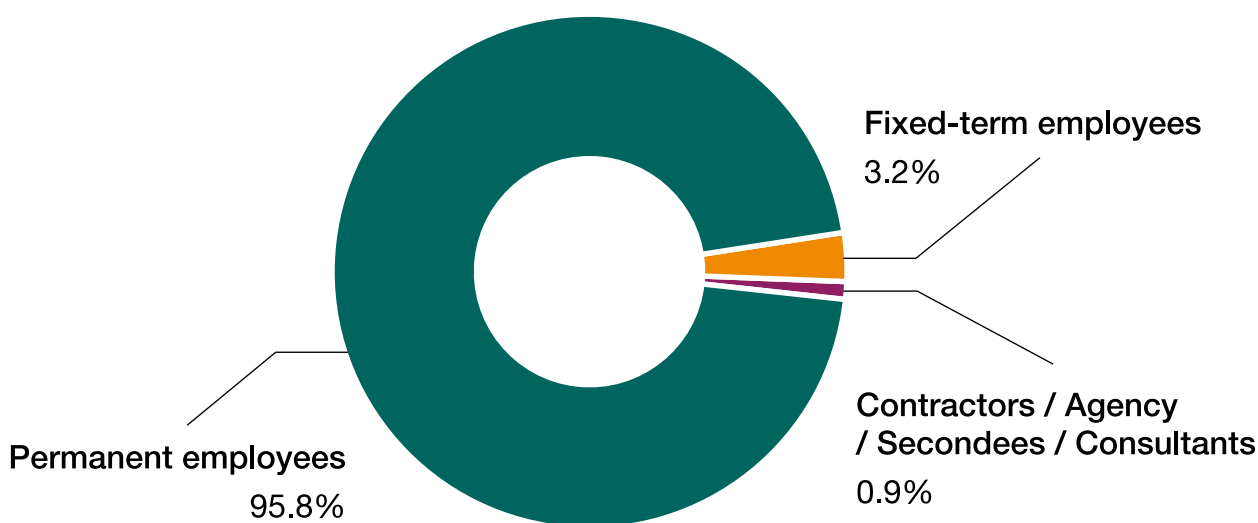
GAD's appointment letter makes reference to the Collective Agreements with the recognised trade union, Prospect, and that these terms, along with any agreements at a later date, will form part of the employee's terms of employment.

Turnover 2022-23	Turnover 2021-22
17.4%	11.5%

Staff in post as at 31 March 2023

	Staff in post 31/03/2023	Male	Female	Staff in post 31/03/2022	Male	Female
Actuaries	113	67	46	117	71	46
Trainee actuaries	28	18	10	32	22	10
Analysts	36	27	9	26	21	5
Support staff	37	16	21	48	21	27
Agency/ non-payroll	2	0	2	0	0	0
Total	216	128	88	223	135	88
Of which senior leadership ¹	16	10	6	20	14	6

The following chart shows the workforce mix as at 31 March 2023:



¹ The senior leadership, consisting of the Management Board and senior members of staff, is responsible for setting the tone and direction of the department. The figures for March 2022 were for members of the Leadership Group – a now defunct committee.

Staff engagement survey

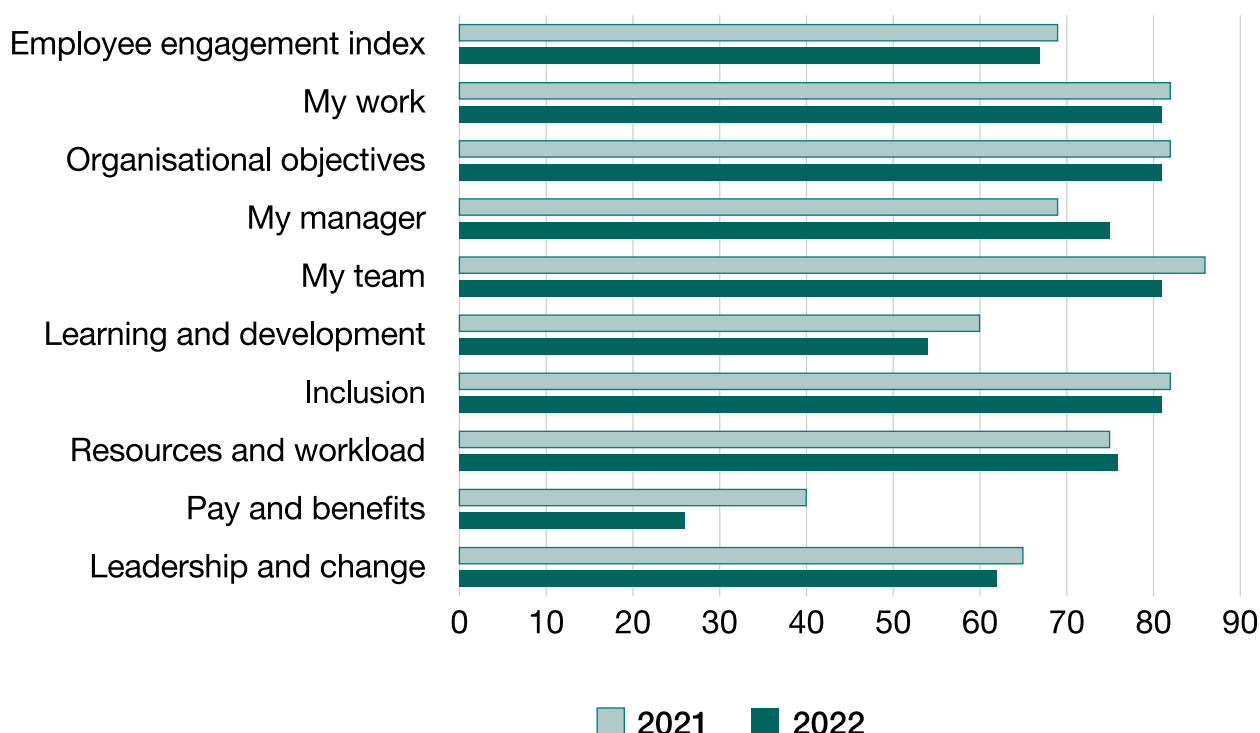
The annual Civil Service People Survey for 2022 took place in October 2022 and was completed by 183 members of staff, which represented 90% of staff available at the time to complete the survey.

Overall the results of the survey were close to those seen in 2021, with insignificant movements for most areas.

- We saw some negative movement for questions associated with 'My Team' and 'Learning and Development', but not in a way that suggests a strong shift in sentiment across the department, with 'My Team' continuing to score highly, and 'Learning and Development' continuing to feature high levels of neutral responses.
- Similar to other Civil Service organisations, we have recorded a significant drop in positive responses to questions around 'Pay and Benefits', which while always our lowest scoring area, has shifted from 40% to only 26% of staff answering positively. This undoubtedly reflected external inflationary pressures.
- Responses to the Learning and Development questions highlighted neutral opinions from staff on the availability and value of learning opportunities when assessed against their individual career development aims.
- In line with both the 2020 and 2021 results, we continue to see scores for 'Leadership and Managing Change' well above the Civil Service average, and only slightly down from the previous year. This was a reassuring result given the build up to significant changes in infrastructure and accommodation due to occur at the start of 2023-24.
- Within the written feedback, some staff members raised concerns over the department's IT provision over the year and the approach to hybrid working.

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

	GAD score 2021	GAD score 2022	Change from 2021
Employee engagement index	69%	67%	-2%
My work	82%	81%	-1%
Organisational objectives	82%	81%	-1%
My manager	69%	75%	+6%
My team	86%	81%	-5%
Learning and development	60%	54%	-6%
Inclusion	82%	81%	-1%
Resources and workload	75%	76%	+1%
Pay and benefits	40%	26%	-14%
Leadership and change	65%	62%	-3%



Diversity, inclusion and wellbeing

Our commitment

We are committed to actively championing inclusion in all its forms. We aim to foster an inclusive culture that places the health and wellbeing of all our people at its core.

We want everyone to feel connected regardless of team, location or mode of work. We are supporting our colleagues through planned changes, including our office move and changes to our IT provision, and we will continue doing so as our ways of working develop further.

GAD is committed to the recruitment and retention of individuals with disabilities and has gained official recognition as a disability confident employer.

Our achievements

We launched our Diversity and Inclusion Strategy for 2022-25 in July. This set out our aims and corresponding action plans in three priority areas:

- **culture** – to enhance our inclusive organisational culture to enable staff to feel a sense of belonging
- **connections** – to enable everyone at GAD to build better internal and external connections at all stages of the employee life cycle
- **continuous development** – to support development of the personal and professional skills of all staff

Our executive leads and our staff-led groups have continued to collaborate on a range of initiatives. Some of the highlights over the last 12 months include:

- facilitating focus groups on race and ethnicity and using the output to develop an action plan
- launching guidance and training on inclusive meetings
- an active Women's Network Teams Channel for staff to support each other
- launching the Parental Leave Buddy Scheme, with the first buddies already supporting returning colleagues
- being recertified at a higher level with the Workplace Wellbeing Charter
- a programme of events for Mental Health Awareness Week including yoga and a book club
- analysis of our staff survey results, leading to a focus on the experience of part-time staff
- events including 'Reveal or Conceal' for Pride and a listening circle on social mobility
- entering 11 mentors and 11 mentees into the Actuarial Mentoring Programme
- blogs and news items for sharing experiences and raising awareness

Gender pay gap

GAD currently has fewer than 250 employees and so the reporting of gender pay gap information is not compulsory. We calculate our mean gender pay gap in hourly pay as at 31 March 2023 to be 5.9% in favour of men and the median pay gap to be 8.2% in favour of women. Comparative figures for 31 March 2022 for the mean gender pay gap in hourly pay stood at 8.7% in favour of men and the median pay gap at 9.5% in favour of women. Pay comparability within grades is kept under review and, if appropriate, adjustments are made.

Communications policy

The Head of Communications oversees GAD's external communications strategy and content.

We have continued to strengthen our profile and brand by sharing examples of our work to clients, stakeholders and the public via our website, blogs, and social media. As an example, feedback from our annual client survey this year showed our clients rated us 4.7 stars out of 5.

Internal communication within GAD is undertaken across teams. Updates and communications are shared on a range of channels including the intranet, emails, video calls and meetings. This approach includes increasing use of the intranet via news stories and blogs, written by staff for colleagues.

We take a collaborative approach to communications in the department. People are encouraged to identify the issues and projects they would like to have publicised and to submit blogs, web articles and social media posts.

This shared approach means that everyone is empowered to make full use of our channels, which are:

- **online** – featured news and case studies about projects and successes on our GOV.UK website and on our LinkedIn platform
- **blogs** – insightful blogs on ‘actuaries in government’ on topics which ranged from pensions dashboards to disaster risk financing
- **news updates** – a monthly newsletter, a quarterly analytical essay and regular specialist publications such as Pensions News (for clients) and Mortality Insights
- **events** – online webinars and in-person events where we demonstrate thought leadership, contribute significant levels of expertise and collaborate with clients, public sector partners and academia
- **client communications** – approaches and materials created and refined by our Business Development Specialists

Across the department, people are involved in groups such as the Diversity and Inclusion group, the Thought Leadership Oversight Group and the Technical Committee. There are several operating committees and working groups to encourage people to input into departmental decision-making.

