



Government  
Actuary's  
Department

# Annual Report and Accounts

2023-24

HC 300



Government  
Actuary's  
Department

# **Annual Report and Accounts 2023-24**

(For the year ended  
31 March 2024)

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of the Government Resources and Accounts Act 2000

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# Key highlights

## £26.6m

fee income in 2023-24



We completed the 2020 public service pension scheme valuations, updating the ongoing cost of providing pension benefits for

### 15 million

members of these schemes

We supported the Contingent Liabilities Central Capability to produce the first complete view of the UK government's exposure to financial guarantees, indemnities, contingent liabilities, and provisions – in excess of

### £500 billion



## 4.7

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



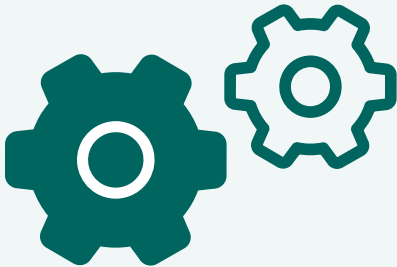
## 70%

Civil Service People Survey GAD employee engagement

The Risk Protection Arrangement celebrates

# 10 years

of providing insurance-like cover to schools, GAD is proud to have partnered with the Department for Education over that period



We have efficiently reviewed and updated

## 500,000

actuarial factors across **26** public service pension schemes

# Over 12,500

learning hours recorded

# 18



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

# 1 in 6

of our staff have worked on new areas during 2023-24, growing GAD's skills around climate, data analytics and pensions administration

# 27



GAD staff members participating in secondments, supporting clients across **11** organisations

**Section 1**

# **The Performance Report**



## Overview

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



### Foreword by the Government Actuary



I would like to start by acknowledging the sad death of Martin Clarke, the previous Government Actuary, on 5 June 2024. Martin had been Government Actuary for nine years prior to his retirement in 2023. During that time, he made a huge contribution to the organisation, leading through the unprecedented challenges of COVID, implementing changes to our structure and systems, and extending skills and capabilities for clients, the legacy of which continues to benefit GAD in the work we do today. I thank him for his leadership and dedication to the department.

Since joining as Government Actuary in November 2023, I have been hugely impressed by the diversity of work that the department delivers. From pension schemes, policy support, insurance and contingent liabilities, quality assurance to disaster risk finance, climate change, health and social care and more, GAD has provided valuable analysis and insight into pressing, complex challenges in the public sector. I am encouraged by the creativity and innovation in how we are delivering for clients and the appetite to continue to adopt new approaches and tools.

The past year has been remarkably busy as a result of the completion of the 2020 actuarial valuations across all of the Public Sector Pension Schemes, alongside other work. The valuations influence around £40 billion of public spending each year and as the department's single largest project, the signing of these valuations every four years marks a key milestone for the department. The case studies in the annual report demonstrate examples of the breadth and impact of the work we do.



The department also delivered a high level of organisational change: move to new premises in London; transforming our IT service provision; and the appointment of a new Government Actuary. In keeping with the evolution of the department, we continue to develop the way in which the Board operates and influences the direction of the department through its support to the Executive team. I am encouraged by the adaptability and resilience of the whole team; and excited for the future as we look to articulate GAD's 2030 strategy.

As the valuations cycle winds down, the work we deliver in 2024-25 will be somewhat different from the last few years. This is an opportunity for us to innovate and develop the necessary skills and experience across the department to meet emerging client needs. As stated in our key highlights, 1 in 6 of our staff have worked on new areas during 2023-24, growing GAD's skills around climate, data analytics, pensions administration and more. This will continue to strengthen over the coming year, with continued focus on nurturing talent and developing new skills.

Our vision is to be the 'go-to' partner across the public sector whenever colleagues are facing a financial risk management, data, or analysis issue, involved early to help shape the problem to be addressed, as well as supporting the solution. We now reach across more government departments and public sector organisations and address a broader range of issues than ever before. This annual report showcases how our actuaries, analysts and business professionals come together to deliver successful projects across the public sector.

I congratulate and thank everyone at GAD for another impressive year's work and look forward to leading the department through the coming years, with continued focus on innovation, forging meaningful partnerships and reaching even further across the public sector.

**Fiona Dunsire**  
Government Actuary

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

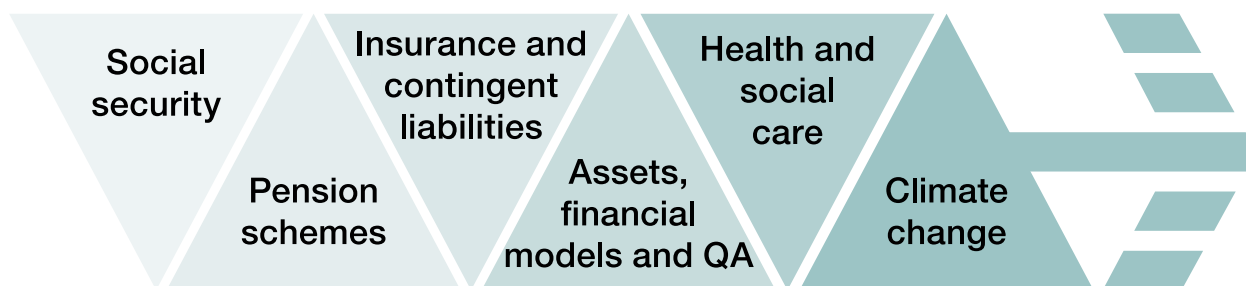
The mission of the Government Actuary's Department (GAD) is to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice.

We provide actuarial advice and support to the government and public sector, helping our clients to understand and analyse financial risk and uncertainty for a wide range of contemporary issues.

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.

GAD is a shared service supplier to the government, devolved administrations and public bodies. 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.<sup>1</sup> Our strategy is centred around four strategic themes as set out below.

### Clients

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

### People

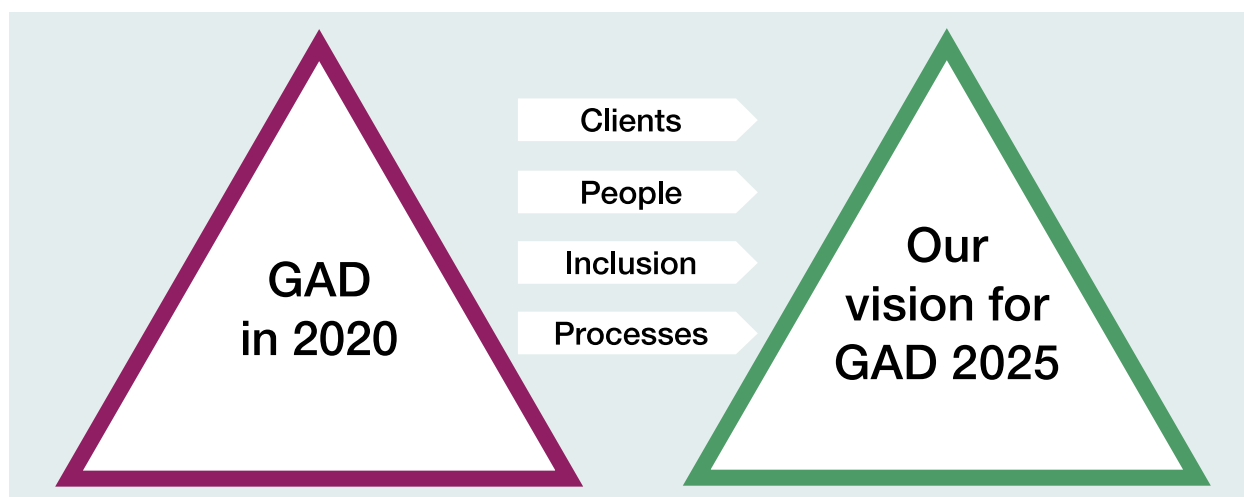
GAD aims to have people with the right skills in the right place, driven by what our public sector clients need us to do.

### Inclusion

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

### Processes

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

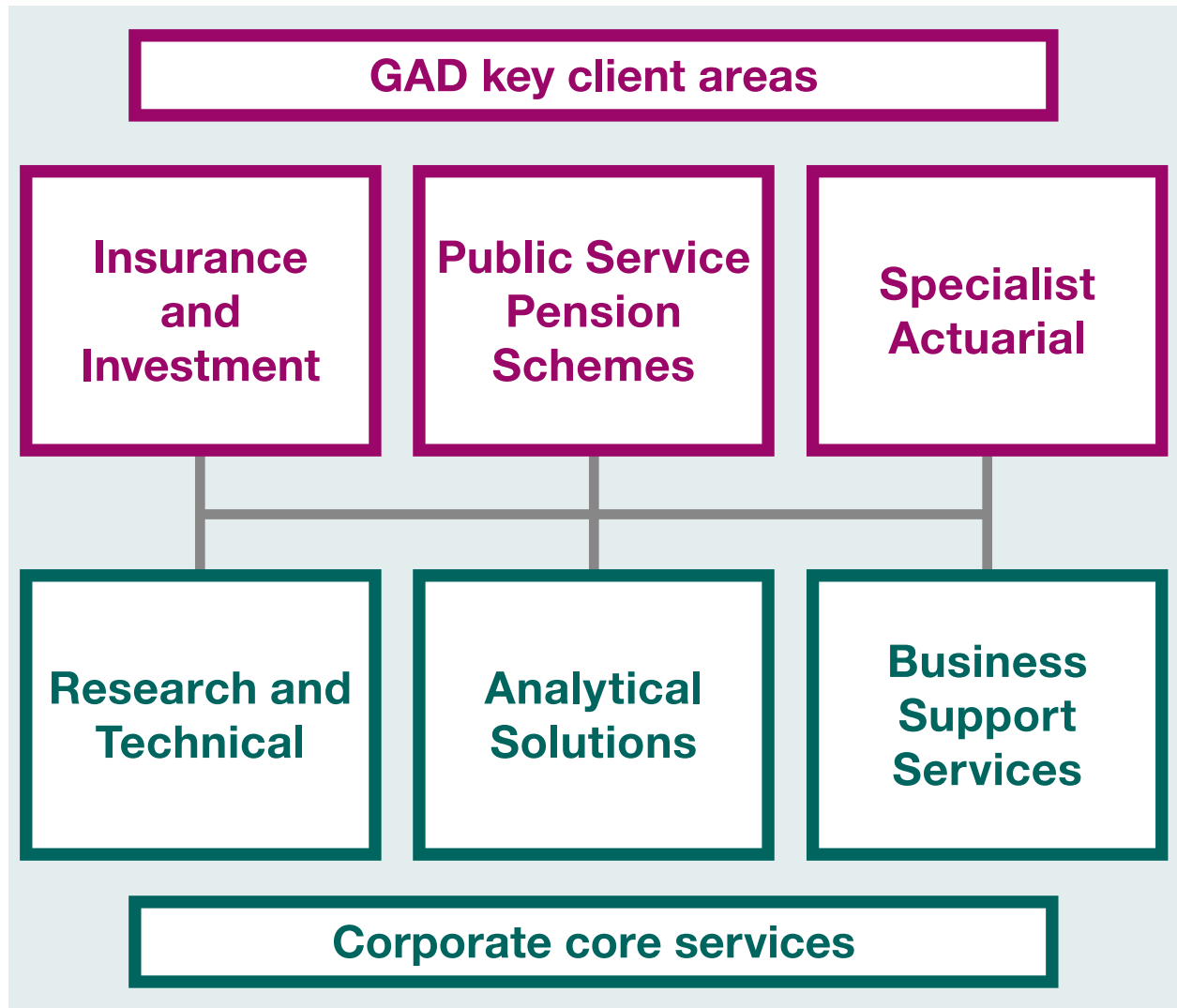


<sup>1</sup> [www.gov.uk/government/publications/government-actuaries-department-gad-2025-strategy](http://www.gov.uk/government/publications/government-actuaries-department-gad-2025-strategy)

## What we do

### 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.



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

### **Climate change and disaster risk finance**

We help organisations understand and assess the physical risks climate change poses to them as well as the risks of the transition to a low carbon economy. We provide help to departments and organisations implementing policies to meet emissions targets or to adapt to changing physical risks. We advise on arrangements to finance the response to disasters such as flood and drought, including assessing the use of different financial instruments to support the response costs.

### **Credit risk**

We provide advice on financial risks to UK government from credit support schemes and other credit-related contingent liabilities. This includes analysis supporting disclosure of expected credit losses and assurance of work done by others.

### **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.

### **Insurance and contingent liabilities**

We provide actuarial advice to government departments, public bodies, local authorities and international development organisations on life, general and health insurance-related matters. We also provide advice to government departments on contingent liabilities, mostly in place in areas of market failure and government intervention. Examples of insurance and contingent liabilities clients include: NHS Resolution, Department for Education (DfE) (Risk Protection Arrangement) and our support for the Contingent Liability Central Capability in UKGI. We advise on the expected costs 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 and financing**

We help organisations to fund their long-term financial obligations. We model uncertainty in future expenditure and explore funding strategies to mitigate risk. For example, we advise the Department for Energy Security and Net Zero on the funding arrangements for meeting decommissioning costs for new nuclear power stations. We advise on investments including strategic investment strategy and operational aspects with a particular focus on investments backing pension and insurance arrangements.

## **Modelling and quality assurance**

We provide financial modelling, demographic modelling and other bespoke modelling services. This includes assistance on a model that a client wishes to develop internally and providing a full modelling service from initial design through to testing and adoption. We also perform quality assurance reviews of models in order to give model users confidence in outputs which underpin decisions. Our quality assurance reviews include:

- verifying that model calculations are working correctly and that models are robust
- validating that data, assumptions and the modelling approach are fit for purpose
- reviewing model documentation to reduce the risk of errors arising at future use or updates
- assessing whether a model has been subject to appropriate scrutiny and challenge
- checking whether limitations and uncertainties are communicated adequately

## **Pensions**

### **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, we also support a number of autonomous bodies such as the Pension Protection Fund and the Pensions Regulator.

### **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 NHS. 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 support the effective administration of the schemes and 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.

## 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. The Government Actuary has a statutory role in reporting on the review of the State Pension age, which legislation requires must take place at least once every six years. We also provide advice to social security organisations in other countries.

More information about [GAD's services](https://www.gov.uk/gad/services) is available on the GAD website.<sup>2</sup>

## 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 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 efficiently produced or that quality is not maintained owing to poor processes in place.

**Finance:** Risk that GAD does not provide good value for money, 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 summary is regularly reviewed at Board meetings.

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2 [www.gov.uk/gad/services](https://www.gov.uk/gad/services)

The performance of the department is measured through the Balanced Scorecard Key Performance Indicators (KPIs). The KPIs are produced on a monthly basis and are presented at 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

The 2023-24 financial year was another year of record client demand, with the 2020 public service pension scheme valuations reaching their conclusion. We diversified our work and client base, enhancing our reputation as a key partner to our clients on the management of pension scheme administration and providing quality assurance of an increasing range of government modelling.

Progress has not been limited to client commissions and we continued to develop our staff and infrastructure to support our work. We expanded our use of modern coding languages and began testing the potential of artificial intelligence to deliver advice more efficiently. We completed the transition to a new IT partner in Treasury Information Services (TrIS) and the relocation of our London office to Canary Wharf. These transformational changes were delivered smoothly and effectively and help position us for the future.





## Performance analysis

### Performance and operating review

As stated above, we delivered a record level of service to our clients, all while undergoing significant changes to where we work and how we manage our IT needs.

The key highlights of this performance are as follows:

#### Clients



Below are just a few examples of our client activity during the last year, which reflect the diversity of activity across the department and the important work of all our teams:

- **Client support:** We generated over £26.6 million in revenue during the year, £1.8 million growth on 2022-23. The analytical solutions team (AST) were fully embedded across our full range of activities, contributing 38% of total revenue. In total, 27 staff members went on secondments, supporting clients across 11 organisations. We had a high response rate in the Client Survey, with clients continuing to value our support rating us 4.7 stars out of 5, with the most significant improvement in our scores being for innovation (+8%).
- **Impact:** We completed the 2020 public service pension scheme valuations, updating the ongoing cost of providing pension benefits for the 15 million members of these schemes. This was a large and complex project spanning many years in which we developed new tools and updated our reporting style. We supported the Contingent Liabilities Central Capability to produce the first complete view of the UK government's exposure to financial guarantees, indemnities, contingent liabilities, and provisions – in excess of £500 billion and seen as a model internationally. 2024 also marked a decade of support to the Department for Education in respect of the Risk Protection Arrangement, developing a system which now provides risk cover for more than 10,000 schools at a fixed per pupil cost.
- **Diversification:** In addition to significant analysis and advice in our traditional area of work on pensions, we continued to diversify our support for clients. For example, during the year we provided advice on climate scenario analysis, peer reviewed ONS's revised approach to estimating population excess deaths, researched the use of AI and machine learning in actuarial work and estimated the costs of fraud and error in the HM Land Registry among many other activities.

## People and inclusion



Over the year, we continued to progress our people strategy, developing our staff and ensuring that GAD remains fit for the future, this included:

- **Engagement:** We improved staff engagement with a score of 70% (67% previously), and a learning and development score of 63% (54% previously) in the People Survey.
- **Human Resources:** This year saw the completion of a strategic review of our HR 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 (D&I):** We continued to deliver against our strategy, further aligning our D&I strategy with our people strategy, enabling us to deliver on our ambitions to continue to grow as an inclusive organisation. To underpin this, we rotated the Executive Champion of Diversity, Inclusion and Wellbeing as well as created a new Diversity, Inclusion and Wellbeing group which will focus on delivering initiatives supporting neurodiversity and socio-economic background strands over the next year.

## Processes



We improved our infrastructure to support our work, expanding our use of modern coding languages and starting to test the potential of artificial intelligence to deliver advice more efficiently. Significant developments include:

- **Greater productivity:** We worked with a specialist AI company to explore the potential for AI to deliver quality assurance checks on pension scheme calculations, opening the door to greater use of AI to free up time for more complex activities.
- **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. During the year there were particular improvements to our residual risks on IT systems and our infrastructure arising from the changes in our support providers.
- **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 improve 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). This transition completed on 8 May 2023 and has proven to be a success. It has provided the necessary expertise and infrastructure to allow GAD to operate effectively and efficiently while improving on its infrastructure. A move to Info Store is planned for July 2024 which will consolidate and streamline data and knowledge information across the department and with our clients. The new partnership has improved infrastructure resilience while providing opportunities to exploit new technology and embrace better ways of working.
- **Functional standards:** GAD's processes comply with the [government's functional standards](#).<sup>3</sup>

3 [www.gov.uk/government/collections/functional-standards](http://www.gov.uk/government/collections/functional-standards)

## Finance



Client income for the year was in line with 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 increase its reach across the wider public sector as well as identify new areas where we can 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.

## 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.
- Capital Departmental Expenditure Limit (CDEL): Investment in capital IT equipment and right of use assets on GAD's leases.
- Resource Annually Managed Expenditure Limit (RAME): A net limit for dilapidation provisions in relation to the lease for Finlaison House (GAD's headquarters up to May 2023) 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 2023-24 compared to the approved estimates.

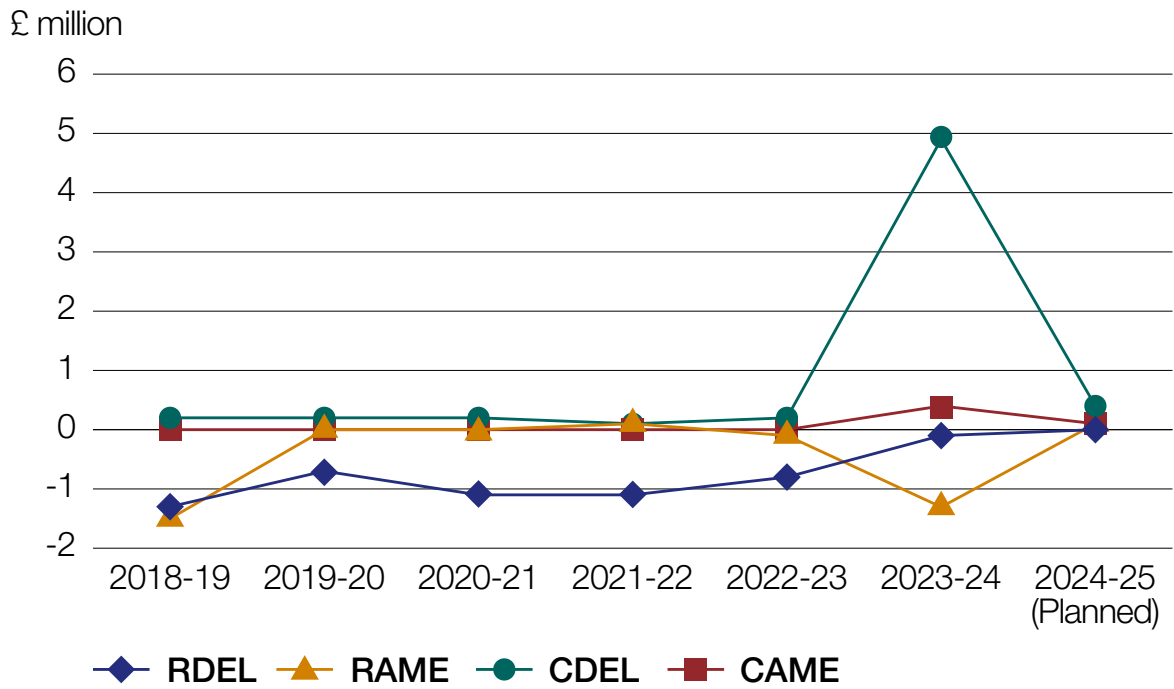
| Category     | Reconciles to SOPS note | Outturn £000 | Estimate £000 | Variance £000 | Commentary  |
|--------------|-------------------------|--------------|---------------|---------------|---|
| Resource DEL | 1.1                     | (127)        | 635           | 762           | The favourable variance is as a result of higher than budgeted income due to strong client demand for GAD's services.   |
| Capital DEL  | 1.2                     | 4,940        | 9,850         | 4,910         | This variance is due to the budgetary impact of GAD entering into its new office lease. The final terms of the lease were only confirmed by the Government Property Agency shortly before GAD moved in and therefore there was significant uncertainty around the estimate. |
| Resource AME | 1.1                     | (1,305)      | 30            | 1,335         | The favourable variance is due to the crystallisation of GAD's dilapidation provision on Finlaison House.   |
| Capital AME  | 1.2                     | 369          | 400           | 31            |   |

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. 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 had a higher level of capital DEL in 2023-24 than in other years due to the IFRS 16 CDEL impact of entering a new office lease agreement. GAD also had an unusually low resource AME spend in 2023-24 due to RAME budgetary impact of the crystallisation of the dilapidations provision on GAD's office at Finlaison House.

### Budget area spend trend analysis



## Case studies – some of GAD’s work during 2023-24

### 2020 valuations



During the financial year we completed actuarial valuations of the 20 core public service pension schemes. As GAD’s single largest project, the signing of these valuations every four years marks a key milestone for the department.

The valuations set the contribution rates employers are required to pay into the schemes, in respect of their employees. They also determine whether changes in the calculated value of the schemes’ benefits mean that reforms are required under the cost control mechanism. The valuations influence around £40 billion of public spending each year and can affect the benefits of over 15 million members.

The most recent valuations, using data collected as at 31 March 2020, presented a wide range of challenges. These included pauses to the normal processes as a result of the McCloud ruling, an ever-evolving policy framework due to reviews of the cost control mechanism and the discount rate methodology implementation of complex scheme reforms resulting from McCloud and other court rulings providing technical challenge, and a range of other projects competing for stakeholders’ time and resource. However, these challenges also gave us a chance to work collaboratively across GAD, and with our clients in the sponsoring departments, to innovate and ensure we delivered efficiently and effectively across government. Key changes since the last valuation were:

- New tools, coded in the Python language, to reflect key changes to the valuation framework and to provide more robust and powerful calculation routines.
- Improvements to the speed and effectiveness of our data checking and analysis processes.
- A more visual style of reporting, to leverage the updated analysis now available.
- Enhanced presentations, allowing us to work even more closely with scheme stakeholders to fulfil their responsibilities within the valuations.
- Incorporating climate change risk analysis into the valuations for the first time, illustrating risk and uncertainty, and leveraging the wider work in this area GAD has been doing to support government.

## Jersey social security



GAD undertook reviews of two Jersey social security funds – the Social Security Fund (SSF) and the Health Insurance Fund (HIF) – as at 31 December 2021.

The reviews assessed possible future levels of expenditure, and the contribution rates required to finance this expenditure including the:

- financial condition of each Fund, considering changes in legislation and experience since the previous reviews in 2017
- adequacy or otherwise of contributions payable to the funds to support benefits payable from them
- future balance in each Fund, which is available to meet its expenditure and help smooth any potential changes in contributions

The SSF provides state pensions and other security benefits to Jersey residents. The review calculated projections of the fund from 2021 to 2081 under a range of scenarios. The report concluded the SSF remains in good health and is expected to be able to pay benefits out for several decades.

GAD also considered alternative demographic and migration patterns, and investment performance scenarios, all of which may have a significant influence on the Fund's future sustainability.

The HIF provides healthcare benefits to residents of Jersey, including GP and pharmacy costs. Our projections cover 20 years, a shorter period than the SSF review, due to the shorter-term nature of the benefits.

The HIF's balance was lower than projected in 2017, due largely to unanticipated payments from the Fund. These were offset in part by better-than-expected investment performance. There is an improvement in the HIF projections since the 2017 review, due to economic factors.



## RPA – GAD’s decade of collaboration



We have marked 10 years since we started to work with the Department for Education (DfE) on an alternative to commercial insurance for schools. GAD has supported the Risk Protection Arrangement (RPA) since its inception in 2014.

The RPA is available to academies and local-authority-maintained schools in England and has grown to cover over 10,000 schools in England over the past 10 years. It was set up initially for Academy Trusts and expanded in April 2020 to include local-authority-maintained schools.

Over time GAD has worked with the RPA to identify gaps in the insurance market for schools, including expanding its cover to offer protection for overseas travel and cyber incidents.

We conduct regular provisioning reviews (planning for future costs and claims) and pricing analysis. These feed into DfE’s budgets to ensure the expected costs of the scheme are covered.

GAD also supported and evolved with the RPA’s changing priorities such as:

- initiatives to increase resilience to flooding and crime
- investment back into schools and build-back-better projects
- analysis to support decarbonisation of the school estate
- considering the impact of climate change
- support during the COVID-19 pandemic where GAD helped build and review a model which estimated the value of trips cancelled due to COVID-19

GAD acts as a trusted adviser with DfE, and our actuaries are present at senior stakeholder boards. GAD’s staff secondments to the RPA (since 2016) have further strengthened this collaborative programme.

## Review of network operators' pensions



We undertook a reasonableness review of pension schemes run by various power companies, as part of our work with the Office of Gas and Electricity Markets (Ofgem). We completed the high-level review of network operators' (NWOs) defined-benefit pension costs.

The findings assist Ofgem in its consideration of price control allowances in relation to the pension scheme established deficits.

GAD also considered responses provided in the NWO questionnaires provided by Ofgem on how schemes have considered the interests of consumers.

NWOs provide their employees with access to occupational pension schemes and make contributions to help fund their retirement income.

Ofgem regularly reviews the pension allowances that the NWOs can recover from charges to consumers as part of their regulated revenue.

GAD last supported Ofgem in reviewing the reasonableness of pension costs in 2020. At the 2023 review, GAD considered how the following aspects had changed since the previous review:

- benefit design
- investment strategy
- methods and assumptions adopted at 2021 or 2022 actuarial valuations

Contributions required to fund these (defined benefit) pension schemes are assessed periodically through actuarial valuations.

## Factors review



We have completed a major project where we reviewed and updated approximately 500,000 actuarial factors across 26 public service pension schemes.

Actuarial factors are important as they are used by administrators in member calculations. They can affect the flow of money to and from members, such as early retirement benefits or the purchase of additional pension.

The recent update incorporated new information on:

- the [SCAPE rate](#)<sup>4</sup>
- assumptions about future member events, such as rates of mortality
- UK-wide population projections

We set up streamlined processes to calculate and check new factors and we focused heavily on automation to reduce the risk of human error. These processes meant we could deliver the most important factors to our clients as soon as possible, and that factors for all 26 schemes were delivered to similar schedules.

We hosted regular Factor Implementation Groups with scheme representatives to discuss progress and facilitate cross-scheme discussions on technical issues. We also updated the style of our written communications to be clearer and easier to understand.

In our end of project survey, clients praised our new factor bulletins and the ease of getting in touch with GAD, with the majority saying we exceeded or significantly exceeded their expectations.