Learning and Development (L&D)

As a learning organisation, GAD encourages all of our employees to continuously develop their skills and knowledge.

In the past year, we have made significant progress in this area. We have:

- appointed a new Head of Talent and Skills Development, responsible for setting the tone for development in GAD and leading delivery of our work in this area
- encouraged employees to spend up to 10 days on developing their skills and expertise through structured learning
- further developed the focused objectives for our learning and development activities, including:
 - supporting our client-facing actuaries in improving our client intelligence, extending our networks and delivering value, with a key focus on developing their consultancy skills
 - continuing to offer a formal data science training programme to help develop skills and equip staff to take forward data science work
 - ensuring GAD has the capability to appropriately consider climate change in all areas of advice
 - organising GAD-wide training events on project management fundamentals and supporting individuals in attaining project management qualifications
 - developing a tailored leadership programme for GAD with an external provider

We are pleased with the progress we have made in the past year, but we recognise that there is still more to do. In particular, we are concerned that our People Survey scores in this area have fallen since last year. There are areas for improvement with respect to how L&D has helped career development.

To address this, we are planning to focus on avenues to best attain skills and expertise directly related to GAD's current and future work, for example by linking learning and development to ongoing projects and new business opportunities.

We are also planning to implement a number of other measures, such as:

- conducting a staff survey to get feedback on our L&D offerings
- encouraging staff to attend more professional and industry focused conferences to ensure that they are using their L&D to maintain up-to-date knowledge of current practices
- making it easier for employees to access L&D opportunities, such as by offering more online courses

We believe that these measures will help us to improve our learning and development culture and to ensure that our employees have the skills and knowledge they need to succeed in the future.

We are committed to continuous improvement in this area, and we will continue to monitor our progress and make changes as needed.

Raising a concern procedures

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

If an individual discovers information which they believe shows serious malpractice or wrongdoing within GAD, the information should be disclosed without fear of reprisal. The Raising a Concern Policy, incorporating the whistleblowing guidance, enables a mechanism to voice concerns, independently of line management, where the circumstances justify that.

The Raising a Concern Policy can be accessed by staff via the GAD intranet. In addition, a whistleblowing system is a professional requirement for qualified actuaries and is explained in the Institute and Faculty of Actuaries' code of conduct.

Personal data

GAD has a wide range of policies relating to the protection and storage of personal data, and we actively monitor compliance with these policies. We provide support to staff around any matters relating to personal data and take appropriate action as required.

We are required to report any data-related incidents that were formally reported to the Information Commissioner's Office. There were no such incidents in 2022-23.

The General Data Protection Regulation (GDPR)

As a data controller of personal data, GAD takes its responsibilities seriously.

We currently comply with GDPR by:

- regularly reviewing and updating internal policies and processes relating to data protection and storage
- removing data in line with our retention policy
- publishing our up-to-date privacy notice on GOV.UK
- storing, processing and transmitting personal data securely
- replying to data subject access requests in a timely manner
- ensuring that all staff take information security awareness training
- being an active participant in relevant cross-Government groups
- holding regular meetings with relevant staff, which includes executive representation, to discuss security matters at both an operational and strategic level

Health and safety reporting

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

In 2022-23 we encouraged our staff to be in the office for 50% of the time. We have procedures in place to ensure a safe working environment is maintained at home and at work.

- All new starters to the department received an induction covering the department's health and safety policy and procedures, and a display screen equipment assessment of their workstation.
- A working from home guide is available to staff to allow them to run through a checklist to ensure that their home is a safe place to work. In addition, staff have been offered loan equipment to help make their home office a safer and more comfortable working area.
- Risk assessments were carried out for expectant mothers and for new mothers returning to work.
- Discussions continued with the safety representative from Prospect (the recognised trade union in GAD) on all aspects of health and safety.
- All statutory health and safety inspections and testing were carried out in Finlaison House. These included fire evacuation drills, fire alarm and fire extinguisher testing, water systems monitoring and lift inspections.
- No reportable accidents occurred.

Statement of Accounting Officer's responsibilities

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

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

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

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

HM Treasury has appointed the permanent head of the department (the Government Actuary) as Accounting Officer of GAD. 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 GAD's assets, are set out in 'Managing Public Money' published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that GAD's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware. As I was not Accounting Officer during the 2022-23 financial year, I have obtained appropriate assurances from my predecessor.

I confirm that this annual report and accounts as a whole is fair, balanced and understandable. I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Auditor

The Comptroller and Auditor General is the statutorily appointed auditor for the department's accounts. The notional cost of audit services in 2022-23 was £70,500 (2021-22: £64,250). No fees, either actual or notional, were incurred for non-audit work (2021-22: £nil)

Governance Statement

Governance framework

GAD was established in 1919. It is a non-ministerial department responsible for providing actuarial services and advice to public sector clients (UK and overseas) and private sector clients, where this is consistent with government policy and does not impair our ability to serve the UK government. Ministerial responsibility, and accountability to Parliament, lies with the Financial Secretary to the Treasury.

The Government Actuary is accountable to the Permanent Secretary of HM Treasury for the running of GAD, acting as Chief Executive and Accounting Officer. Additionally, the Government Actuary has a number of statutory duties in connection with public service pensions, social security and personal injury discount rates. Martin Clarke had been the Government Actuary since August 2014 and retired at the end of October 2023. Fiona Dunsire took over the post from 1 November 2023. Martin Clarke provided representations and assurances to cover the 2022-23 financial year.









Governance committees

Management Board

The Management Board comprises seven executive members, including the Government Actuary, and three non-executive members. It is the principal advisory body and supports the Government Actuary in providing leadership to GAD, framing the overall strategy for GAD and exercising oversight over the performance of the department including its identification and management of risks. At regular intervals the non-executive chair of the Management Board conducts reviews of its effectiveness in terms of how it operates and the quality of data available to, and used by, the board. The most recent review, which was conducted in November 2022, concluded that the available data was of a level which enabled the board to function effectively and support GAD to achieve its objectives.



Membership of the Management Board as at 31 March 2023 was:

	Indrani Banerjee-Jones	Director of Finance and Operations from 11 April 2022
	Martin Clarke	Government Actuary
	Wendy Dabinett	Director of Human Resources
	Matt Gurden	Actuarial director until July 2022 Deputy Government Actuary from August 2022
	Stephen Humphrey	Actuarial director, Quality, Compliance, Risk
	Dave Johnston	Actuarial director, People and Capability
	Bev Messinger	Non-executive director from November 2021 on a three-year appointment
	Les Philpott	Non-executive director from September 2021 and chair from November 2021 on a three-year appointment
	Ian Wilson	Non-executive director from September 2019 on a three-year appointment. His contract has been extended for another three years, ending on 31 August 2025

Colin Wilson, Deputy Government Actuary and member of the Management Board, retired from the department on 12 July 2022.

Non-executive board members

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

Bev Messinger	<p>Bev joined the GAD Management Board in November 2021. She is an experienced former public/charity sector senior executive who now has a non-executive portfolio. A Fellow of the Chartered Institute of Personnel and Development, her professional background is in HR and Organisational Development, but in the last decade she has focused on leadership and organisational transformation, most recently as CEO of the Institution of Occupational Safety and Health and continues this as a coach and management consultant.</p> <p>Bev has a diverse non-executive background in a range of public, charity, and voluntary organisations, as well as the NHS. She currently sits on two boards: Milton Keynes University Hospital Trust, and Your Housing Group, where she is the remuneration committee chair.</p>
Les Philpott	<p>Les Philpott was appointed non-executive chair of the Management Board at the Government Actuary's Department in September 2021. His non-executive experience also includes chair and NED roles in wider central government, the NHS and in the education and private healthcare sectors. Les formerly held the position of Chief Executive at the Office for Nuclear Regulation. Prior to that he held senior roles in the Health and Safety Executive.</p>
Ian Wilson	<p>Ian is a Fellow of the Institute of Chartered Accountants in England and Wales, and an accredited professional Pension Trustee. He has over 25 years' experience working with global blue-chip companies including various finance director roles, as well as leading large multi-functional business services organisations for internal customers in both private and public sectors. He now focuses on non-executive director and Pension Trustee roles. He is currently a non-executive director at the Department Work and Pensions. He chairs the Trustee Board of a top 50 UK pension fund and chairs the Finance Committee at Royal Holloway, University of London. He is also a Trustee with the Church of England Pension Fund and a lay Trustee of the Royal College of General Practitioners. He has previous experience as a non-executive director with the Ministry of Defence, UK Research and Innovation (UKRI) and the NHS. He holds an MA in Natural Sciences from the University of Cambridge and is an alumnus of London Business School. Ian has been chair of GAD's Audit and Risk Assurance Committee since July 2021.</p>

Between 1 April 2022 and 31 March 2023, the Management Board met 10 times, with attendance as follows:

Indrani Banerjee-Jones	10/10
Martin Clarke	10/10
Wendy Dabinett	0/10
Matt Gurden	10/10
Stephen Humphrey	9/10
Dave Johnston	9/10
Bev Messinger	10/10
Les Philpott	10/10
Colin Wilson	1/2
Ian Wilson	9/10

Wendy Dabinett was on extended absence during the year.

Audit and Risk Assurance Committee

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

The committee meets at least quarterly during the year. When necessary, it meets separately before the main meeting with the external and internal auditors.

Between 1 April 2022 and 31 March 2023, the Audit and Risk Assurance Committee met five times with attendance as follows:

Indrani Banerjee-Jones	4/4
Martin Clarke	5/5
Stephen Humphrey	4/5
Bev Messinger	5/5
Les Philpott	5/5
Ian Wilson	5/5
Internal audit	5/5
External audit	4/5

The committee's terms of reference cover not only matters that the department is obliged to consider but also any other matters that both the Management Board and the committee consider to be areas of concern from an internal control, assurance and governance perspective.

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

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

Members' interests

No directorships or other significant interests that may have caused a conflict with their management responsibilities were held by Management Board members. The opportunity to disclose conflicts with items on the agenda is provided at every meeting.

Other committees

Executive Committee

GAD's Executive Committee (ExCo) comprises the executive members of the Management Board and other functional team leads. It meets weekly, principally on an informal basis with one formal meeting each month, to consider operational and management issues. During the year the committee began to hold regular in-person meetings to collaborate on topical issues in greater depth. For example, ExCo had a session about the department's risk appetite and strategic risks. This led to GAD's risk management framework being updated.

Technical Committee

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

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

Strategic Security Group

The Strategic Security Group provides oversight on general issues relating to security at GAD. Their remit covers the physical security of its staff and estate, the security and management of sensitive personal or business information and cyber security. The group is responsible for developing and communicating appropriate policies and information, and associated monitoring and reporting measures.