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4 [www.gov.uk/government/publications/public-service-pension-schemes-scape-discount-rate-methodology-a-gad-technical-bulletin](https://www.gov.uk/government/publications/public-service-pension-schemes-scape-discount-rate-methodology-a-gad-technical-bulletin)

# Task Force on Climate-related Financial Disclosures

## Introduction

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board in 2015. Its final recommendations, published in 2017, aim to promote the effective management of climate-related risks and opportunities across economies through high-quality disclosure.

The recommendations are structured around four pillars:

| <b>Governance</b>   | <b>Strategy</b>   | <b>Risk management</b>   | <b>Metrics and targets</b>   |
|---|---|--|--|
| The organisation's governance around climate-related risks and opportunities. | The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material. | How the organisation identifies, assesses and manages climate-related risks. | The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. |

The UK government formally endorsed the TCFD framework and, as well as mandating disclosure from large private sector organisations, committed central government departments to a phased implementation of TCFD-aligned disclosure up to 2025-26.

This represents GAD's first TCFD-aligned disclosure and includes content consistent with Phase 1 of [HM Treasury's TCFD-aligned application guidance](#),<sup>5</sup> as well as some additional material covering future requirements from Phases 2 and 3, where possible. Full disclosures for Phases 2 and 3 are required by all government departments for reporting period 2024-25 and 2025-26 respectively. At the time of writing, the HM Treasury Phase 3 guidance was under development and hence, where necessary, GAD have used the 2017 recommendations of the TCFD directly.

5 [www.gov.uk/government/publications/tcfd-aligned-disclosure-application-guidance](https://www.gov.uk/government/publications/tcfd-aligned-disclosure-application-guidance)

## TCFD Index

The Government Actuary's Department (GAD) has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector.

| TCFD core pillar  | Recommended disclosures  | Relevant section   |
|---|--|--|
| <p><b>Governance</b><br/>Disclose the organisation's governance around climate-related risks and opportunities.</p>   | <p>a. Describe the board's oversight of climate-related risks and opportunities.*</p> <p>b. Describe management's role in assessing and managing climate-related risks and opportunities.*</p>   | <p><b>Structure and governance</b></p> <p><b>Structure and governance</b></p>            |
| <p><b>Strategy</b><br/>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.</p> | <p>a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.</p> <p>b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.</p> <p>c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p> | <p><b>Strategy</b></p> <p><b>Strategy</b></p> <p><b>Strategy – scenario analysis</b></p> |

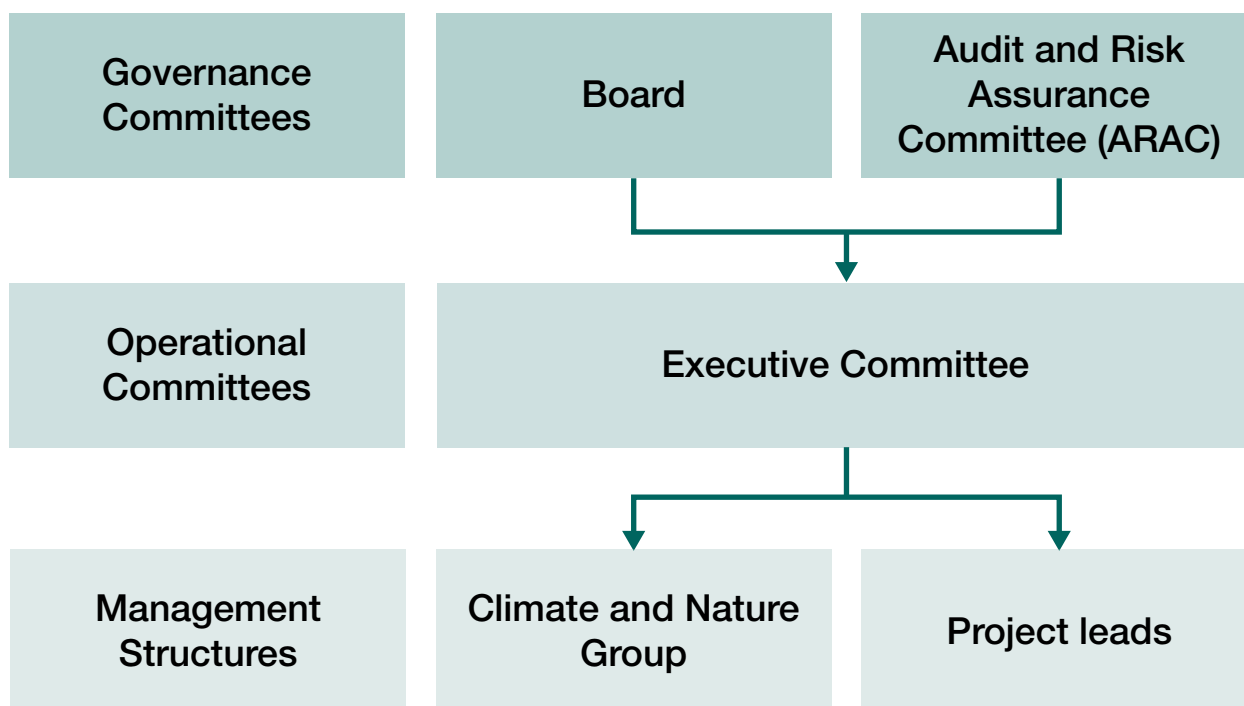
| TCFD core pillar  | Recommended disclosures  | Relevant section  |
|---|--|---|
| <p><b>Risk management</b><br/>Disclose how the organisation identifies, assesses and manages climate-related risks.</p>   | <p>a. Describe the organisation's processes for identifying and assessing climate-related risks.</p> <p>b. Describe the organisation's processes for managing climate-related risks.</p> <p>c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.</p>  | <p><b>Risk management</b></p> <p><b>Risk management</b></p> <p><b>Risk management</b></p>   |
| <p><b>Metrics and targets</b><br/>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p> | <p>a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b. Describe Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.*</p> <p>c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p> | <p><b>Metrics and targets</b></p> <p><b>Metrics and targets and Appendix A – Greening Government Requirements</b></p> <p><b>Metrics and targets</b></p> |

\*Required disclosures in Phase 1.

GAD plans to make disclosures for Strategy (scenario analysis) and add further details to Risk Management and Metrics and Targets (including Scope 3 emissions) disclosures in 2024-25 annual report and accounts.

## Structure and governance

Climate-related matters are considered at all levels within our organisation and are integrated into our business processes as far as possible. The board is ultimately responsible for climate risk management and strategy at GAD, but day-to-day management is the responsibility of the Executive Committee and others within the organisation, as shown below.



The Board is responsible for the oversight of climate-related risks and opportunities impacting the department. Operational and day-to-day issues are managed by the Executive Committee which meets weekly.

Over 2023-24, the Board discussed issues relating to risk management including climate change.

The Audit and Risk Assurance Committee (ARAC) has the responsibility for risk management processes and frameworks. Any climate change-related risks are highlighted and discussed at ARAC as and when required. During 2023-24, ARAC considered climate-related matters and the associated risks and opportunities.

The Actuarial Director for Quality, Compliance and Risk sits on both the Board and attends ARAC and has responsibility for ensuring a comprehensive consideration and proportionate response to climate risks and opportunities facing the organisation.

GAD has reported on sustainability metrics for over a decade, in line with the Greening Government Commitments (GGCs).

The Board delegates some responsibility to various sub-committees.

| Committee                       | Climate-related responsibilities   | Process for being informed about climate-related issues   |
|---------------------------------|--|---|
| <b>Executive Committee</b>      | <p>Responsible for operational management including the approach to climate change and sustainability-related issues.</p> <p>Also responsible for monitoring progress towards climate-related targets and monitoring risk development. This includes ensuring progress on the GGCs.</p>  | <p>Informed through various forums including the TCFD working party and through the Climate and Nature Group management team.</p> |
| <b>Climate and Nature Group</b> | <p>Responsible for the day-to-day monitoring of climate related risks, reporting upwards on a regular basis.</p> <p>Leads the work to identify and progress climate-related opportunities.</p> <p>Responsible for ensuring all staff have the knowledge and expertise to identify and manage climate risks and opportunities arising.</p> <p>The group reports to the Executive Committee, including through formal oversight meetings with Executive Committee members.</p> | <p>The group meet monthly with insight and information coming from a range of stakeholders, including project leads.</p>          |
| <b>Project leads</b>            | <p>Responsible for considering climate-related issues relevant to specific projects. Our actuaries have professional responsibility to consider climate related risks in all their work.</p> <p>Leads report to Executive Committee members as appropriate.</p>  | <p>Informed through the Climate and Nature Group and relevant external stakeholders (including the IFoA).</p>                     |



The Climate and Nature Group has played a pivotal role in the development of climate-related opportunities with our clients since its inception.

Several members of the group also contribute to broader sustainability-related initiatives. This includes two group members volunteering for the Institute and Faculty of Actuaries' Sustainability Board, working to incorporate sustainability into actuarial education and developing guidance on new practices for actuaries working in this area. One member of the group has also been on the committee of the Civil Service Climate and Environment Network helping to inspire other civil servants, building climate and environmental knowledge and capability across government.

## **Strategy**

We are committed to supporting progress towards the UK's target of net zero by 2050. Since 2009 we have met the international standard (ISO 14001) for our environmental management system (EMS) and we continue to integrate sustainability across our operations.

While we are a relatively small department, with minimal operating footprint (directly contributing less than 0.1% of government's greenhouse gas emissions) we have a much broader impact and exposure through our work and advice.

In order to reduce our climate impact, and maximise the benefits from any opportunities, it is imperative that we have a strong understanding of how climate change may impact our business. The results of our climate risk and opportunity analysis are detailed below. Details of our risk management processes, including how climate risks and opportunities have been identified and assessed are included in the Risk management section.

Climate is not currently a principal risk for GAD, but the following sections set out the most material risks and opportunities to GAD as a result of climate change. Climate is not considered a principal risk because GAD has limited direct exposure, reducing the likelihood of risks materialising, and has mitigations in place to reduce the severity of risks, as detailed below. GAD's priority outcomes and delivery are resilient to the impacts of climate change in the short to medium-term. GAD will however continue to monitor the risk climate change poses to its operations and strategy.

## **Key risks**

Climate risks are generally categorised as either physical or transition:

- Physical risks arise from exposure to climate-related changes including changes in temperature and extreme weather events. Physical risks can be classified as acute, meaning they are specific events such as floods or storms; or chronic, meaning they gradually evolve over time, such as sea level rise.
- Transition risks arise from moving to a greener, low carbon economy. These risks are primarily due to policy and financial market changes.

| Description  | Area of impact         | Time horizon   | Business impact   | Mitigations   |
|--|------------------------|--|---|---|
| <p>Acute and chronic physical climate risks may disrupt our ability to work from office locations.</p> | <p>GAD operations.</p> | <p>Increased risk of acute impacts over the medium- to long-term. Chronic effects are more likely to impact the business by the end of the 21st century.</p> | <p>We expect the frequency and severity of adverse weather conditions to increase, and hence the impact on our operations to increase as a result. GAD has office space in London and Edinburgh; however, these are managed by the Government Property Agency (GPA) and HM Revenue and Customs (HMRC) respectively. As a result, the main impacts for GAD include:</p> <ul style="list-style-type: none"> <li>• increased rent due to increased costs of running the buildings</li> <li>• lost revenue due to business disruption</li> <li>• impact on service delivery, affecting reputation</li> <li>• health, safety and wellbeing risks for our people</li> </ul> | <p>Remote working should reduce the disruption from acute events. All staff are suitably equipped to work flexibly as necessary.</p> <p>The majority of our people are based in 10 South Colonnade, managed by GPA. GPA has recently published their climate change adaptation strategy which outlines their work to date and summarises priority adaptation actions they are looking to take across their portfolio.</p> <p>Initial analysis shows that both 10 South Colonnade and our office in Edinburgh (Queen Elizabeth House) are not likely to face significant impacts from major climate hazards (with initial analysis focusing on flooding, overheating and other extreme weather events). Analysis was done using 2°C and 4°C warming scenarios, up to 2070.</p> <p>Within the next year, GPA is also aiming to do more bespoke local analysis and risk assessments. GAD will contribute as needed to support this work.</p> |

| Description  | Area of impact         | Time horizon                 | Business impact   | Mitigations   |
|--|------------------------|------------------------------|---|---|
| <p>Acute physical climate risks from increased frequency/severity of extreme weather events may impact productivity.</p> | <p>GAD operations.</p> | <p>Medium- to long-term.</p> | <p>Physical climate risks are likely to lead to reduced productivity as they become more frequent and severe. Impacts on GAD include:</p> <ul style="list-style-type: none"> <li>• disruption when travelling to clients and between our office network leading to lost time and revenue</li> <li>• IT downtime and connectivity issues lead to lost revenue</li> </ul> | <p>Responsibility for managing our IT infrastructure resilience is largely delegated to HM Treasury, our IT service providers.</p> <p>Over 2023-24, HM Treasury IT service completed its initial climate adaptation action by becoming fully cloud based. Over the next year they also plan to further engage with suppliers to action Treasury Group's Climate Adaption Plan, due to be completed in 2024.</p> <p>Business travel has reduced and is always considered against alternatives, such as hybrid working. This not only reduces our operational carbon footprint but reduces our exposure to this risk.</p> |

| Description  | Area of impact                         | Time horizon                  | Business impact   | Mitigations   |
|--|--|-------------------------------|---|---|
| <p>Reputational and regulatory risks from actual or perceived failure to adequately consider climate risk in our advice or contribute actively towards broader sustainability.</p> | <p>Clients and other stakeholders.</p> | <p>Short- to medium-term.</p> | <p>Actuaries have a professional obligation to consider, where material, climate risks. Increasingly, projects are also subject to specific sustainability-related regulations.</p> <p>Failure to comply with these regulations could lead to financial and reputational impacts.</p> <p>GAD also has requirements to comply with public sector regulations, including the GGCs and the phased implementation of TCFD-aligned disclosure.</p> | <p>The Climate and Nature Group keeps colleagues up to date on regulatory and professional requirements and can provide expertise where needed. Annually, as part of business-as-usual processes, the group meets with the Technical Committee to ensure the professional and technical risks associated with climate and nature are adequately considered.</p> <p>GAD contributes actively to cross-government sustainability related projects, including the guidance for the implementation of TCFD recommendations, keeping up to date with developments.</p> <p>This year, GAD purchased macroeconomic climate scenarios from a third-party specialist to enhance our capability in this area and we are working through how these scenarios can be integrated into our client advice.</p> |

| Description   | Area of impact         | Time horizon        | Business impact   | Mitigations  |
|---|------------------------|---------------------|---|--|
| <p>Risk of increased charges from third parties as a result of their transition and exposure to physical climate risks. GAD does not have excessive exposure to third parties, but several key contracts include those with GPA and TrIS.</p> | <p>GAD operations.</p> | <p>Medium-term.</p> | <p>Increasing exposure to physical climate risk may lead to increased expenditure for suppliers, which may be reflected in the cost of services for GAD. Purchase agreements reduce the potential impact in the short-term; however, increases could become material in the medium-term. Increasingly stringent climate-related regulation may also require suppliers to incur additional transition-related expenditure, which again may be passed onto GAD.</p> | <p>Over 2023-24, GAD has been engaging with key suppliers, including GPA and TrIS to ensure climate risks are being considered appropriately.</p> <p>GAD will continue to work with third parties to ensure they are able to transition as effectively as possible to net zero.</p> <p>GAD has expanded its monitoring of Scope 3 emissions in 2023-24, going beyond that necessary for compliance with the GGCs. Over the coming years we aspire to improve the quality of this data and maximise the transparency in reporting to demonstrate progress on supplier engagement.</p> |

| Description   | Area of impact  | Time horizon                  | Business impact   | Mitigations  |
|---|-----------------|-------------------------------|---|--|
| <p>Risk of increased revenue volatility. Income may become more unpredictable as a result of changing departmental and client priorities through the climate transition. The potential for lower economic growth may reduce departmental budgets for GADs services.</p> | <p>Clients.</p> | <p>Short- to medium-term.</p> | <p>GAD may face reduced business demand and hence revenue for some services, depending on the nature of the climate transition, and government priorities. In particular, to aid the UK and global transition, GAD's clients may be required to spend more on transition-related activities and hence have reduced budgets for GADs services. A disorderly transition is expected to lead to the greatest risk of revenue volatility.</p> | <p>GAD will continue to respond dynamically to changing government priorities and offer new services where there is demand from the public sector to do so. GAD is currently developing its strategy to 2030 which will consider climate change, and the ways in which GAD can adapt to uncertain client demand.</p> |

## Key opportunity

| Description   | Area of impact                  | Time horizon           | Business impact   | Business response  |
|---|---------------------------------|------------------------|---|--|
| Opportunity to increase advice to clients across new and existing projects, leading to increased revenue. | Clients and other stakeholders. | Short- to medium-term. | Over the transition period the demand for sustainability-related advice and services, including support in implementing the recommendations of the TCFD and scenario analysis, across the public sector will likely increase. GAD is in a unique position to support clients with this activity and recognises that doing so will mean GAD maximises its impact and contribution to the transition. | The Climate and Nature Group will continue to liaise with stakeholders across the public sector to understand their needs. GAD will continue to invest in people to ensure we have the skills and expertise needed to best support the sector over the transition period, offering innovative solutions to problems. |

For a number of years, GAD has been integrating the consideration of the impact of climate-related risks and opportunities on our strategic business planning. In 2020, we published GAD's 2020-25 strategic plan, which highlighted climate change as an area of focus to assess where GAD could add the most value across government.

We are currently beginning work on our 2030 strategy and climate change is being considered in this work, in a business-as-usual fashion. More details on the consideration of climate change in our strategic vision will be published in next year's sustainability reporting.

## Time horizons

Time horizons for risk assessment and management are chosen to align with business and strategic planning horizons.

| Term        | Time horizon | Rationale  |
|-------------|--------------|--|
| Short-term  | Up to 1 year | A 1-year time horizon aligns well with other business planning and objectives.   |
| Medium-term | Up to 2030   | Our next strategic plan will cover the period 2025-2030. Medium-term risks will be considered alongside this strategy.   |
| Long-term   | Up to 2050   | It is important to have a longer-term outlook to allow time for the impacts of climate change to be felt, in particular the physical risks, that may take time to be fully realised. |

## Scenario analysis

GAD has not yet conducted climate change scenario analysis on our own organisation. While climate change is not a principal risk for GAD and therefore the requirement to complete scenario analysis does not apply, our intention is to conduct proportionate scenario analysis over 2024-25 for disclosure in next year's sustainability reporting.

## Risk management

We are experienced in handling complex risks in our advice to clients. Our risk management principles are broadly applicable and embedded into everyday processes. GAD's overall risk management processes are covered in more detail in the [risk management section of the corporate governance report](#).

Climate change risk is considered in all projects. When projects are established, risk registers are completed as standard. In 2023 an update was made to the risk register documentation to specifically remind colleagues of the importance of considering the impact of climate change on projects. This is in line with guidance and standards set by the Financial Reporting Council (FRC). The FRC sets technical standards for actuarial work in the UK.

All material risks, including those relating to climate change are assessed in a consistent manner, using RAG ratings based on qualitative assessments of the relative likelihood and severity of each risk. The management of these risks is then considered on a project-specific basis to ensure an effective yet proportional response.

Risks are then considered at a team level, and escalated to the Executive Committee if that is deemed appropriate. Risks can then be further escalated to the Board.

Separately, GAD also has a long-term strategic risk register. Currently, climate change is not considered a principal risk to GAD and there are no specifically climate-related risks at the highest level. This reflects the nature of GAD's work and operations at present. We continue to monitor this, including whether any regulatory requirements may emerge and lead to a significant impact.



## Metrics and targets

Through the GGCs, GAD has agreed to a number of targets, with a deadline of March 2025, including:

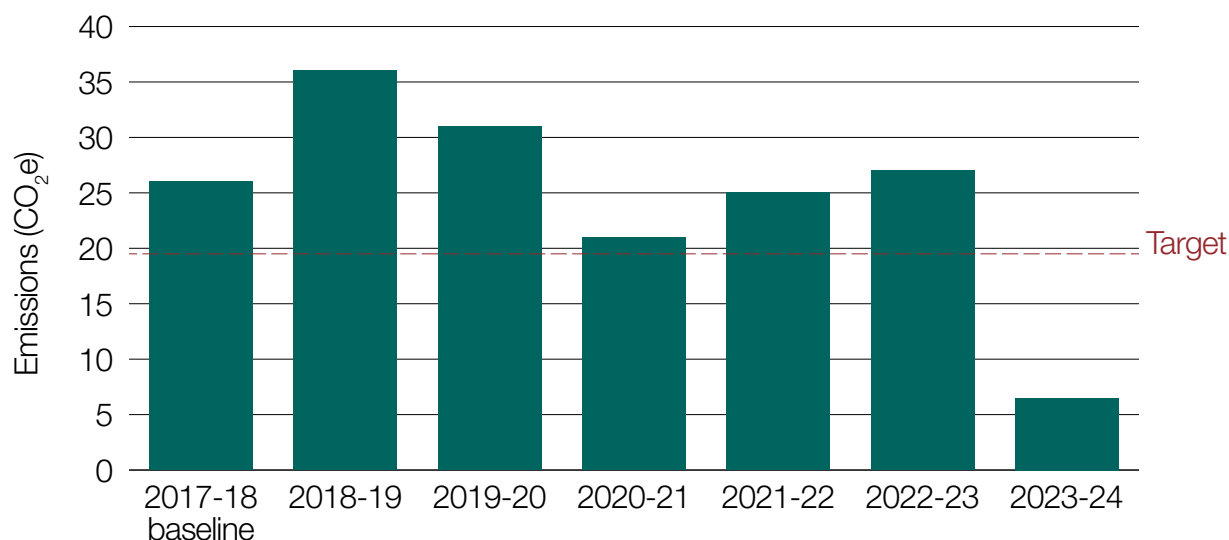
- reducing direct (Scope 1) greenhouse gas (GHG) emissions from estate and operations by 25% from a 2017 to 2018 baseline
- reducing the emissions from domestic business flights by at least 30% from a 2017 to 2018 baseline
- reducing the overall amount of waste generated by 15% from a 2017 to 2018 baseline
- reducing overall water consumption by at least 8% from a 2017 to 2018 baseline

In addition, GAD has targets to:

- reduce total Scope 1 and 2 emissions per employee by 25% from a 2017 to 2018 baseline
- improve the quality of environmental data, particularly Scope 3, by 31 March 2025
- engage with the supply chain to reduce emissions over the next three years
- enhance the range of metrics used to assess climate risks and opportunities, to be disclosed in next year's sustainability reporting

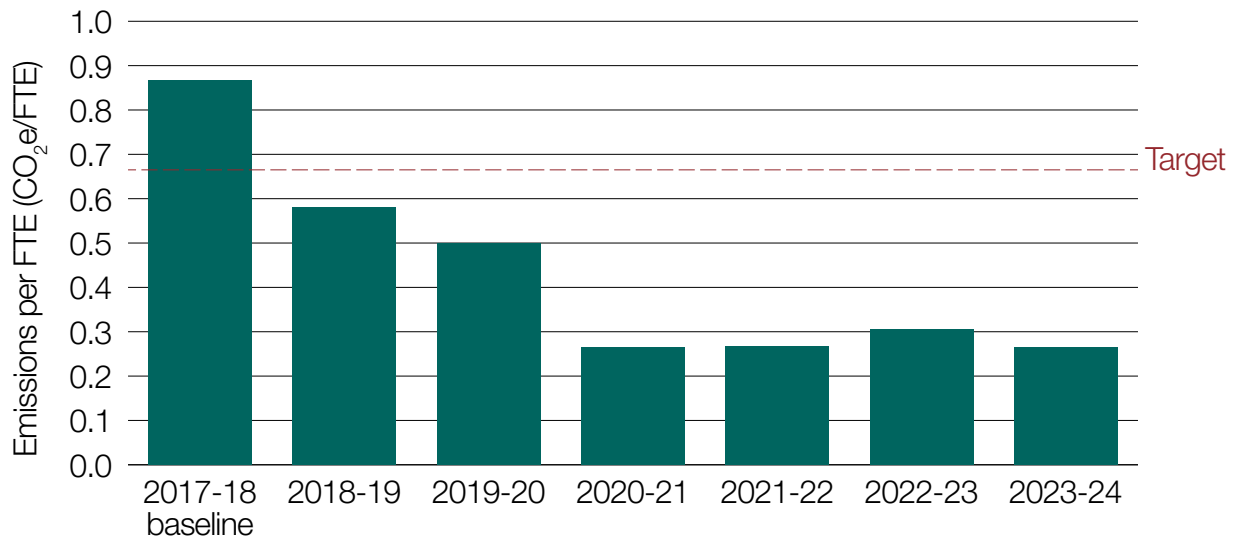
## Progress against targets

### Reducing our Scope 1 emissions



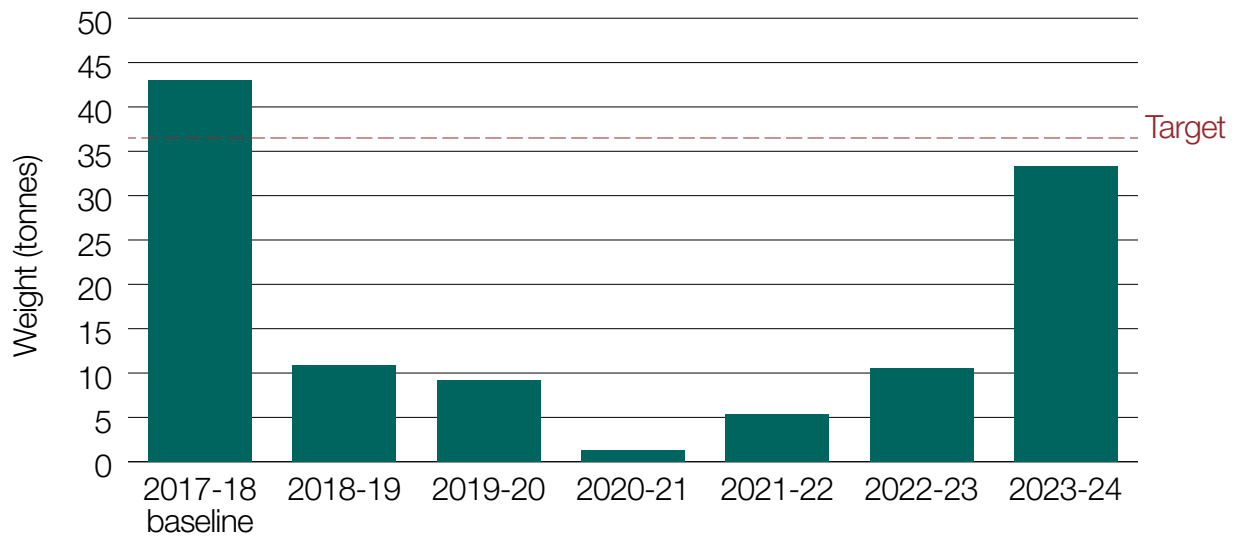
GAD has made good progress, reducing total Scope 1 emissions since 2017-18, largely due to the move to 10 South Colonnade, a more energy efficient building.

### Reducing our Scope 1 and 2 emissions per FTE staff member



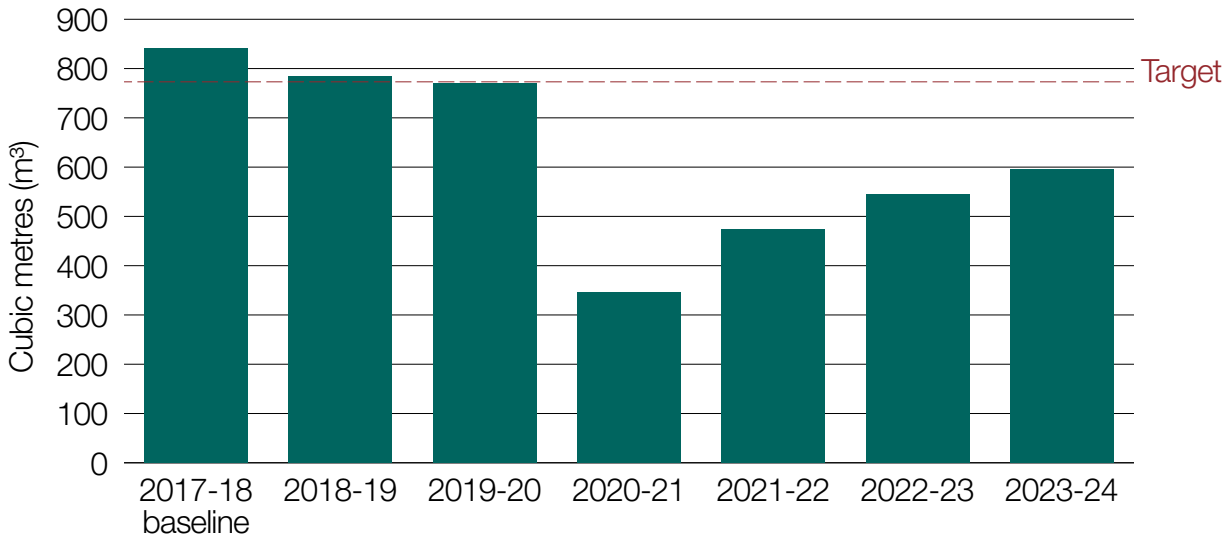
Total Scope 1 and 2 emissions per full time equivalent staff member have reduced by over 50% since 2017-18.