GAD Change Board

The GAD Change Board provides oversight to significant projects and change activity. The board's remit is to:

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

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

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

Corporate Governance Code

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

The code applies primarily to ministerial departments. This means that some of the provisions are not applicable to GAD, for example the involvement of ministers on the departmental board. The Management Board has assessed GAD's corporate governance against the code and agreed which measures in the code are relevant to a department of GAD's size and can be implemented in a cost-effective way.

Management of interests

All appointment/contract of employment letters refer to the Civil Service code of conduct. The letters contain a policy on the declaration of secondary employment which sets out the principles and the process to be followed. GAD's policy on this is also published on the intranet.

Business Appointment Rules

GAD applies the Business Appointment Rules in line with the guidance published on GOV.UK.² In compliance with Business Appointment rules, GAD is transparent in the advice given to individual applications for senior staff, including non-executive directors.

² www.gov.uk/government/publications/business-appointment-rules-for-crown-servants

Risk management

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

The strategic risks of the department are considered as part of an enterprise risk management framework that is closely aligned to our five-year strategy, annual business plans and risk appetite statement. The risk appetite and resulting risks are aligned to our strategic themes and they represent a longer-term view than our operational risk planning. The Management Board reviews these risks at each meeting during the year. During 2022-23 we completed an internal audit and have focused on refining our guidance and risk reporting process to reflect revisions to our risk appetite statement while continuing to focus on mitigation actions that are effective in reducing original and residual risks.

Our risk management processes operate at three organisational levels: Management Board, Executive Committee and operational. Operational risks are managed within the relevant business areas, with corresponding operational risk registers being used as management tools. Highly rated risks and significant individual risks are escalated to the Executive Committee where, alongside any other risks identified by the Executive Committee, they are grouped into the relevant quadrant of the balanced scorecard (finance, people and inclusion, clients and processes). A member of the Executive has oversight responsibility for the risk management processes for each quadrant, in addition to the four strategic themes.

The most significant of these risks are further escalated to the Management Board. There is also a quarterly review of longer-term strategic risks, the main value of which is to focus attention on long-term issues that may not be picked up by day-to-day management of the business and the operations risk registers that operate on a 'bottom-up' basis. There is also an annual review of the risk appetite statement to ensure it remains aligned with the objectives set out in the five-year strategy and the latest annual business plan. In addition to consideration of this information, the Management Board aims to perform a deep dive into each balanced scorecard theme at least once during the financial year.

This process for risk management has enabled significant risks to be identified and mitigations to be discussed and implemented as appropriate. For example, during the year our framework was used to assess whether certain projects were taken on by the department and agree appropriate mitigations once it was agreed to be within our risk appetite.

ARAC reviews the operation of the risk management processes, so it can provide assurance to the Accounting Officer that they are working effectively. During the year the committee reviewed a selection of risk registers in detail. ARAC also agrees the three-year rolling internal audit plan and explores in more detail individual risks where necessary. Internal and external audit reports are all received and reviewed by ARAC.

Risk appetite, strategic risks and mitigations

GAD has set out an overall risk appetite statement and seeks to take on the appropriate level of risk to maximise benefits within the department, to our clients and to other stakeholders alongside the wider public interest. There are a number of strategic risks to us meeting our objectives, which are being mitigated to ensure we remain within our risk appetite. These are explained below.

Clients



Risk that GAD's reputation for providing high-quality advice to clients effectively and efficiently is damaged such that future advice is not requested or acted upon, that GAD's services do not match the evolving needs of its clients, or that there is limited awareness of GAD or the support it can provide across the public sector. The specific risks associated with these arise from failure to raise our profile, understand client needs and deliver timely high-quality advice, innovations and solutions to budget.

Our mission is to support effective decision-making and robust reporting within government. Hence, we have an appetite to accept risks associated with providing services which will enable us to continue to add value to government decision-making. However, our reputation is paramount to being a trusted provider in government, such that we are averse to risks that are likely to undermine that status.

To mitigate risks, we continue to invest in project management processes and tools, as well as maintaining professional standards and policies. We maintain client plans for all key clients to help us manage the relationships and provide a consistently high-quality service while investing in our staff to improve engagement and understanding of client needs. We also seek client feedback to inform our client plans and improve the quality of our work. For the most high-profile projects we apply additional senior oversight to ensure the appropriate level of governance, planning and focus.

Financial



Risk that GAD's income is not sufficient to meet our costs on a long term and sustainable basis. This may arise due to insufficient demand from clients or if our cost base is higher than expected and income is insufficient to cover it.

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

To mitigate risks, within the annual strategic and business planning cycle, we have regular forecasting and monthly financial and performance reporting. HM Treasury are updated throughout the year on our current and projected financial position, so any potential concerns may be discussed at an early stage.

People and inclusion

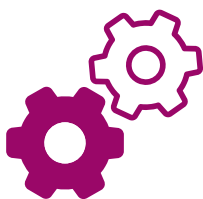


Risk that GAD lacks resource capacity or skills, or that it is not matched to our clients' demand. This may arise if there is a lack in development of skills and experience or that staff are not enabled or encouraged to work to their best ability.

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

To mitigate risks, within the annual strategic and business planning cycle, we have regular forecasting of resources against revenue. We monitor inclusivity through the diversity of staff at all levels and engaging with staff on these issues alongside ensuring we are in line with best practice. We have a people strategy aiming to realign recruitment, learning and development, talent management, secondments and rotations of staff, to ensure they are aimed at delivering GAD's future needs.

Processes



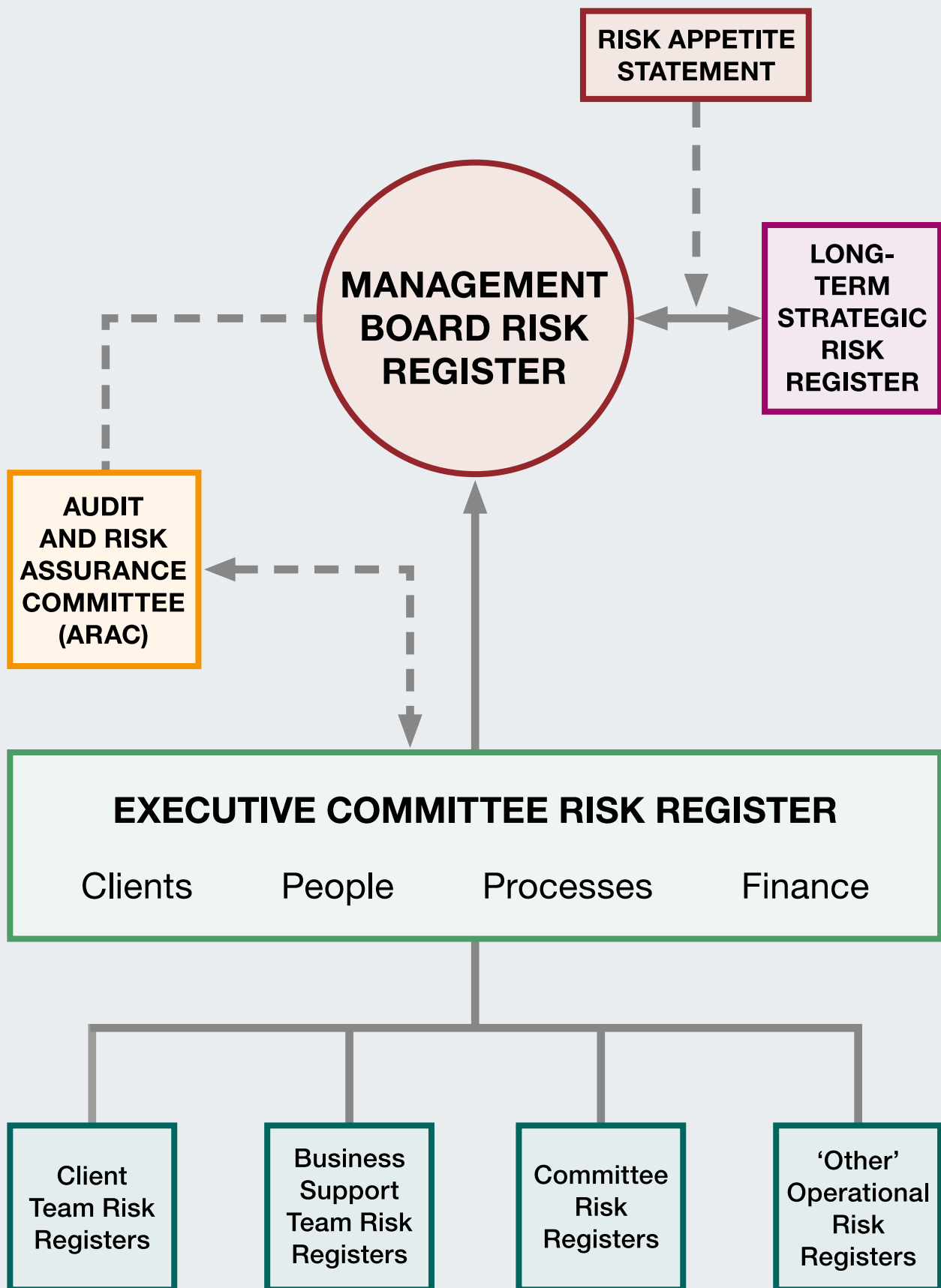
Risk that system or process failure or GAD fails to utilise modern techniques to analyse data and provide insights for clients. This may prevent GAD from delivering effectively, running inappropriate risks, or to loss of assets or sensitive data.

Having effective processes is essential to providing value for money and ensuring we provide a high-quality service meeting our contractual, professional and statutory requirements. Therefore, we have an appetite to accept risk associated with developing processes to enhance our consistency or efficiency or expand our range of services. However, we are averse to risks to delivering our statutory obligations or meeting our professional requirements.

To mitigate risks, we have implemented risk management processes and clear responsibilities, a central actuarial services team to support innovation and analysis, implementing project management tools on all business-critical projects, and invested in our IT strategy and data science training.



Risk management at GAD



Principles

Risk appetite statement

provides a framework to assess the risks against the objectives.

Long-term strategic risks

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

Risks escalated to **Management Board** are risks that ExCo deem to require attention or action by MB.

Risks escalated to ExCo

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

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

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

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

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

Process

Risk appetite statement

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

Long-term strategic risk

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

Management Board risk

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

ExCo reviews the updated **ExCo risk register (ExCoRR)** each month and:

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

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

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

Executive services team updates centrally held operational risk registers and ensures that escalated risks are added to the ExCo risk register.

Overall assurance

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

Overall assurance is further supported by two Assurance Maps for the organisation: one for actuarial activities and another for corporate activities. The maps identify the critical functions in key areas and the sources of assurance for internal control processes across the department, following HM Treasury's Three Lines of Defence model:

- Management Control and reporting as the first line
- Functional Control as the second
- Independent Review/Assurance/Regulatory controls as the third

Both maps are updated and reviewed by ARAC every six months. The process of risk management was reviewed by the Government Internal Audit Agency during the spring of 2023 and received a substantial opinion on management of risk.