### Reducing our total waste



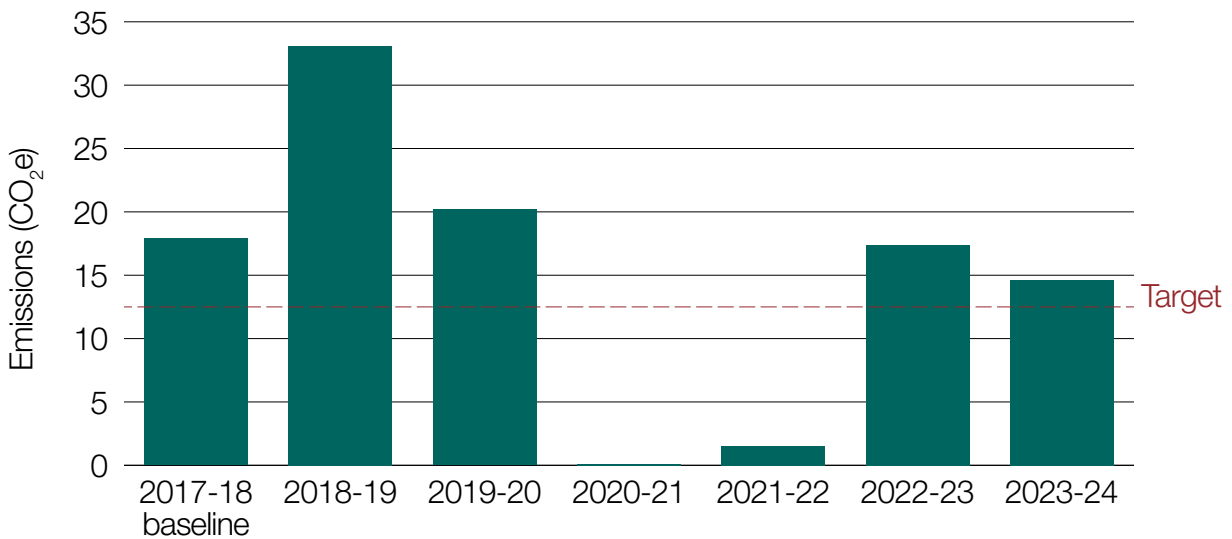
GAD has made good progress reducing total waste. No waste goes to landfill and over 90% waste in 2023-24 was reused, recycled or composted. There was an increase in waste in 2023-24 due to the office move from Finlaison House to 10 South Colonnade (Canary Wharf) which resulted in increased office and building waste.

### Reducing our total water usage



Total water usage is also well below target. Measuring water usage per FTE staff member sees a more significant reduction as well.

### Reducing domestic flight emissions



GAD’s domestic flight emissions have reduced by less than the government target. This is as a result of increased staff travel between GAD’s London and Edinburgh offices due to the continued growth of GAD’s Edinburgh office. In order to achieve the emissions target by the end of the GGC period, GAD has in 2024-25 updated its travel policy to prioritise rail over air travel whenever possible.

## Total GHG emissions

In 2023-24 work was done to better understand and quantify Scope 3 emissions, beyond business travel which, in line with the GGCs, has been reported in previous years. Scope 3 emissions are all emissions that occur as a consequence of GAD's activity, but that are not owned by GAD. These include emissions from business travel, staff commuting and also emissions within GAD's supply chain.

Initial analysis, due to be refined over 2024-25, indicates that as much as 93% of GAD's emissions are Scope 3. This is comparable to other professional service organisations and emphasises the need to engage with the supply chain to cut emissions and meet net zero.

## Data quality

We have been consistently improving the quality of our environmental management system (EMS) and environmental data for a number of years. Moving to 10 South Colonnade has meant that we have less direct control over the data relating to building energy and water use. However, we have been working with GPA to ensure we have high quality environmental data and will continue efforts in this space over 2024-25.

As mentioned above we are going to be specifically focusing on our Scope 3 emissions data over 2024-25, while continuing to liaise with the supply chain on their emissions.

### Fiona Dunsire

Government Actuary

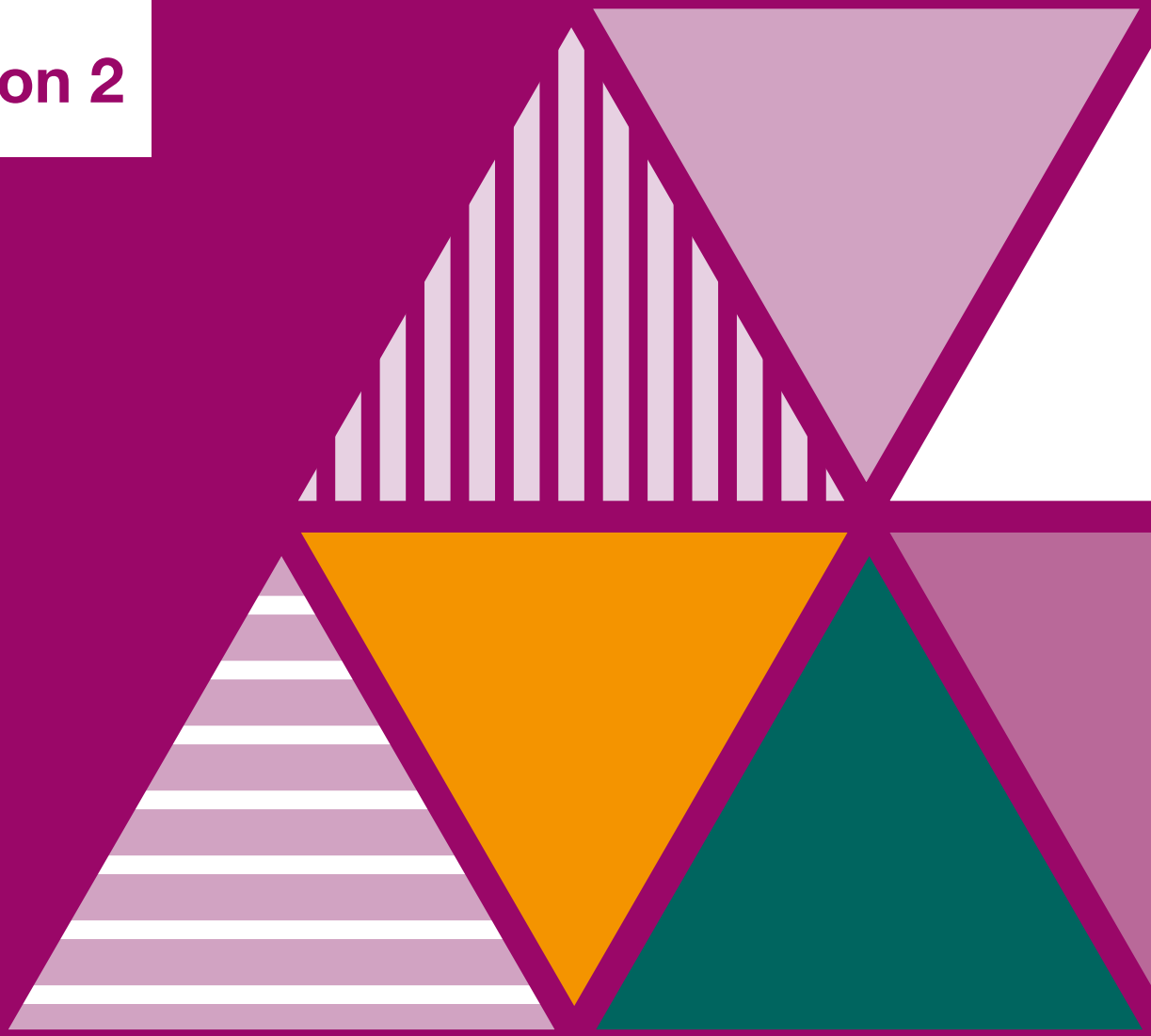
Accounting Officer

5 November 2024





## Section 2



# The Accountability Report



## Overview

The Accountability Report includes the:

- **Corporate governance report** comprising the Executive's report, the Statement of Accounting Officer's responsibilities and the Governance Statement
- **Remuneration and staff report** comprising information on the pay and benefits received by Board members and provides details on staff costs and numbers
- **Parliamentary Accountability and Audit report** comprising 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

Details of the chairman and the composition of the Board can be found in the Governance Statement. Board members' interests are disclosed in the Remuneration report.

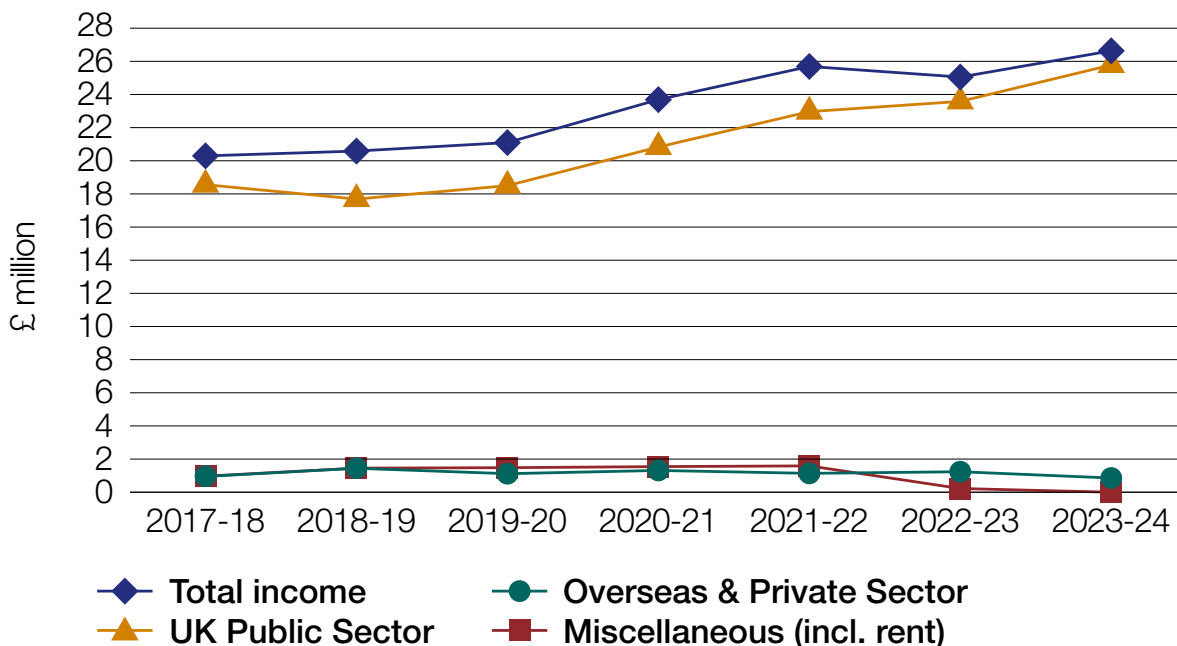
During the year we generated an operating surplus of £1.580 million. Income for the year was £26.634 million. Fee income (income from actuarial services) increased by 7.3% (£1.815 million) from £24.819 million in 2022-23, to £26.634 million in 2023-24. Our fee rate increase for 2023-24 was 3%.

Income generated from within the UK was £26.355 million (2022-23: £24.743 million).

Overseas income was £279k (2022-23: £309k).

GAD no longer has any rent and miscellaneous income as the subletting arrangement at Finlaison House finished when GAD moved to its new office in Canary Wharf.

### Income analysis



Administration and finance costs in 2023-24 amounted to £25.202 million, a £1.016 million increase from £24.186 million in 2022-23. Staff costs of £19.598 million are the main component of administration costs. Staff costs in 2023-24 increased by 5.5% (£1.030 million), mainly due to the Civil Service pay award. Other administration expenditure in 2023-24 amounted to £5.604 million, a small £14k decrease from £5.618 million in 2022-23.

GAD's capital spend in 2023-24 was £4.940 million which is a £4.773 million increase on the £167k in 2022-23. This is as a result of the capital impact under IFRS 16 of GAD entering its new office lease in Canary Wharf.

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

The Statement of Financial Position shows total assets of £11.655 million (2022-23: £8.099 million), non-current and current assets less current liabilities: £8.163 million (2022-23: £3.330 million), and non-current liabilities of £5.197 million (2022-23: £685k).

### **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 2023-24, 98.4% of invoices by value (96.4% by number) were paid within five working days. The equivalent figures for 2022-23 were 99.6% of invoices by value (98.4% 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 2023-24, we spent £347k (2022-23: £110k) on consultancy and professional services. These costs were mainly for improving the capability of GAD's core actuarial software platform and for climate scenarios. We incurred costs of £41k (2022-23: £57k) on the employment of temporary staff including a HR officer. We aim to have a small proportion of staff on temporary and fixed-term contracts to provide flexibility to meet fluctuating demand.

In 2023-24, £24k was incurred on publicity and advertising costs, all of which was for recruitment (2022-23: £13k).

### **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 2023-24 (2022-23: £nil).



## Recruitment and turnover

GAD's staff turnover this year was 13.0% to the end of March 2024 (17.4% in 2021-22). This figure was calculated against all leavers from the organisation.

This year's recruitment activity for our organisation was characterised by steady activity both to maintain staffing levels and build capability in new areas such as climate change. To ensure smooth operations throughout the year, we maintained a rolling campaign so we were ready to fill any positions vacated through natural staff turnover, and were maintaining awareness of our brand in a competitive marketplace. A major highlight of our activity was our extensive graduate recruitment campaign. This initiative involved significant planning and co-ordination with a selected provider to attract top talent and build a strong pipeline of future leaders for our growing organisation.

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

GAD's appointment/employment 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 employees terms of employment.

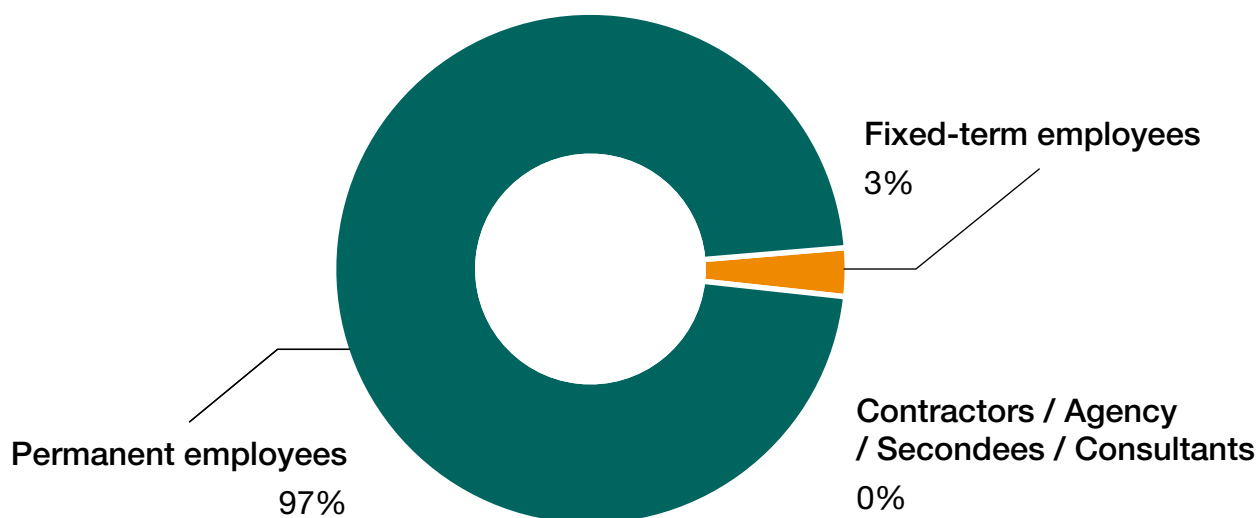
| Turnover 2023-24 | Turnover 2022-23 |
|------------------|------------------|
| 13.0%            | 17.4%            |

## Staff in post as at 31 March 2024

|  | Staff in post<br>31/03/2024 | Male       | Female    | Staff in post<br>31/03/2023 | Male       | Female    |
|--|-----------------------------|------------|-----------|-----------------------------|------------|-----------|
| Actuaries  | 114                         | 63         | 51        | 113                         | 67         | 46        |
| Trainee actuaries  | 27                          | 17         | 10        | 28                          | 18         | 10        |
| Analysts   | 39                          | 29         | 10        | 36                          | 27         | 9         |
| Support staff  | 41                          | 17         | 24        | 37                          | 16         | 21        |
| Agency/<br>non-payroll   | 0                           | 0          | 0         | 2                           | 0          | 2         |
| <b>Total</b>   | <b>221</b>                  | <b>126</b> | <b>95</b> | <b>216</b>                  | <b>128</b> | <b>88</b> |
| Of which senior leadership (members of GAD's Executive Committee)* | 12                          | 8          | 4         | 13                          | 8          | 5         |

\*Prior year GAD Executive Committee figures have been restated for increased clarity.

The following chart shows the workforce mix as at 31 March 2024:



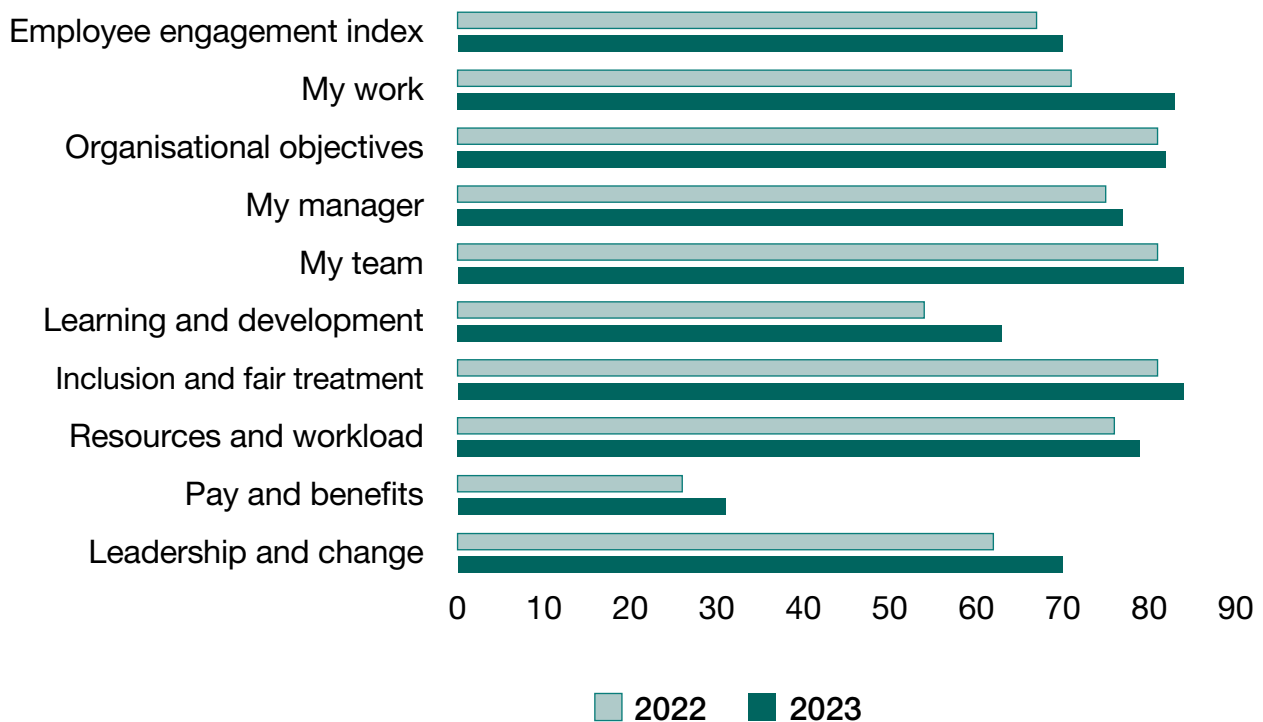
### Staff engagement survey

The annual Civil Service People Survey for 2023 took place over September/October 2023 and was completed by 160 members of staff, which represented 77% of staff available at the time to complete the survey. The average response rate across the Civil Service was 65%.

- Overall, the results of the survey were improved on those seen in 2022 and are generally more favourable compared to the figures for the entire Civil Service. Our overall engagement index, which is an aggregated statistic based on survey results, has increased from 67% to 70%. Our 2023 result is 6% higher than the equivalent figure for the whole Civil Service.
- We saw the greatest increase in positive responses for questions associated with 'Learning and development' (from 54% positive to 63%), and 'Leadership and managing change' (from 62% positive to 70%). Both results are reassuring given a year that saw an increased focus on learning and development, as well as significant changes in the organisation, including the relocation of our London office.
- The previous survey in 2022 saw a significant drop in positive responses to questions around 'Pay and benefits'. This has increased to 31%, which while a welcome development, remains below prior figures (the 2021 figure was 40%).
- The areas with the most positive responses were those covering 'Inclusion and fair treatment' (84%), 'My team' (84%) and 'My work' (83%). This is in line with results from previous years.

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 2022 | GAD score 2023 | Change from 2022 |
|------------------------------|----------------|----------------|------------------|
| Employee engagement index    | 67%            | 70%            | +3%              |
| My work                      | 81%            | 83%            | +2%              |
| Organisational objectives    | 81%            | 82%            | +1%              |
| My manager                   | 75%            | 77%            | +2%              |
| My team                      | 81%            | 84%            | +3%              |
| Learning and development     | 54%            | 63%            | +9%              |
| Inclusion and fair treatment | 81%            | 84%            | +3%              |
| Resources and workload       | 76%            | 79%            | +3%              |
| Pay and benefits             | 26%            | 31%            | +5%              |
| Leadership and change        | 62%            | 70%            | +8%              |



## Diversity, inclusion and wellbeing

We are committed to embedding diversity, inclusion and wellbeing (DI&W) into our people-related activities, building on progress to date to ensure the GAD is diverse and inclusive – an organisation where everyone can thrive wherever they are based.

Our diversity and inclusion strategy focuses on:

- **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

During 2023-24, GAD continued its commitment to creating a department that has a rich mix of backgrounds, skills and expertise. We draw on the widest possible evidence, experiences and perspectives, which helps our decision making, allows us to better understand and resolve problems, and means our advice to the public sector is effective. We monitor our diversity data in line with Civil Service and national statistics and are proud of our sustained progress on representation over the last few years. We support diversity of thought and innovation, ensuring we feel empowered to perform in our jobs to the best of our ability and in different ways. We support everyone to thrive and belong here, therefore all talents are embraced, valued and successes celebrated.

A few examples of initiatives delivered this year are:

- an active Women's Network Teams Channel for staff to support each other and engagement for International Women's Day
- 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 Pride picnic and a speed dating mentoring programme
- blogs and news items for sharing experiences and raising awareness

This year, we refreshed our governance around DI&W, appointing a new Executive sponsor for DI&W across the organisation, consolidating the Diversity and Inclusion group and Wellbeing group to form the Diversity, Inclusion and Wellbeing group, ensuring a shared purpose and effective collaboration across the department.

## 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 2024 to be 1.7% in favour of men and the median pay gap to be 0%. Comparative figures for 31 March 2023 for the mean gender pay gap in hourly pay stood at 6.2% in favour of men and the median pay gap at 7.7% in favour of women. Pay comparability within grades is kept under review and, if appropriate, adjustments are made.

## Learning and Development (L&D)

As a learning organisation, GAD encourages all employees to continuously develop their skills and knowledge. In the past year, we have made significant progress in L&D. We have:

- expanded the L&D team, appointing an L&D officer to support the recently appointed Head of Talent and Skills Development
- continued to encourage employees to spend up to 10 days on developing their skills and expertise through learning and development activities and promoted a culture of learning through various initiatives including a new bimonthly L&D newsletter, events, articles, and sharing success stories.

We have delivered L&D activities on key priority areas, specifically:

- Line management
  - We've reviewed and refreshed the offer for line managers, developing a yearly L&D plan of interventions and resources to support line managers' upskilling and their role in developing their staff.
- Leadership
  - We provided bespoke learning and delivered a leadership programme for mid-level managers and a tool aimed at facilitating the ongoing development of senior leaders.
- Technical skills and knowledge
  - We've continued to run the Trainee Rotation Programme to broaden our trainees' experience and introduced a bespoke transition period to ease the move from one team to another.
  - We developed and launched GAD Analyst Competency Framework, building from best practice across government, but tailored to the work of GAD's analysts.
  - We've continued to offer both formal and informal training on a range of technical areas, including a formal data science training programme.
  - We've secured corporate membership with the Royal Statistical Society.
  - We continue to support our remaining Project Management apprentices through membership with the Association for Project Management.
- Mentoring
  - We refreshed GAD mentoring offer and delivered events, such as speed mentoring, to raise awareness on resources available and encourage staff to develop.
  - We continued to offer our actuarial staff places on a mentoring programme organised through the Institute and Faculty of Actuaries.
- Mandatory training
  - We ran an effective communication campaign which led to 100% completion rates for both Data Protection and Security and Civil Service Expectations (excluding staff on long-term leave, career breaks and secondments).

A measure of the progress we've made is reflected in the People Survey scores, which saw an increase of 9% points from 2022 results, moving from 54% to 63% in L&D.

We will look to improve on this position, and we are planning to implement several other measures in 2024-2025, including:

- investing in our consulting capability
- continuing the development of our line managers
- supporting staff in meeting 10 days of L&D, including a comprehensive offer on key areas of learning identified through our business leads
- further developing the analyst development path, as well as consolidating our actuarial trainee activity into a single development offer

We believe that these measures will help us to improve our L&D culture even further 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.

It is important that all our people can raise concerns about the standards of service we provide or the behaviour of our people in delivering the service. Our Raising a Concern (including whistleblowing) Policy is available to our people on our intranet and sets out the steps to take to raise concerns about behaviours and practices at GAD. The policy is supported by detailed guidance on the procedures to follow when raising these concerns. 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.

As of 2023-24, there was one whistleblowing case reported (2022-2023: zero). The ARAC is informed of any cases of whistleblowing at GAD.

### **Personal data**

GAD has a wide range of policies relating to the protection, storage and retention 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 2023-24.

## **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 personal 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
- taking an active role 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 2023-24, in line with Civil Service guidance, we increased the office attendance requirement to 60% of our employees' time. We have procedures in place to ensure a safe working environment is maintained at home and at work:

- 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.
- 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.
- Midway through the year GAD moved its London staff from Finlaison House (Chancery Lane) to a government hub in Canary Wharf. All statutory health and safety inspections and testing have been carried out both in our Edinburgh and Canary Wharf offices. These included fire evacuation drills, fire alarm and fire extinguisher testing, water systems monitoring and lift inspections.
- An incident of reported bedbugs was reported in GAD's Canary Wharf office affecting a number of government departments. The requirement of colleagues attending the office 60% of their time was therefore lifted for a three-week window, while the building was treated. No other 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 judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis

HM Treasury has appointed the permanent head of the department (the Government Actuary) 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.

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 judgements required for determining that it is fair, balanced and understandable.

### Auditor

The Comptroller and Auditor General is the statutorily appointed auditor for the department's accounts. The notional cost of audit services in 2023-24 was £77,000 (2022-23: £70,500). No fees, either actual or notional, were incurred for non-audit work (2022-23: £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 Exchequer Secretary to the Treasury since 9 July 2024. Prior to this it sat with the Financial Secretary to the Treasury.


The Government Actuary is accountable to the Second 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. Fiona Dunsire had been the Government Actuary since November 2023.

## Governance committees

### GAD Board

GAD's 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 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 was conducted by an independent external reviewer in spring (March to April) 2024. An action plan has been drawn up and agreed by the Board to enable the Board to function effectively and support GAD to achieve its objectives. This focuses on actions to continue to elevate the strategic impact of the Board, and managing the succession and replacement of Board members to ensure the right mix and diversity of input for the future.