In accordance with plans developed following the Macpherson review of quality assurance of government models, GAD maintains an up-to-date list of its business-critical models, which is available on our website.³ For these purposes a model is defined as a set of calculations/assumptions/mathematical manipulations that supports a decision, and is defined as 'business critical' if it plays such a role in decision-making that an error could have a significant reputational, economic or legal impact to GAD and its clients.

An updated approach to risk management has been adopted during 2022-23 and aligns with GAD's 2022-23 Business Plan objectives. An overview of risk performance was reported to each Management Board meeting.

Quality Assurance Scheme

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

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

3 www.gov.uk/government/publications/review-of-quality-assurance-of-government-models

The accreditation process included an independent assessment of GAD's approach to quality assurance, conflicts of interest, training and development, speaking up and our relationship with the users of actuarial information. Based on this assessment, suitability was then determined by the QAS Sub-Committee. Each year GAD submits an annual return, providing evidence of continued commitment to the QAS themes. During 2022-23 GAD were re-assessed for accreditation and were successfully renewed.

Internal audit assurance

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

Property strategy and office move: The objective of this audit was to provide assurance that GAD has effective controls and arrangements in place to facilitate a successful office move. A moderate assurance opinion was confirmed, with one medium and four low priority actions recommended.

Cyber security: The audit focused on providing assurance that GAD has effective governance, risk management and control processes to provide proportionate cyber security of its networks and information systems. This related to the IT service provision contract GAD had with the Government Legal Department (GLD). A limited assurance opinion was confirmed, with two high, two medium and one low priority actions. Since May 2023, GAD has terminated this contract with GLD and entered a new service provision arrangement with HM Treasury as part of a wider shared service offering. This will ensure GAD is compliant with government-wide industry standards and will further strengthen GAD's infrastructure and controls.

Risk management: This audit focused on assessing GAD's risk capability and approach, considering leading practices but also considering a relevant fit for GAD. It also aimed to help gauge GAD's combined organisational understanding of risk and support in creating a joint risk view to help drive strategy at GAD. A substantial assurance opinion was confirmed, with one medium priority action and four low priority actions recommended.

Knowledge and information management: This audit focused on ensuring that GAD's system to manage information is adequate, effective and it is operating efficiently, and that it provides a comprehensive, reliable, and authentic audit trail to support GAD's work. A moderate assurance opinion was confirmed with three medium and one low priority actions recommended.

The audit programme was completed in full and reported before the end of the financial year. The annual report from internal audit provided an overall assurance opinion of moderate for the year ended 31 March 2023 in the annual assurance statement.

Remuneration and staff report

Remuneration report

Service contracts

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

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

Further information about the work of the Civil Service Commission can be found on its website.⁴

Remuneration policy

The head of the department during the 2022-23 financial year, Martin Clarke, was appointed as Government Actuary on 1 August 2014 but did not formally take over the responsibility of Accounting Officer until 1 September 2014. The position was appointed through an open competition run by HM Treasury and the appointment was made following the general rules for senior Civil Service appointments initially for a period of five years. With effect from 1 August 2019, the Government Actuary was re-appointed for a further five-year period. The appointment may only be terminated in accordance with the Civil Service Management Code.

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

Due to the nature of the performance appraisal system for the Government Actuary, bonuses are paid in the year following the year for which performance has been assessed. Martin Clarke was awarded a bonus of £17,500 relating to the performance year to 31 March 2022, which was authorised by the Permanent Secretary for HM Treasury and paid in financial year 2022-23.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Management Board members of the department. These details are shown in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by HM Treasury.

4 www.civilservicecommission.org.uk

Remuneration (salary, bonus payments, benefits-in-kind and pensions) (audited)

Included in the table is the remuneration of the non-executive board members (NEBMs) that GAD has appointed to the Management Board and the Audit and Risk Assurance Committee. The NEBMs receive no emoluments except for fees of £540 per seven hours of service plus their travelling expenses.

Single total figure of remuneration

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ⁵		Total (£000)	
	2022 -23	2021 -22	2022 -23	2021 -22	2022 -23	2021 -22	2022 -23	2021 -22	2022 -23	2021 -22
Martin Clarke Government Actuary	200-205	195-200	15-20	15-20	-	-	122	76	340-345	290-295
Colin Wilson ⁶ Deputy Government Actuary until July 2022	25-30 (160-165 full year equivalent)	95-100 (160-165 full year equivalent)	-	0-5	-	-	-	38	25-30	135-140
Matt Gurden Actuarial director until July 2022. Deputy Government Actuary from August 2022	155-160	150-155	0-5	0-5	-	-	61	59	220-225	210-215
Stephen Humphrey Actuarial director – Quality, compliance and risk	155-160	150-155	0-5	0-5	-	-	-13	38	145-150	190-195

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

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

	Salary (£000)		Bonus payments (£000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) ⁵		Total (£000)	
	2022 -23	2021 -22	2022 -23	2021 -22	2022 -23	2021 -22	2022 -23	2021 -22	2022 -23	2021 -22
Dave Johnston Actuarial director – People and capability	140-145	135-140	0-5	0-5	-	-	55	54	195-200	190-195
Indrani Banerjee-Jones ⁷ Director of Finance and Operations from 11 April 2022	75-80 (80-85 full year equivalent)	-	-	-	-	-	31	-	105-110 (110-115 full year equivalent)	-
Wendy Dabinett ⁸ Director of Human Resources	50-55 (80-85 full year equivalent)	80-85	0-5	0-5	-	-	-	-	50-55	80-85
Ian Wilson Non-executive board member	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Les Philpott Non-executive board member	10-15	5-10	-	-	-	-	-	-	10-15	5-10
Bev Messinger Non-executive board member	10-15	0-5	-	-	-	-	-	-	10-15	0-5

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

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

Salary

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

Benefits in kind

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

Bonuses

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

The bonus reported for the Government Actuary in 2022-23 relates to performance in 2021-22.

Fair pay multiples (audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director at GAD in the financial year 2022-23 was £220k-£225k (2021-22: £215k-£220k). This was 3.3 times (2021-22: 3.7 times) the median remuneration of the workforce, which was £67,485 (2021-22, £59,431).

The increase in the median is due to a small number of higher paid staff members being hired or promoted, and a small number of staff members in the lowest quartile leaving the organisation. The median pay ratio is consistent with the pay, reward, and progression policies for the department.

Remuneration ranged from £20k-£25k to £220k-£225k (2021-22: £20k-£25k to £215k-£220k).

No employees received remuneration in excess of the Government Actuary.

There was a 2.3% increase to the total remuneration of the highest paid director compared to 2021-22 as a result of the Civil Service pay award. The average percentage change from the previous financial year for the employees of GAD as a whole was a 3.1% increase.

Percentage change from previous financial year	Percentage change
Highest paid director – total remuneration	2.3%
Highest paid director – salary and allowances only	2.5%
Highest paid director – bonus only	0%
Average employee – total remuneration	3.1%
Average employee – salary and allowances only	3.1%
Average employee – bonus only	1.3%

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

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

	2022-23	2021-22
Band of highest paid director's total remuneration (£000)	220-225	215-220
25th percentile total pay and benefits (£)	40,121	38,775
25th percentile total pay and benefits ratio	5.5	5.6
25th percentile salary component (£)	38,067	36,719
25th percentile salary ratio	5.8	5.9
Median total pay and benefits (£)	67,485	59,431
Median total pay and benefits ratio	3.3	3.7
Median salary component (£)	67,433	57,249
Median salary ratio	3.3	3.8
75th percentile total pay and benefits (£)	86,407	83,676
75th percentile total pay and benefits ratio	2.6	2.6
75th percentile salary component (£)	85,516	82,694
75th percentile salary ratio	2.6	2.6

Pension benefits (audited)

	Accrued pension at pension age as at 31/03/2023 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2023	CETV at 31/03/2022	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Martin Clarke Government Actuary	45-50	5-7.5	754	719	20	0
Colin Wilson ⁹ Deputy Government Actuary until July 2022	N/A	N/A	N/A	747	N/A	0
Matt Gurden Actuarial director until July 2022. Deputy Government Actuary from August 2022	35-40	2.5-5	409	350	28	0
Stephen Humphrey ¹⁰ Actuarial director – Quality, compliance and risk	65-70 plus a lump sum of 120-125	0-2.5 plus a lump sum of 0	1309	1201	-35	0
Dave Johnston Actuarial director – People and capability	25-30	2.5-5	243	205	17	0
Indrani Banerjee-Jones Director of Finance and Operations from 11 April 2022	10-15	0-2.5	85	67	9	0
Wendy Dabinett Director of Human Resources	0	0	0	0	0	6,100

⁹ Colin Wilson opted out of the Civil Service Pension Scheme from 31 March 2022.

¹⁰ Taking account of inflation, the CETV funded by the employer has decreased in real terms.

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

The figures above, including the opening and closing Cash Equivalent Transfer Values (CETVs) reflect these members' periods of Management Board membership.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant as at 31 March 2023. HM Treasury published updated guidance on 27 April 2023 – this guidance will be used in the calculation of 2023-24 CETV figures.

Civil Service pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with pensions increase legislation. Transitional protection meant that 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 five months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. The McCloud judgment found this transitional protection to be discriminatory on the basis of age. The Public Service Pensions and Judicial Offices Act 2022 requires government departments to make amendments to public service pension scheme regulations to remedy this unlawful discrimination. The remedy has 2 parts:

1. To ensure equal treatment for all members within each of the main public service pension schemes by moving all members into the new schemes (the Civil Servants and Others Pension Scheme, or alpha, for civil servants) on 1 April 2022 irrespective of age.
2. To remove the effect of transitional protection by offering eligible members a choice over the set of benefits (legacy scheme or 2015 scheme) they wish to receive for their pensionable service during the period 1 April 2015 to 31 March 2022 (and this may affect the CETVs shown in this report – see below).

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 defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.60% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrued 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 accrued 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 built up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal and General Mastertrust. The employer makes a basic contribution of between 8.00% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found on the Civil Service pension scheme website.¹¹

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

11 www.civilservicepensionscheme.org.uk

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation on early retirement or loss of office (audited)

No compensation on early retirement or loss of office was made in 2022-23 (£nil in 2021-22).

Payments to past directors (audited)

No payments to past directors were made in 2022-23 (£nil in 2021-22).