Membership of the Board as at 31 March 2024 was:

|   |                        |   |
|---|------------------------|---|
|    | Indrani Banerjee-Jones | Director of Finance and Operations  |
|    | Fiona Dunsire          | Government Actuary from 1 November 2023   |
|    | Matt Gurden            | Deputy Government Actuary   |
|    | 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   |
|  | Graeme Taylor          | Director of Human Resources on interim basis from 14 August 2023  |
|  | 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 |

Martin Clarke, Government Actuary, and member of the Board, retired from the department on 31 October 2023. Fiona Dunsire started the role as Government Actuary on 1 November 2023. Wendy Dabinett was the Director of Human Resources until 31 October 2023.

## Non-executive board members

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

|                      |   |
|----------------------|---|
| <p>Bev Messinger</p> | <p>Bev joined the GAD Board in November 2021. She is an experienced former public/charity sector senior executive who now undertakes consultancy assignments alongside her 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 the Board of Your Housing Group, as their vice chair and chair of the People Committee.</p>   |
| <p>Les Philpott</p>  | <p>Les Philpott was appointed non-executive chair of the 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>  |
| <p>Ian Wilson</p>    | <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 the chair of GAD's Audit and Risk Assurance Committee since July 2021.</p> |

Between 1 April 2023 and 31 March 2024, the Board met eight times, with attendance as follows:

|                        |     |
|------------------------|-----|
| Indrani Banerjee-Jones | 8/8 |
| Martin Clarke          | 4/4 |
| Fiona Dunsire          | 4/4 |
| Wendy Dabinett         | 0/4 |
| Graeme Taylor          | 4/4 |
| Matt Gurden            | 8/8 |
| Stephen Humphrey       | 8/8 |
| Dave Johnston          | 8/8 |
| Bev Messinger          | 8/8 |
| Les Philpott           | 8/8 |
| Ian Wilson             | 8/8 |

Wendy Dabinett was on extended absence until she left GAD on 31 October 2023.

### **Audit and Risk Assurance Committee**

GAD has an Audit and Risk Assurance Committee (ARAC) comprising the three non-executive members of the Board, one of whom serves as the chair. The ARAC provides assurance to the Accounting Officer and the Board on the comprehensiveness and reliability of assurances on governance, risk management, internal controls and the integrity of financial statements and the annual report and accounts.

ARAC meetings are attended by the Accounting Officer, the Finance Director, and representatives of the internal and external auditors. The ARAC may ask any other staff members of GAD, or an independent member to attend to assist it with its discussions on any particular matter. The ARAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate discussion of particular items or for the committee to assemble its advice to the Management Board.

Between 1 April 2023 and 31 March 2024, the Audit and Risk Assurance Committee met four times with attendance as follows:

|                        |     |
|------------------------|-----|
| Indrani Banerjee-Jones | 4/4 |
| Martin Clarke          | 2/2 |
| Fiona Dunsire          | 1/2 |
| Stephen Humphrey       | 3/4 |
| Bev Messinger          | 4/4 |
| Les Philpott           | 4/4 |
| Ian Wilson             | 4/4 |
| Internal audit         | 4/4 |
| External audit         | 4/4 |

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

The committee reviewed the annual internal audit plan to ensure the overall audit coverage and recommended its adoption to the Board. During the year, ARAC reviewed the findings of the audits carried out and monitored 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.

The committee met four times during 2023-24 and considered a range of issues, including:

- **internal and external audit:** reviewing the planned activity and results of internal and external audit, including the adequacy of the management response to issues identified
- **risk management:** considering the scope of the risks and the effectiveness of management controls and mitigations
- **control environment:** considering the improvements required as identified through the corporate and actuarial assurance exercises and the progress made to resolve any gaps

The committee also assessed the Governance Statement and supported the signing of the annual report and accounts, through providing assurance to the Accounting Officer and the Board that the Governance Statement was meaningful, underpinned by robust evidence and a good range of assurances.

## **Members' interests**

Fiona Dunsire holds share options and shares in Marsh McLennan (MCC). A protocol and process for pre-approval of any trading in these shares was agreed with HM Treasury as part of Fiona's appointment as the Government Actuary.

No other directorships or significant interests that may have caused a conflict with their management responsibilities were held by the 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 Board and other 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 also holds regular in-person meetings to collaborate on topical issues in greater depth. For example, ExCo had a session about GAD's 2030 strategy work, which set out our broad ambition for our upcoming strategy, as well as how it would be approached over 2024-25.

### **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 of the Committee's work are periodically made to the 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.

The department maintains standing and ad-hoc committees to oversee programmes and initiatives as appropriate.

## 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. GAD’s 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** (BARs) in line with the guidance published on GOV.UK.<sup>6</sup> In compliance with BARs, GAD is transparent in the advice given to individual applications for senior staff, including non-executive directors.

|   | GAD |
|---|-----|
| Number of exits from the Senior Civil Service (SCS)   | 1   |
| Number of BARs applications assessed by the department over the year (by grade: SCS2, SCS1, and delegated grades)   | –   |
| Number of BARs applications where conditions were set (by grade: SCS2, SCS1, and delegated grades)  | –   |
| Number of applications that were found to be unsuitable for the applicant to take up by the department over the year (by grade: SCS2, SCS1, and delegated grades) | –   |
| Number of breaches of the Rules in the preceding year   | –   |

6 [www.gov.uk/government/publications/business-appointment-rules-for-crown-servants](http://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 Board reviews a summary of these risks at each meeting during the year. During 2023-24, 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: 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 Board. There are also reviews 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.

This process for risk management has enabled significant risks to be identified and mitigations to be discussed and implemented as appropriate.

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 largely unchanged over the year and 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

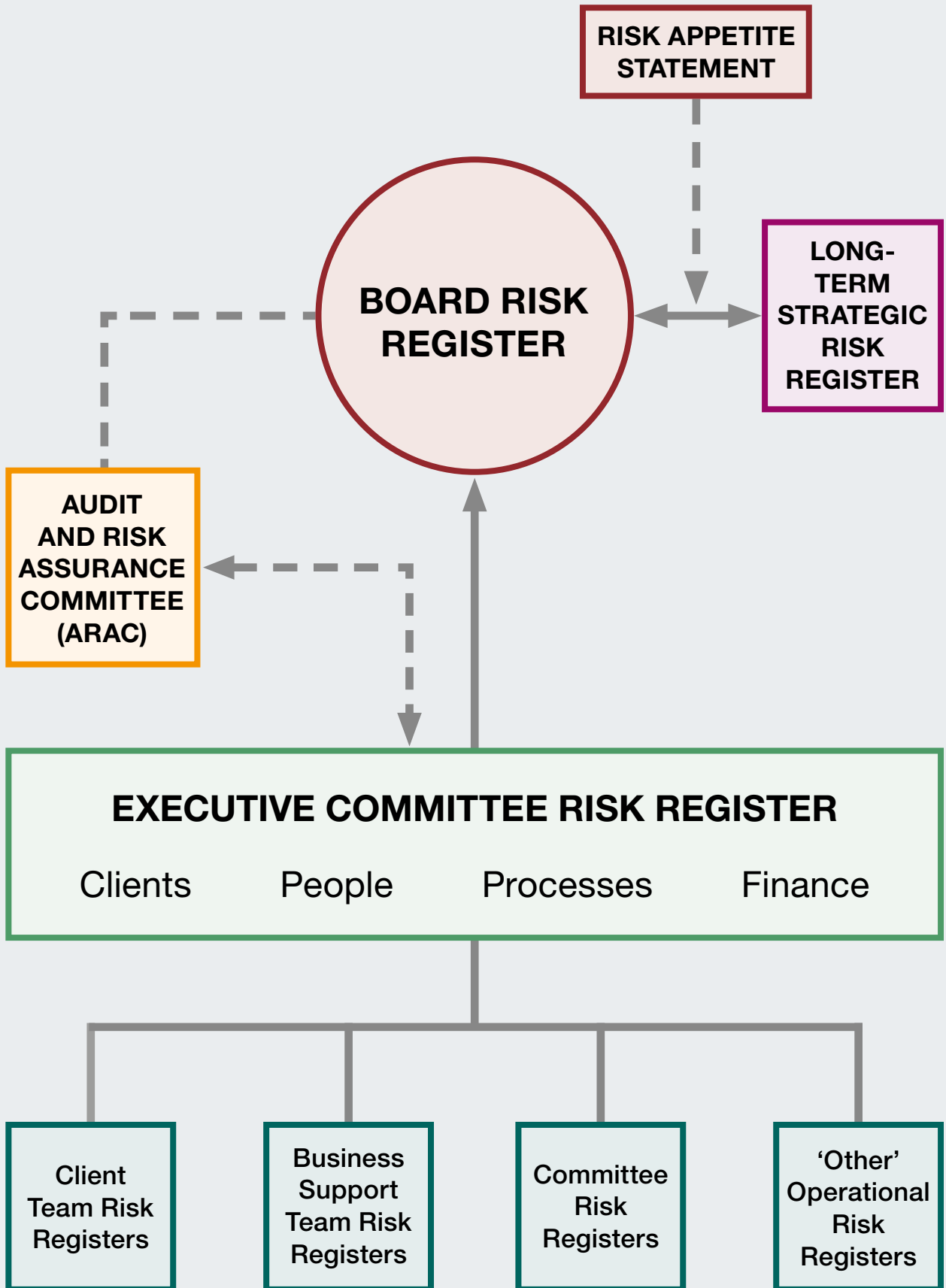


Risk that system or process failure or GAD fails to utilise modern techniques to analyse data and provide insights for clients. This may prevent GAD from delivering effectively, running inappropriate risks, or to loss of assets or sensitive data.

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 analytical 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 the **Board** are risks that ExCo deem to require attention or action by the Board.

**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 the Board/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 the Board.

**Long-term strategic risk register** is updated by balanced scorecard quadrant owners and reviewed quarterly at ExCo and the Board.

The **Board risk register** is updated by risk owners and reviewed each month by ExCo and the Board.

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 the Board/ARAC.

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

Administration 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.

Administration 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.

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.<sup>7</sup> 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 overview of risk performance was reported to each Board meeting.

## Quality Assurance Scheme

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

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

The accreditation process included an independent assessment of GAD's approach to quality assurance, conflicts of interest, training and development, speaking up and our relationship with the users of actuarial information. Based on this assessment, suitability was then determined by the QAS sub-committee. Each year GAD submits an annual return, providing evidence of continued commitment to the QAS themes.

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7 [www.gov.uk/government/publications/review-of-quality-assurance-of-government-models](http://www.gov.uk/government/publications/review-of-quality-assurance-of-government-models)

## Internal audit assurance

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

**Finance key controls:** This audit considered the controls in place including counter-fraud arrangements. A moderate assurance opinion was confirmed, with one medium and four low priority actions recommended.

**Quality assurance:** The objective of this audit was to provide assurance that GAD has effective quality assurance processes and that any issues were promptly identified, reported and acted on. A substantial assurance opinion was confirmed, with two medium priority actions recommended.

**Learning and development:** This audit focused on assessing GAD's policies procedures and guidance in place or learning and development. A moderate assurance opinion was confirmed, with two medium priority actions and three low priority actions recommended.

**GAD IT service provision:** This audit focused on ensuring that GAD's IT service was appropriately managed. It found that the move to Treasury IT services (TrIS) had been beneficial with improved governance and access to modern systems and ways of working. A substantial assurance opinion was confirmed with a recommendation to seek further assurances and clarifications with TrIS.

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 2024 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](https://www.civilservicecommission.org.uk) can be found on its website.<sup>8</sup>

#### Remuneration policy

The current head of the department, Fiona Dunsire, took over as Government Actuary on 1 November 2023. 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. The previous Government Actuary, Martin Clarke, left the department on 31 October 2023. 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 Second Permanent Secretary of HM Treasury. The determination of the pay of the remaining senior staff has been formally delegated to the Government Actuary.

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 2023 which was authorised by the Second Permanent Secretary for HM Treasury and paid in financial year 2023-24.

#### Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Board members of the department. These details are shown in accordance with the 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury.

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8 [www.civilservicecommission.org.uk](https://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 the Government Actuary's Department has appointed to the Board and the Audit and Risk Assurance Committee. The non-executive Board members NEBMs receive no emoluments except for fees of £540 per seven hours of service plus their travelling expenses.

|   | Salary (£000)                                   |         | Bonus payments (£000) |         | Benefits in kind (to nearest £100) |         | Pension benefits <sup>9</sup> (to nearest £1,000) |         | Total (£000) |         |
|---|---|---------|-----------------------|---------|------------------------------------|---------|---|---------|--------------|---------|
|   | 2023-24   | 2022-23 | 2023-24               | 2022-23 | 2023-24                            | 2022-23 | 2023-24   | 2022-23 | 2023-24      | 2022-23 |
| Fiona Dunsire <sup>10</sup><br>Government Actuary<br>(from November 2023) | 85-90<br>(215-220<br>full year<br>equivalent)   | --      | --                    | --      | --                                 | --      | 35  | --      | 120-125      | --      |
| Martin Clarke <sup>10</sup><br>Government Actuary<br>(until October 2023) | 120-125<br>(205-210<br>full year<br>equivalent) | 200-205 | 15-20                 | 15-20   | --                                 | --      | 46  | 122     | 185-190      | 340-345 |
| Matt Gurden<br>Deputy Government Actuary                                  | 165-170   | 155-160 | 0-5                   | 0-5     | --                                 | --      | 65  | 61      | 235-240      | 220-225 |
| Stephen Humphrey<br>Actuarial director – Quality,<br>compliance and risk  | 160-165   | 155-160 | 0-5                   | 0-5     | --                                 | --      | 44  | -13     | 210-215      | 145-150 |

<sup>9</sup> 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.