Off-payroll engagements

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

Highly paid off-payroll engagements as at 31 March 2023, earning £245 per day or greater

	GAD
Number of existing engagements as at 31 March 2023	1
<i>of which</i>	
Number that have existed for less than 1 year	1
Number that have existed for between 1 and 2 years	-
Number that have existed for between 2 and 3 years	-
Number that have existed for between 3 and 4 years	-
Number that have existed for 4 or more years	-

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater

	GAD
Number of temporary off-payroll workers engaged during the year ended 31 March 2023	3
of which	
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	3
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
Number of engagements reassessed for compliance or assurance purposes during the year	-
Of which: Number of engagements that saw a change to IR35 status following review	-

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

Engagements of board members and/or senior officials with significant financial responsibility between 1 April 2022 and 31 March 2023

	GAD
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	-
Total number of individuals on payroll and off-payroll that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure should include both on payroll and off-payroll engagements	7

Staff report

Staff costs (audited)

	2022-23			2021-22
	Permanently employed staff £000	Others* £000	Total £000	Total £000
Wages and salaries	13,859	29	13,888	13,346
Social security costs	1,806	3	1,809	1,617
Other pension costs	3,836	-	3,836	3,694
Total costs	19,501	32	19,533	18,657
Less recoveries in respect of outward secondments	(965)	-	(965)	(780)
Total costs	18,536	32	18,568	17,877

* Includes non-executive board members

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS), known as alpha, are unfunded multi-employer-defined benefit schemes and generally government departments are unable to identify their share of the underlying assets and liabilities. Due to its role as Scheme Actuary, GAD would be able to identify its share but has not done so in line with normal practice. The Schemes were valued as at 31 March 2016. Details can be found at their website.¹²

For 2022-23, employers' contributions of £3,821k were payable to the PCSPS (2021-22: £3,672k) at one of four rates in the range 26.6% to 30.3% (rates unchanged from 2021-22) of pensionable pay, based on salary bands. The Scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £16k (2021-22: £22k) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (rates unchanged from 2021-22) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

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

¹² www.civilservicepensionscheme.org.uk/about-us/scheme-valuations

Average number of persons employed (audited)

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

	Permanently employed staff	Others	2022-23 Total	2021-22 Total
Total	210	9	219	224

Senior Civil Service (SCS) salaries as at 31 March 2023

GAD currently only has two members of staff classed at SCS grades.

Salary bands	Total 31/03/2023	Male 31/03/2023	Female 31/03/2023
£155,000 - £160,000	1	1	0
£200,000 - £205,000	1	1	0
Total	2	2	0

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

Exit packages of £29k were paid to GAD staff in 2022-23 (2021-22: Nil).

Sickness absence

The Management Board monitored sickness absence on a monthly basis, and in 2022-23 GAD lost an average of 6.8 working days per employee due to sickness absence in comparison to an average of 6.3 working days in 2021-22. The 6.8 days for 2022-23 includes members of staff on long-term sick leave, the average number of sick days excluding those on long-term sick leave stood at an average of 3.8 working days per employee.

Staff redeployments

During 2022-23, 9 GAD staff members went on secondment to government departments. The average duration of these secondments was 9.9 months.

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

Grade	Short-term ¹³	Long-term
Actuary	0	1
Trainee actuary	1	3
Analyst	1	1
Other	0	2
Total	2	7

¹³ Short-term secondments are defined as those which last for up to six months.

This does not include non-government department secondments. In total 29 GAD staff members went on secondments in 2022-23 as a further 20 individuals went on secondments to non-governmental organisations. These are not included in the table above.

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

Trade union facility time

Relevant union officials

	GAD
Number of employees who were relevant union officials during 2022-23	7
Full-time equivalent employee number	6.5

Percentage of time spent on facility time

Percentage time	Number of Employees
0 – 1%	6
1 – 50%	1

Percentage of pay bill spent on facility time

	£000
Total cost of facility time	6
Total pay bill	18,482
% of total pay bill spent on facility time	0.03%

Paid trade union activities

	%
Hours spent by employees who were relevant trade union officials during 2022-23 as a % of total paid facility time hours	0
Time spent on paid trade union activities as a % of total paid facility hours	0

Parliamentary Accountability and Audit Report

Statement of Outturn against Parliamentary Supply (audited)

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

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

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

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

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

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

The supporting notes detail the following:

- outturn by estimate line, providing a more detailed breakdown (note 1)
- a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (note 2)
- a reconciliation of outturn to net cash requirement (note 3)
- an analysis of income payable to the consolidated fund (note 4)

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

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

Summary tables – mirrors part 1 of the estimates

Summary table, 2022-23, all figures presented in £000s

Type of Spend	SOPS Note	Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		Prior Year Outturn Total
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	2021 -22
Departmental Expenditure Limit										
Resource	1.1	(792)	-	(792)	187	-	187	979	979	(1,093)
Capital	1.2	167	-	167	350	-	350	183	183	77
Total		(625)	-	(625)	537	-	537	1,162	1,162	(1,016)
Annually Managed Expenditure										
Resource	1.1	(74)	-	(74)	100	-	100	174	174	71
Capital	1.2	7	-	7	10	-	10	3	3	-
Total		(67)	-	(67)	110	-	110	177	177	71
Total		(692)	-	(692)	647	-	647	1,339	1,339	(945)
Total Budget										
Resource	1.1	(866)	-	(866)	287	-	287	1,153	1,153	(1,022)
Capital	1.2	174	-	174	360	-	360	186	186	77
Total Budget Expenditure		(692)	-	(692)	647	-	647	1,339	1,339	(945)
Non-Budget Expenditure	1.1	-	-	-	-	-	-	-	-	-
Total Budget and Non budget		(692)	-	(692)	647	-	647	1,339	1,339	(945)

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the supply estimates guidance manual, available on GOV.UK, for detail on the control limits voted by Parliament.

Net cash requirement 2022-23, all figures presented in £000s

Item	SOPS note	Outturn	Estimate	Outturn vs estimate, saving/(excess)	Prior year outturn total, 2021-22
Net cash requirement	3	(1,754)	79	1,833	(1,424)

Administration costs 2022-23, all figures presented in £000s

Type of spend	SOPS note	Outturn	Estimate	Outturn vs estimate, saving/(excess)	Prior year outturn total, 2021-22
Administration costs	1.1	(792)	187	979	(1,093)

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



Notes to the Statement of Outturn against Parliamentary Supply, 2022-23 (£000s)

SOPS1. Outturn detail, by estimate line

SOPS1.1. Analysis of net resource outturn by estimate line

Type of spend (Resource)	Resource outturn							Estimate			Outturn vs estimate, saving/ (excess)	Prior year outturn total, 2021-22
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements	Total including virements		
Spending in Departmental Expenditure Limit (DEL)												
Voted expenditure												
Administration	24,242	(25,052)	(810)	-	-	-	(810)	167	-	167	977	(1,111)
Use of provision	18	-	18	-	-	-	18	20	-	20	2	18
Total voted DEL	24,260	(25,052)	(792)	-	-	-	(792)	187	-	187	979	(1,093)
Non-voted expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Total non-voted DEL	-	-	-	-	-	-	-	-	-	-	-	-
Total spending in DEL	24,260	(25,052)	(792)	-	-	-	(792)	187	-	187	979	(1,093)
Spending in Annually Managed Expenditure (AME)												
Voted expenditure												
Voted Provisions (AME)	-	-	-	(74)	-	(74)	(74)	100	-	100	174	71
Total voted AME	-	-	-	(74)	-	(74)	(74)	100	-	100	174	71
Non-voted expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Total non-voted AME	-	-	-	-	-	-	-	-	-	-	-	-
Total spending in AME	-	-	-	(74)	-	(74)	(74)	100	-	100	174	71
Total resource	24,260	(25,052)	(792)	(74)	-	(74)	(866)	287	-	287	1,153	(1,022)

SOPS1.2 Analysis of capital outturn by estimate line

Type of spend (Capital)	Outturn			Estimate			Outturn vs estimate, saving/ (excess)	Prior year outturn total, 2021 -22
	Gross	Income	Net total	Total	Virements	Total including virements		

Spending in Departmental Expenditure Limit (DEL)

Voted expenditure								
Purchase of capital items	174	(7)	167	350	-	350	183	77
Total voted DEL	174	(7)	167	350	-	350	183	77
Non-voted expenditure	-	-	-	-	-	-	-	-
Total non-voted DEL	-	-	-	-	-	-	-	-
Total spending in DEL	174	(7)	167	350	-	350	183	77

Spending in Annually Managed Expenditure (AME)

Total voted AME	7	-	7	10	-	10	3	-
Total non-voted AME	-	-	-	-	-	-	-	-
Total spending in AME	7	-	7	10	-	10	3	-
Total capital	181	(7)	174	360	-	360	186	77

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

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

An explanation of variances between the estimates and outturn is given on page 19.

SOPS2. Reconciliation of outturn to net operating expenditure

Item	Reference	Outturn total	Prior year outturn total 2021-22
Net resource outturn	SOPS 1.1	(866)	(1,022)
Net income for year in Statement of Comprehensive Income	SOCI	(866)	(1,022)

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

There was no difference between the net resource outturn per Statement of Outturn against Parliamentary Supply and the net income in 2022-23 or 2021-22.

SOPS3. Reconciliation of net resource outturn to net cash requirement

Item	Reference	Outturn total	Estimate	Outturn vs estimate, saving/ (excess)
Total resource outturn	SOPS 1.1	(866)	287	1,153
Total capital outturn	SOPS 1.2	174	360	186

Adjustments to remove non-cash items:

Depreciation	(1,344)	(1,407)	(63)
New provisions and adjustments to previous provisions	55	(130)	(185)
Departmental unallocated provision	-	-	-
Supported capital expenditure (revenue)	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	(95)	(67)	28

Adjustments to reflect movements in working balances:

Increase/(decrease) in work in progress	(375)	-	375
Increase/(decrease) in receivables	(1,180)	1,016	2,196
(Increase)/decrease in payables	(330)	-	330
(Increase)/decrease in lease liabilities	2,189	-	(2,189)
Use of provisions	18	20	2
Net cash requirement	(1,754)	79	1,833

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

The variance of £1.833 million is mainly due to a significant reduction in GAD's trade receivables balance through more robust credit control processes.

SOPS4. Amounts of income to the consolidated fund

SOPS4.1 Analysis of income payable to the consolidated fund

Item	Outturn total		Prior year, 2021-22	
	Accruals	Cash basis	Accruals	Cash basis
Income outside the ambit of the Estimate	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	1,754	1,754	1,424	1,424
Total amount payable to the Consolidated Fund	1,754	1,754	1,424	1,424

The closing balance of £1.754 million will be surrendered to the consolidated fund by 31 March 2024.

Parliamentary accountability disclosures

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

Regularity of expenditure (audited)

All expenditure was applied to the purpose intended by Parliament.

Losses and special payments (audited)

As at 31 March 2023, GAD had no losses or special payments to report (2021-22: £nil). The reporting threshold for losses and special payments is £300k.

Gifts (audited)

As at 31 March 2023, GAD had no gifts to report (2021-22: £nil).

Fees and charges (audited)

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

	Income	Full cost of service	Surplus/ (Deficit)
Fees and charges	£000	£000	£000
2022-23 Actuarial services work	24,819	23,953	866
2021-22 Actuarial services work	24,102	23,080	1,022
2020-21 Actuarial services work	22,144	21,028	1,116

Remote contingent liabilities (audited)

As at 31 March 2023, GAD did not have any remote contingent liabilities that are required to be disclosed under parliamentary reporting requirements (2021-22: £nil).

Long-term expenditure trends

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

GAD has agreed indicative baseline funding until 2024-25. Further detail is provided within the Core Departmental Tables (see Appendix).

Fiona Dunsire

Government Actuary

Accounting Officer

10 November 2023

Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Government Actuary's Department (the Department) for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000. The financial statements comprise the Department's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2023 and its income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2023 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Department in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

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

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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 by the Department or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;

- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting non compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Department's accounting policies, key performance indicators and performance incentives;
- inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non compliance with laws and regulations including the Department's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money;

- inquired of management, the Department’s head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department’s framework of authority and other legal and regulatory frameworks in which the Department operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, the Supply and Appropriation (Main Estimates) Act 2022, the Supply and Appropriation (Anticipation and Adjustments) Act 2023, employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, tested the appropriateness of journal entries and other adjustments; assessed whether the judgments on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
15 November 2023

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

Section 3

The background of the slide features a complex geometric pattern. It consists of several large triangles and trapezoids in shades of orange, teal, and purple. Some of these shapes are filled with horizontal or vertical stripes. The overall design is modern and abstract, with a strong emphasis on geometric forms and a warm color palette.

The Financial Statements

Statement of Comprehensive Income

For the year ended 31 March 2023

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

		2022-23	2021-22
	Note	£000	£000
Income from sale of goods and services	4	(24,819)	(24,102)
Other operating income	4	(233)	(1,589)
Total operating income		(25,052)	(25,691)
Staff costs	2	18,568	17,877
Purchase of goods and services	3	4,095	3,915
Depreciation and impairment charges	3	1,344	375
Provision expense	3	(7)	110
Other operating expenditure	3	216	2,413
Total operating expenditure		24,216	24,690
Net operating income		(836)	(1,001)
Finance costs	3	(30)	(21)
Net income for the year		(866)	(1,022)
Items which will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of property, plant and equipment	5	-	-
Total comprehensive net income for the year		(866)	(1,022)

The notes to the accounts on pages 97-114 form an integral part of these accounts.

Statement of Financial Position

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

		As at 31 March 2023	As at 31 March 2022
	Note	£000	£000
Non-current assets			
Property, plant & equipment	5	244	412
Right of use assets	6	757	-
Total non-current assets		1,001	412
Current assets			
Work in progress	10	2,700	3,075
Trade and other receivables	12	2,644	3,049
Cash and cash equivalents	11	1,754	1,424
Total current assets		7,098	7,548
Total assets		8,099	7,960
Current liabilities			
Trade and other payables	13	(3,428)	(2,895)
Provisions	15	(1,318)	(63)
Lease liabilities	14	(23)	-
Total current liabilities		(4,769)	(2,958)
Total assets less current liabilities		3,330	5,002
Non-current liabilities			
Trade and other payables	13	-	(32)
Provisions	15	(186)	(1,508)
Lease liabilities	14	(499)	-
Total non-current liabilities		(685)	(1,540)
Total assets less total liabilities		2,645	3,462
Taxpayers' equity and other reserves			
General Fund		2,152	2,966
Revaluation Reserve		493	496
Total equity		2,645	3,462

The notes to the accounts on pages 97-114 form an integral part of these accounts.

Fiona Dunsire, Government Actuary, Accounting Officer
10 November 2023

Statement of Cash Flows

For the year ended 31 March 2023

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

		2022-23	2021-22
	Note	£000	£000
Cash flows from operating activities			
Comprehensive net income		866	1,022
Adjustments for non-cash transactions	3	1,385	543
Decrease/(Increase) in trade and other receivables	12	405	954
Decrease/(Increase) in work in progress	10	375	(877)
Increase/(decrease) in trade and other payables	13	171	(123)
Use of provisions	15	(18)	(18)
Movements in receivables from IFRS 16 cumulative catch-up		774	-
Movements in payables from IFRS 16 cumulative catch-up		158	-
Net cash inflow from operating activities		4,116	1,501
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(174)	(77)
Net cash outflow from investing activities		(174)	(77)
Cash flows from financing activities			
Payment of lease liabilities – principal		(2,170)	-
Payment of lease liabilities – finance cost		(18)	-
Net cash outflow from financing activities		(2,188)	-
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund		1,754	1,424

		2022-23	2021-22
	Note	£000	£000
Payments of prior year balance to the Consolidated Fund		(1,424)	(2,115)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		330	(691)
Cash and cash equivalents at the beginning of the year	11	1,424	2,115
Cash and cash equivalents at the end of the period	11	1,754	1,424

The notes to the accounts on pages 97-114 form an integral part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

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

		General Fund	Revaluation Reserve	Taxpayers' Equity
	Note	£000	£000	£000
Balance at 1 April 2022		2,966	496	3,462
Net Parliamentary Funding – Excess cash to be surrendered to the Consolidated Fund	13	(1,754)	-	(1,754)
Comprehensive net income for the year	SOCI	866	-	866
Notional charges				
Auditor's Remuneration	3	71	-	71
Other reserve movements including transfers		3	(3)	-
Balance at 31 March 2023		2,152	493	2,645

Balance at 1 April 2021		3,303	496	3,799
Net Parliamentary Funding	13	(1,424)	-	(1,424)
Comprehensive net income for the year	SOCI	1,022	-	1,022
Notional charges				
Auditor's Remuneration	3	64	-	64
Other reserve movements including transfers		1	-	1
Balance at 31 March 2022		2,966	496	3,462

The notes to the accounts on pages 97-114 form an integral part of these accounts.

Notes to the accounts

1. Statement of accounting policies

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

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Government Actuary's Department (GAD) for the purpose of giving a true and fair view has been selected. The particular policies adopted by GAD are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

1.1 Accounting convention

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

1.2 Basis of preparation

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

1.2.1 Pensions

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

1.2.2 Property, plant and equipment

Assets with a cost of £5,000 or more are capitalised and are depreciated according to 1.2.3 below. Property, plant and equipment are carried at current value in existing use.

1.2.3 Depreciation

Depreciation for property, plant and equipment is accounted for on a straight-line basis and the useful economic lives are as follows:

Leasehold improvements	The shorter of useful economic life of improvements or to the end of lease
Information Technology	3 to 4 years
Furniture and Fittings	The shorter of useful economic life or 10 years

1.2.4 Revaluation and impairment

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

1.2.5 Foreign currency transactions

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

1.2.6 Leases

During 2022-23 GAD had two property leases and also leases on its photocopiers and franking machine. The property leases are on GAD's offices – one on its London head office, Finlaison House, and the other on its Edinburgh office space, Queen Elizabeth House.

In May 2023 GAD moved from Finlaison House to the Canary Wharf government hub managed by the Government Property Agency (GPA). This will be accounted for in the 2023-24 financial accounts.

IFRS 16 (Leases) was issued in January 2016 and was due to be effective for periods beginning on or after 1 January 2020 for financial statements prepared in accordance with the FReM. However, HM Treasury agreed with the Financial Reporting Advisory Board (FRAB) to defer the implementation of IFRS 16 for FReM bodies until 1 April 2022. This was to reduce the reporting burden while government responded to the consequences of COVID-19.

Under IFRS 16 all material leases with a term of more than 12 months come on balance sheet hereby eliminating the 'off-balance sheet' treatment of operating leases under IAS 17.

Implementation

From 1 April 2022, GAD recognises right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value or meets one of the exemption criteria set out below.

In line with the FReM, GAD has not restated the prior year comparators.

GAD has elected not to recognise right of use assets and lease liabilities for the following types of leases:

- intangible assets
- non-lease components of contracts
- low value assets
- leases with a lease term of 12 months or less

For consistency with our fixed asset capitalisation policy, we consider all leases where the underlying asset has a value under £5,000 to be low value assets.

The FReM has mandated the practical expedient that entities should not reassess whether a contract is or contains a lease at the date of initial application. GAD has therefore applied this practical expedient.

Lessee accounting – lease liabilities

At the start of a lease, GAD measures the lease liability at the present value of future lease payments, discounted using the HM Treasury discount rate published in the Public Expenditure System (PES) papers.

Lease liabilities will be measured at amortised cost and a finance cost will be charged to the SOCI each year over the life of the lease.

Lease liabilities are subsequently adjusted for the interest accrual, lease repayments, and any reassessments or lease modifications.

Lessee accounting – right of use assets

Right of use assets are measured at the same value as the lease liability, adjusted for prepayments, lease incentives (such as an accrual for a rent-free period) and an estimate of dismantling (dilapidation) costs.

Right of use assets are depreciated straight line over the life of the lease in line with our current depreciation policy.

Right of use assets are subsequently measured at either fair value or current value in use, in line with IAS 16. GAD considers cost to be a reasonable proxy for fair value for all leases except property leases without regular rent reviews. GAD does not currently have any property leases without regular rent reviews.

Lessor accounting

GAD sublets three of the floors at Finlaison House to subtenants.

Subleases are classified in reference to the head lease rather than the underlying asset. This means that the subleasing of Finlaison House has become a finance sublease under IFRS 16 instead of being an operating sublease under IAS 17.

As a result, GAD has recognised a lease receivable based on the present value of the future lease payments that GAD will receive from its subtenants.

GAD then recognises finance income over the life of the lease.

Impact on financial statements of implementation

On transition to IFRS 16 on 1 April 2022, the department recognised an additional £1.76 million of right of use assets, £1.31 million of lease receivables and £2.69 million of lease liabilities. In line with IFRS 16, GAD also derecognised the prepayment asset for rent recognised under IAS 17 of £0.5 million and the liability for the rent-free period accrual of £0.2 million.

This resulted in a net £nil impact on GAD's General Fund.

GAD has recognised the following opening balances in 2022-23:

	Buildings £000	Office equipment £000	Total £000
IAS 17 operating lease commitment at 31 March 2022	2,626	40	2,666
Less leases treated as low value on initial adoption of IFRS 16	-	(40)	(40)
Adjustment for discounting of future cash flows	67	-	67
IFRS 16 lease liability at 1 April 2022	2,693	-	2,693
Amounts accrued for rent free periods	(158)	-	(158)
Amounts prepaid	536	-	536
Amounts relating to sublet section of building and recognised as a lease receivable	(1,310)	-	(1,310)
IFRS 16 right of use asset at 1 April 2022	1,760	-	1,760

1.2.7 Work in Progress

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

1.2.8 Income

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

This advice is on life, general and health insurance related matters; investment aspects of pensions and insurance and the management of risk, advice on financial, demographic and other bespoke modelling services. It also provides actuarial advice to all of the main UK public service schemes and advises funded occupational pension schemes in the wider public and the private sectors, offering technical and analytical advice on pensions issues which recognises the broader policy context. In addition, it advises public sector bodies where staff are set to have their pensions arrangements changed and provides regular reports to Parliament on the financial position of the UK National Insurance Fund ('the Fund') as required by legislation.

GAD's revenue arises from its actuarial services as described above and is accounted for in line with IFRS 15. IFRS 15 does not apply to the income from the subletting of spare accommodation in GAD's leasehold property which is recognised in line with IFRS 16 (Leases).

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

1.2.9 Provisions

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

1.2.10 Value Added Tax

Irrecoverable VAT is charged to the relevant expenditure category.

1.2.11 Losses and special payments

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

As at 31 March 2023, GAD had no losses or special payments to report (2021-22: £nil).

1.2.12 Employee benefits for annual leave carried forward

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

1.2.13 Segmental reporting

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

1.2.14 Cash and cash equivalents

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

1.2.15 Financial instruments

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

1.2.16 Impending application of newly issued accounting standards not yet effective

IFRS 17 Insurance Contracts is due to be effective from 1 April 2025 for financial statements prepared in accordance with the FReM. However, we do not expect this to have a material impact on GAD.

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

1.3 Accounting estimates and judgments

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

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

Depreciation (1.2.3)

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

Revaluation and impairment (1.2.4)

Revaluations applied are based on published indices. The following indices are used:

- IT assets: ONS (Computer, Electronic and Optical products index)
- Furniture: ONS (Furniture index)
- Buildings: UK House Price Index (London region index)

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

1.3.1 Significant accounting estimates

Provisions (1.2.9)

In line with accounting policy 1.2.9, GAD has recognised a provision for dilapidation costs associated with the lease for Finlaison House and Queen Elizabeth House.

Management reviews the dilapidation cost provision and the assumptions on which it is based on a yearly basis.

2. Staff costs

	2022-23			2021-22
	Permanently employed staff £000	Others* £000	Total £000	Total £000
Wages and salaries	13,859	29	13,888	13,346
Social security costs	1,806	3	1,809	1,617
Other pension costs	3,836	-	3,836	3,694
Total costs	19,501	32	19,533	18,657
Less recoveries in respect of outward secondments	(965)	-	(965)	(780)
Total costs	18,536	32	18,568	17,877

* Includes non-executive board members.

For a detailed breakdown of the above staff costs and staff numbers, please refer to the Remuneration Report and Staff Report.

3. Expenditure

		2022-23	2021-22
	Note	Total £000	Total £000
Purchase of goods and services			
Facilities management		1,202	1,062
Agency and other temporary staff		57	313
Information Technology		1,918	1,568
Training		277	297
Recruitment		189	168
Subscriptions		168	175
Travel, subsistence and hospitality		89	18
Consultancy and legal		110	248
Auditor's remuneration – internal audit		36	35
Photocopying, stationery and publications		49	31
Other operating expenditure			
Rentals under operating leases – buildings		-	2,266
Expenses relating to leases of low value assets		32	32
Non-cash items			
Depreciation	5, 6	1,344	375
Provision for doubtful debt expense		-	(5)
Provision movements	15	(7)	115
Finance cost on unwinding of discounts on provisions	15	(48)	(21)
Finance cost on lease liabilities	14	18	-
Dilapidations asset movement	12	-	(26)
Loss on disposal of assets		7	9
Auditor's remuneration – external audit		71	64
Other expenditure		106	68
Total		5,618	6,792

4. Income

	2022-23	2021-22
	Total £000	Total £000
Government departments	20,943	21,528
Of which receipts from:		
Recharges to sub tenants	227	1,589
Finance income from leases	6	-
National Insurance Fund	445	649
Wider public sector, private sector and overseas	4,109	4,163
Total	25,052	25,691
Income by geographical locations		
UK	24,743	25,369
Overseas	309	322
Total	25,052	25,691
Income by types of work carried out		
UK policy advice	6,124	7,171
Staff transfers	862	806
UK public service pensions	13,521	11,586
Other actuarial work	4,312	4,539
Rent and miscellaneous	233	1,589
Total	25,052	25,691

In 2022-23 income from the largest client was £1,790k (7.1% of total income), (2021-22: £1,800k, 7%).

5. Property, plant and equipment

	2022-23			
	Leasehold Improvements £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2022	2,317	989	205	3,511
Additions	-	174	-	174
Disposals	(19)	(22)	(21)	(62)
Balance at 31 March 2023	2,298	1,141	184	3,623
Depreciation				
At 1 April 2022	(2,145)	(812)	(142)	(3,099)
Charged in year	(152)	(131)	(51)	(334)
Disposals	19	17	18	54
Balance at 31 March 2023	(2,278)	(926)	(175)	(3,379)
Carrying amount at 31 March 2022	172	177	63	412
Carrying amount at 31 March 2023	20	215	9	244

	2021-22			
Cost or valuation				
At 1 April 2021	2,317	975	206	3,498
Additions	-	54	23	77
Disposals	-	(40)	(24)	(64)
Balance at 31 March 2022	2,317	989	205	3,511
Depreciation				
At 1 April 2021	(1,989)	(680)	(110)	(2,779)
Charged in year	(156)	(172)	(47)	(375)
Disposals	-	40	15	55
Balance at 31 March 2022	(2,145)	(812)	(142)	(3,099)
Carrying amount at 31 March 2021	328	295	96	719
Carrying amount at 31 March 2022	172	177	63	412

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

6. Right of use assets

	2022-23
	Buildings £000
Cost or valuation	
At 1 April 2022	1,760
Additions	-
Adjustments to capital dismantling provisions	7
Balance at 31 March 2023	1,767
Depreciations	
At 1 April 2022	-
Charged in year	(1,010)
Balance at 31 March 2023	(1,010)
Carrying amount at 31 March 2022	-
Carrying amount at 31 March 2023	757

7. Impairments

GAD did not incur any impairment costs during 2022-23 (2021-22: £nil).

8. Capital and other commitments

8.1 Commitments under leases

8.1.1 Operating leases

GAD implemented IFRS 16 from 1 April 2022, and as such the majority of GAD's leases have been brought on balance sheet and are no longer accounted for as operating leases. This is reflected in the table below.

GAD does still have two low value leases (on its franking machines and photocopiers) for which it has applied the low value exemption under IFRS 16. These leases are still disclosed in the office equipment section below. The leases on buildings and the subtenants' lease have been accounted for under IFRS 16 from 1 April 2022 and are therefore no longer included within this disclosure. The prior year comparators are still disclosed.

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

	2022-23	2021-22
	Total £000	Total £000
Buildings		
Not later than one year	-	2,083
Later than one year and not later than five years	-	543
Later than five years	-	-
Total	-	2,626
Office equipment*		
Not later than one year	13	27
Later than one year and not later than five years	-	13
Later than five years	-	-
Total	13	40
Total commitments	13	2,666
Subtenants' lease**		
Not later than one year	-	(1,088)

* Office equipment comprises franking machines and photocopiers.

** Subtenants' lease comprises rental income from the Single Source Regulations Office, the Office for Students and the National Infrastructure Commission.

8.2 Capital commitments

As at 31 March 2023, GAD had no capital commitments (31 March 2022: £13k).

8.3 Other financial commitments

GAD had no other financial commitments as at 31 March 2023 (31 March 2022: £nil).

9. Financial instruments

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

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

9.1 Credit Risk

The maximum credit risk the department was exposed to as at 31 March 2023 was £1,467k. GAD has received payment promises for the aged receivables and these are all with inter-government clients. Therefore, GAD has deemed that no expected credit loss needs to be recognised for the aged receivables.

The aged debtor analysis as at 31 March 2023 is as follows:

	31 March 2023
	£000
Up to 30 days	1,198
31-90 days	254
91-180 days	15
181-365 days	-
Over 365 days	-

9.2 Liquidity Risk

GAD funds its payments with cash receipts from invoices issued.

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

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

Total amount owing analysed by when it falls due:

	31 March 2023
	£000
Up to 1 year	3,087
1 to 5 years	-
Over 5 years	-

The £3,087k excludes the annual leave accrual under staff payables (£341k) as this is a non-cash item. The maturity analysis of our lease liabilities is also not included here, but is instead presented in note 14.1.

9.3 Market Risk

GAD did not have any foreign currency income in 2022-23 and therefore was not exposed to foreign currency risk from overseas customers. The overseas income during the year 2022-23 was £309k (2021-22: £322k).

10. Work in progress

	2022-23	2021-22
	£000	£000
Value of time worked but not billed	2,700	3,075
Balance at 31 March	2,700	3,075

11. Cash and cash equivalents

	2022-23	2021-22
	£000	£000
Balance at 1 April	1,424	2,115
Net change in cash and cash equivalent balances	330	(691)
Balance at 31 March	1,754	1,424
The following balances at 31 March were held at:		
Government Banking	1,754	1,424
Balance at 31 March	1,754	1,424

12. Trade receivables, financial and other assets

	2022-23	2021-22
	£000	£000
Amounts falling due within one year:		
Trade receivables	1,467	1,219
Deposits and advances	4	1
Prepayments and accrued income	462	1,346
Dilapidations asset	483	483
Lease receivables	228	-
Balance at 31 March	2,644	3,049

The lease receivables relate to GAD's subtenants and are all due within 1 year.

13. Trade payables and other current liabilities

	2022-23	2021-22
	£000	£000
Amounts falling due within one year:		
VAT	737	669
Trade payables	41	40
Staff payables	341	308
Other payables	2	6
Accruals and deferred income	553	322
Accrual for rent-free period	-	126
Consolidated Fund creditor for cash unspent – year end	1,754	1,424
Balance at 31 March	3,428	2,895
Amounts falling due after more than one year:		
Accrual for rent-free period	-	32
Balance at 31 March	-	32
Total	3,428	2,927

14. Lease liabilities

14.1 Maturity analysis

	2022-23	2021-22
	£000	£000
Buildings		
Not later than one year	23	-
Later than one year and not later than five years	93	-
Later than five years	406	-
Balance at 31 March	522	-

14.2 Amount recognised in the SOCI

		2022-23	2021-22
	Note	Total £000	Total £000
Finance cost – Interest on lease liabilities	3	18	-
Expenses related to leases of low value assets	3	32	32
Finance income from sub-leasing right of use assets	4	(6)	-
Total		44	32

15. Provisions for liabilities and charges

	2022-23			2021-22
	Dilapidations £000	Others £000	Total £000	Total £000
Balance at 1 April	1,316	255	1,571	1,495
Provided in the year	34	-	34	78
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(18)	(18)	(18)
Changes in discount rates	-	(35)	(35)	37
Borrowing costs (unwinding of discounts)	(43)	(5)	(48)	(21)
Balance at 31 March	1,307	197	1,504	1,571

15.1 Analysis of expected timing of discounted flows

	2022-23			2021-22
	Dilapidations £000	Others £000	Total £000	Total £000
Not later than one year	1,300	18	1,318	63
Later than one year and not later than five years	-	86	86	1,365
Later than five years	7	93	100	143
Balance at 31 March	1,307	197	1,504	1,571

Dilapidation Provision

In 2017-18 GAD recognised a provision for dilapidation costs associated with the lease for Finlaison House. The dilapidation costs indicated a material obligation going back to the inception of the lease in 2003-04, which GAD has accounted for in line with IAS 37.

Following regular reviews, in 2021-22 a further independent survey of the provision was conducted to capture the impact of building works carried out during that financial year. This survey proposed a modest increase to the value of the provision.

At the end of the lease in June 2023, GAD Management reached an agreed dilapidations settlement figure with the landlord. This constitutes an adjusting event after the reporting period per IAS 10 and GAD has therefore adjusted the provision as at 31 March 2023 for this final settlement figure.

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

GAD has a further dilapidations provision in place for its share of the dismantling costs of the Edinburgh office.

Other Provisions

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

Discounting

GAD discounts its provisions using the discount rates published by HM Treasury. Without discounting, the provision liability figures would be as follows:

	£000
Dilapidations provision	1,309
Other provisions	220

16. Contingent liabilities

As at 31 March 2023 GAD held no contingent liabilities (31 March 2022: £nil).

17. Related-party transactions

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

GAD also receives rent income from subtenants of Finlaison House: The Single Source Regulations Office, the Office for Students and the National Infrastructure Commission.

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

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

18. Third-party assets

During 2022-23 the department did not hold any third-party assets (2021-22: £nil).

19. Entities within the departmental boundary

No entities, other than GAD itself, fall within the departmental boundary.

20. Events after the reporting period date

In May 2023 GAD moved office premises from Finlaison House to the Canary Wharf government hub, managed by the Government Property Agency (GPA). GAD has agreed a yearly rental figure of £623k with GPA.

In June 2023, GAD agreed the final dilapidations settlement figure on Finlaison House with the landlord. This constitutes an adjusting event after the reporting period per IAS 10 and GAD has therefore adjusted the Statement of Financial Position as at 31 March 2023 for this.

Martin Clarke was the Accounting Officer during the 2022-23 financial year, but retired on 31 October 2023 prior to the Annual Report and Accounts being published. The report has instead been authorised by Fiona Dunsire who took over the post on 1 November 2023. Martin Clarke provided Fiona Dunsire with representations and assurances to be able to sign the Annual Report and Accounts for the 2022-23 financial year.

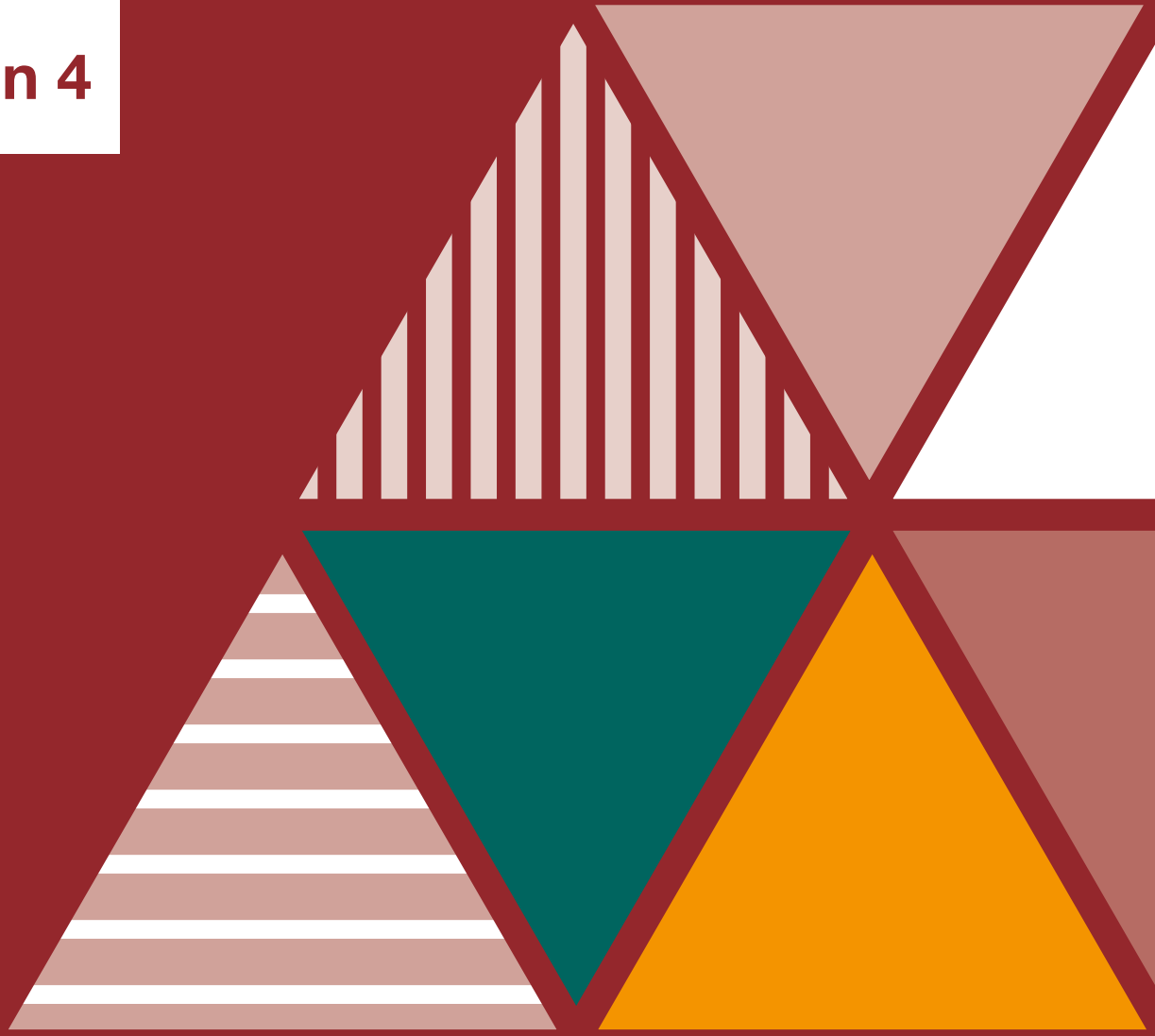
There were no other events recorded after the Statement of Financial Position date which affected the true and fair view of the accounts.

21. Date of Authorisation of Accounts

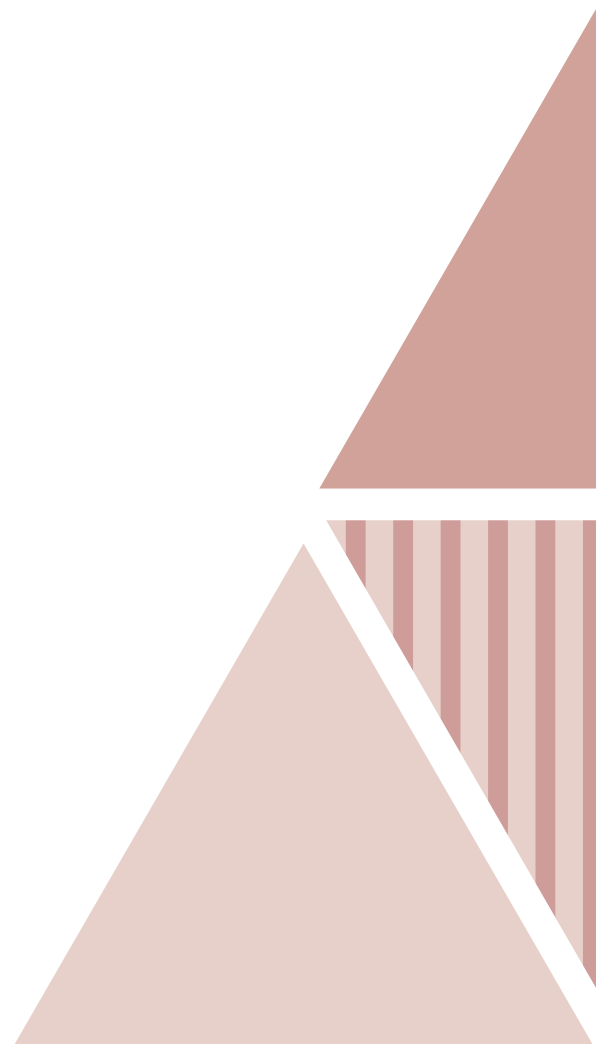
The accounts have been authorised for issue by the Accounting Officer on the same date as the C&AG's Audit Certificate.



Section 4



Appendix



Core Tables

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

Table 1 is a summary of the public spending by the department and this is supplemented by Table 2 which shows the administrative cost budgets. The variances between the 2022-23 net resource outturn and budget are explained in the comparison of Estimate and Outturn within the Statement of Outturn against Parliamentary Supply.

Approval for our spending plans for 2022-23 is set out in the Government Actuary's Department Main Estimate 2022-23 and Supplementary Estimate 2022-23. The document is available at the HM Treasury website at www.gov.uk/hm-treasury.

Table 1: Public spending

	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	2023 -24	2024 -25
£000	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans

Resource DEL

Administration	(1,293)	(736)	(1,103)	(1,111)	(810)	215	270
Use of Provisions (DEL)	17	17	18	18	18	20	20
Total Resource DEL	(1,276)	(719)	(1,085)	(1,093)	(792)	235	290

Of which:

Staff costs	13,810	14,672	16,691	17,877	18,569	20,592	20,694
Purchase of goods and services	5,104	5,259	5,362	6,282	4,259	3,978	3,980
Income from sales of goods and services	(20,586)	(21,099)	(23,690)	(25,691)	(25,052)	(26,014)	(25,741)
Depreciation*	336	381	489	375	1,344	1,515	1,290
Other resource	60	68	63	64	88	164	67

Resource AME

Losses on revaluation	-	-	-	-	-	-	-
Provisions (AME)	(1,480)	2	(31)	71	(74)	30	-
Non Budget cover	-	-	-	-	-	-	-
Total Resource AME	(1,480)	2	(31)	71	(74)	30	-

Of which:

Losses on revaluation	-	-	-	-	-	-	-
Take up of provisions	(1,463)	19	(13)	89	(56)	50	-
Release of provision	(17)	(17)	(18)	(18)	(18)	(20)	-

	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	2023 -24	2024 -25
£000	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Total Resource Budget	(2,756)	(717)	(1,116)	(1,022)	(866)	265	290

Of which:

Depreciation & Losses on revaluation	336	381	489	375	1,344	1,515	1,290
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Capital DEL

Administration	226	175	150	77	167	9,850	200
Total Capital DEL	226	175	150	77	167	9,850	200

Of which:

Purchase of assets	228	175	150	77	174	9,850	200
Net book value on disposal	(2)				(7)		

Capital AME	-	-	-	-	7	370	-
Total Capital Budget	226	175	150	77	174	10,220	200

Total departmental spending**	(2,866)	(923)	(1,455)	(1,320)	(2,036)	8,970	(800)
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Of which:

Total DEL	(1,386)	(925)	(1,424)	(1,391)	(1,969)	8,570	(800)
Total AME	(1,480)	2	(31)	71	(67)	400	-

* Includes impairments.

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

Table 2: Administration budget

	2018 -19	2019 -20	2020 -21	2021 -22	2022 -23	2023 -24	2024 -25
£000	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans

Resource DEL

Administration	(1,293)	(736)	(1,103)	(1,111)	(810)	215	270
Use of Provisions (DEL)	17	17	18	18	18	20	20
Total Resource DEL	(1,276)	(719)	(1,085)	(1,093)	(792)	235	290

Of which:

Staff costs	13,810	14,672	16,691	17,877	18,569	20,592	20,694
Purchase of goods and services	5,104	5,259	5,362	6,282	4,259	3,978	3,980
Income from sales of goods and services	20,586	21,099	23,690	25,691	25,052	26,014	25,741
Depreciation	336	381	489	375	1,344	1,515	1,290
Other resource	60	68	63	64	88	164	67



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