<sup>10</sup> 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 <sup>9</sup> (to nearest £1,000) |         | Total (£000) |         |
|--|---|---|-----------------------|---------|------------------------------------|---------|---|---------|--------------|---------|
|  | 2023-24                                     | 2022-23                                     | 2023-24               | 2022-23 | 2023-24                            | 2022-23 | 2023-24   | 2022-23 | 2023-24      | 2022-23 |
| Dave Johnston<br>Actuarial director<br>– People and capability                                       | 145-150                                     | 140-145                                     | 0-5                   | 0-5     | –                                  | –       | 56  | 55      | 205-210      | 195-200 |
| Indrani Banerjee-Jones<br>Director of Finance<br>and Operations                                      | 85-90                                       | 75-80<br>(80-85<br>full year<br>equivalent) | 5-10                  | –       | –                                  | –       | 34  | 31      | 125-130      | 105-110 |
| Wendy Dabinett <sup>10</sup><br>Director of Human Resources<br>(until October 2023)                  | 10-15<br>(85-90<br>full year<br>equivalent) | 50-55<br>(80-85<br>full year<br>equivalent) | 0-5                   | 0-5     | –                                  | –       | –   | –       | 10-15        | 50-55   |
| Graeme Taylor <sup>10</sup><br>Director of Human Resources<br>(on interim basis from<br>August 2023) | 50-55<br>(80-85<br>full year<br>equivalent) | –   | 0-5                   | –       | –                                  | –       | 44  | –       | 95-100       | –       |
| Ian Wilson<br>Non-executive board member   | 5-10  | 5-10  | –                     | –       | –                                  | –       | –   | –       | 5-10         | 5-10    |
| Les Philpott<br>Non-executive board member   | 10-15                                       | 10-15                                       | –                     | –       | –                                  | –       | –   | –       | 10-15        | 10-15   |
| Bev Messinger<br>Non-executive board member  | 5-10  | 10-15                                       | –                     | –       | –                                  | –       | –   | –       | 5-10         | 10-15   |

## 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 2023-24 relates to performance in 2022-23.

## 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 2023-24 was £215,000-£220,000 (2022-23: £220,000-£225,000). This was 3.0 times (2022-23: 3.3 times) the median remuneration of the workforce, which was £71,982 (2022-23, £67,485). The median pay ratio is consistent with the pay, reward, and progression policies for the department.

Remuneration ranged from £25,000-£30,000 to £215,000-£220,000 (2022-23: £20,000-£25,000 to £220,000-£225,000).

No employees received (annualised) remuneration in excess of the Government Actuary.

There was a 2.2% reduction to the total remuneration of the highest paid director compared to 2022-23 as Fiona Dunsire did not receive a bonus in year as she was not in post during 2022-23 and therefore was not eligible for a bonus in 2023-24. The average percentage change from the previous financial year for the employees of GAD as a whole was a 5.9% increase.

| Percentage change from previous financial year     | Percentage change |
|--|-------------------|
| Highest paid director – total remuneration         | -2.2%             |
| Highest paid director – salary and allowances only | 7.4%              |
| Highest paid director – bonus only                 | -100%             |
| Average employee – total remuneration              | 5.1%              |
| Average employee – salary and allowances only      | 5.2%              |
| Average employee – bonus only                      | 0.4%              |

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.

|   | 2023-24 | 2022-23 |
|---|---------|---------|
| Band of highest paid director's total remuneration (£000) | 215-220 | 220-225 |
| 25th percentile total pay and benefits (£)                | 42,295  | 40,121  |
| 25th percentile total pay and benefits ratio              | 5.1     | 5.5     |
| 25th percentile salary component (£)                      | 41,106  | 38,067  |
| 25th percentile salary ratio                              | 5.3     | 5.8     |
| Median total pay and benefits (£)                         | 71,982  | 67,485  |
| Median total pay and benefits ratio                       | 3.0     | 3.3     |
| Median salary component (£)                               | 70,888  | 67,433  |
| Median salary ratio                                       | 3.1     | 3.3     |
| 75th percentile total pay and benefits (£)                | 95,251  | 86,407  |
| 75th percentile total pay and benefits ratio              | 2.3     | 2.6     |
| 75th percentile salary component (£)                      | 94,357  | 85,516  |
| 75th percentile salary ratio                              | 2.3     | 2.6     |

## Pension benefits (audited)

|   | Accrued pension at pension age as at 31/03/2024 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/03/2024 | CETV at 31/03/2023 | Real increase in CETV | Employer contribution to partnership pension account |
|---|--|--|--------------------|--------------------|-----------------------|--|
|   | £000   | £000   | £000               | £000               | £000                  | Nearest £100   |
| Fiona Dunsire<br>Government Actuary (from November 2023)                            | 0-5  | 0-2.5  | 33                 | 0                  | 26                    | 0  |
| Martin Clarke<br>Government Actuary (until October 2023)                            | 50-55  | 2.5-5  | 969                | 835                | 40                    | 0  |
| Matt Gurden<br>Deputy Government Actuary  | 40-45  | 2.5-5  | 634                | 520                | 39                    | 0  |
| Stephen Humphrey<br>Actuarial director –<br>Quality, compliance and risk            | 75-80 plus a<br>lump sum of<br>125-130                               | 2.5-5 plus a<br>lump sum of 0                                | 1611               | 1433               | 27                    | 0  |
| Dave Johnston<br>Actuarial director –<br>People and capability                      | 30-35  | 2.5-5  | 424                | 346                | 26                    | 0  |
| Indrani Banerjee-Jones<br>Director of Finance and Operations                        | 10-15  | 0-2.5  | 146                | 112                | 15                    | 0  |
| Wendy Dabinett<br>Director of Human Resources<br>(until October 2023)               | 0  | 0  | 0                  | 0                  | 0                     | 0  |
| Graeme Taylor<br>Director of Human Resources<br>(on interim basis from August 2023) | 0-5  | 0-2.5  | 29                 | 0                  | 25                    | 0  |

Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.

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 Board membership.

## **Civil Service pensions**

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, while nuvos provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme from this date.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts.<sup>11</sup> The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS from 1 October 2023. This is known as ‘rollback’.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e. PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% 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).

Further details about the Civil Service pension arrangements can be found on the [Civil Service pension scheme website](#).<sup>12</sup>

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11 [www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension](http://www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension)

12 [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## **Real increase in CETV**

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

Compensation on early retirement or loss of office (audited)

No compensation on early retirement or loss of office was made in 2023-24 (£nil in 2022-23).

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

No payments to past directors were made in 2023-24 (£nil in 2022-23).

## **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 2024, earning £245 per day or greater

|   | GAD      |
|---|----------|
| <b>Number of existing engagements as at 31 March 2024</b> | <b>0</b> |
| of which  |          |
| Number that have existed for less than 1 year             | –        |
| 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 2024, earning £245 per day or greater

|  | GAD      |
|--|----------|
| <b>Number of temporary off-payroll workers engaged during the year ended 31 March 2024</b> | <b>1</b> |
| of which   |          |
| Not subject to off-payroll legislation   | –        |
| Subject to off-payroll legislation and determined as in-scope of IR35                      | 1        |
| 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 2023 and 31 March 2024**

|  | 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 | 6   |



## Staff report

### Staff costs (audited)

|   | 2023-24                            |                 |               | 2022-23       |
|---|------------------------------------|-----------------|---------------|---------------|
|   | Permanently employed staff<br>£000 | Others*<br>£000 | Total<br>£000 | Total<br>£000 |
| Wages and salaries                                | 14,754                             | 35              | 14,789        | 13,888        |
| Social security costs                             | 1,823                              | 3               | 1,826         | 1,809         |
| Other pension costs                               | 4,036                              | –               | 4,036         | 3,836         |
| <b>Total costs</b>                                | <b>20,613</b>                      | <b>38</b>       | <b>20,651</b> | <b>19,533</b> |
| Less recoveries in respect of outward secondments | (1,053)                            | –               | (1,053)       | (965)         |
| <b>Total costs</b>                                | <b>19,560</b>                      | <b>38</b>       | <b>19,598</b> | <b>18,568</b> |

\* 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 2020. Details of [scheme valuations can be found on the CSP website](#).<sup>13</sup>

For 2023-24, employers' contributions of £4,025k were payable to the PCSPS (2022-23: £3,821k) at one of four rates in the range 26.6% to 30.3% (rates unchanged from 2022-23) 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 £10k (2022-23: £16k) were paid to appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (rates unchanged from 2022-23) 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.

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

## Average number of persons employed (audited)

The average number of persons employed during the year was as follows:

|       | Permanently employed staff | Others | 2023-24 Total | 2022-23 Total |
|-------|----------------------------|--------|---------------|---------------|
| Total | 209                        | 7      | 216           | 219           |

## Senior Civil Service (SCS) salaries (actual) as at 31 March 2024

GAD currently only has one member of staff classed at SCS grades.

| Salary bands    | Total 31/03/2024 | Male 31/03/2024 | Female 31/03/2024 |
|-----------------|------------------|-----------------|-------------------|
| £85,000-£90,000 | 1                | –               | 1                 |
| Total           | 1                | –               | 1                 |

## Senior Civil Service (SCS) salaries (full time equivalent) as at 31 March 2024

| Salary bands      | Total 31/03/2024 | Male 31/03/2024 | Female 31/03/2024 |
|-------------------|------------------|-----------------|-------------------|
| £215,000-£220,000 | 1                | –               | 1                 |
| Total             | 1                | –               | 1                 |

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

No exit packages were paid to GAD staff in 2023-24 (2022-23: £29k).

## Sickness absence

The Board monitored sickness absence on a monthly basis and in 2023-24 GAD lost an average of 4.0 working days per employee due to sickness absence in comparison to an average of 6.8 working days in 2022-23. The 4.0 days for 2023-24 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 2.9 working days per employee.

## Staff redeployments

During 2023-24, 27 GAD staff members went on secondment. In total there were 27 secondment placements, seven to government departments and 20 to other organisations. The average duration of these secondments was 12.2 months. These are summarised in the table below.

| Type of organisation  | Short-term | Long-term | Total     |
|-----------------------|------------|-----------|-----------|
| Government department | 2          | 5         | 7         |
| Other organisation    | 6          | 14        | 20        |
| <b>Total</b>          | <b>8</b>   | <b>19</b> | <b>27</b> |

Short-term is defined as up to six months. Both part-time and full-time arrangements are included.

The table below shows the government secondments by grade and length of secondment. The average duration of these secondments was 13.0 months.

| Type of organisation | Short-term | Long-term | Total    |
|----------------------|------------|-----------|----------|
| Actuary              | 1          | 0         | 1        |
| Trainee actuary      | 1          | 4         | 5        |
| Other                | 0          | 1         | 1        |
| <b>Total</b>         | <b>2</b>   | <b>5</b>  | <b>7</b> |

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 2023-24 | 4   |
| Full-time equivalent employee number                                 | 3.6 |

### Percentage of time spent on facility time

|      | Number of Employees |
|------|---------------------|
| 0-1% | 4                   |

### Percentage of pay bill spent on facility time

|  | £000   |
|--|--------|
| Total cost of facility time                | 2      |
| Total pay bill                             | 19,555 |
| % of total pay bill spent on facility time | 0.01%  |

### Paid trade union activities

|  | % |
|--|---|
| Hours spent by employees who were relevant trade union officials during 2023-24 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 (FRM) 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 to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 18, 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, 2023-24, 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        |                          |
| <b>Departmental Expenditure Limit</b> |            |              |           |              |               |           |               |                                       |              |                          |
| Resource                              | 1.1        | (127)        | –         | (127)        | 635           | –         | 635           | 762                                   | 762          | (792)                    |
| Capital                               | 1.2        | 4,940        | –         | 4,940        | 9,850         | –         | 9,850         | 4,910                                 | 4,910        | 167                      |
| <b>Total</b>                          |            | <b>4,813</b> | <b>–</b>  | <b>4,813</b> | <b>10,485</b> | <b>–</b>  | <b>10,485</b> | <b>5,672</b>                          | <b>5,672</b> | <b>(625)</b>             |
| <b>Annually Managed Expenditure</b>   |            |              |           |              |               |           |               |                                       |              |                          |
| Resource                              | 1.1        | (1,305)      | –         | (1,305)      | 30            | –         | 30            | 1,335                                 | 1,335        | (74)                     |
| Capital                               | 1.2        | 369          | –         | 369          | 400           | –         | 400           | 31                                    | 31           | 7                        |
| <b>Total</b>                          |            | <b>(936)</b> | <b>–</b>  | <b>(936)</b> | <b>430</b>    | <b>–</b>  | <b>430</b>    | <b>1,366</b>                          | <b>1,366</b> | <b>(67)</b>              |
| <b>Total</b>                          |            | <b>3,877</b> | <b>–</b>  | <b>3,877</b> | <b>10,915</b> | <b>–</b>  | <b>10,915</b> | <b>7,038</b>                          | <b>7,038</b> | <b>(692)</b>             |
| <b>Total Budget</b>                   |            |              |           |              |               |           |               |                                       |              |                          |
| Resource                              | 1.1        | (1,432)      | –         | (1,432)      | 665           | –         | 665           | 2,097                                 | 2,097        | (866)                    |
| Capital                               | 1.2        | 5,309        | –         | 5,309        | 10,250        | –         | 10,250        | 4,941                                 | 4,941        | 174                      |
| <b>Total Budget Expenditure</b>       |            | <b>3,877</b> | <b>–</b>  | <b>3,877</b> | <b>10,915</b> | <b>–</b>  | <b>10,915</b> | <b>7,038</b>                          | <b>7,038</b> | <b>(692)</b>             |
| <b>Non-Budget Expenditure</b>         | <b>1.1</b> | <b>–</b>     | <b>–</b>  | <b>–</b>     | <b>–</b>      | <b>–</b>  | <b>–</b>      | <b>–</b>                              | <b>–</b>     | <b>–</b>                 |
| <b>Total Budget and Non budget</b>    |            | <b>3,877</b> | <b>–</b>  | <b>3,877</b> | <b>10,915</b> | <b>–</b>  | <b>10,915</b> | <b>7,038</b>                          | <b>7,038</b> | <b>(692)</b>             |

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

Net cash requirement 2023-24, all figures presented in £000s

| Item                 | SOPS note | Outturn | Estimate | Outturn vs estimate, saving/(excess) | Prior year outturn total, 2022-23 |
|----------------------|-----------|---------|----------|--------------------------------------|-----------------------------------|
| Net cash requirement | 3         | (1,188) | 9,503    | 10,691                               | (1,754)                           |

Administration Costs 2023-24, all figures presented in £000s

| Type of spend        | SOPS note | Outturn | Estimate | Outturn vs estimate, saving/(excess) | Prior year outturn total, 2022-23 |
|----------------------|-----------|---------|----------|--------------------------------------|-----------------------------------|
| Administration costs | 1.1       | (127)   | 635      | 762                                  | (792)                             |

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, 2023-24 (£000s)

### SOPS1. Outturn detail, by estimate line

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

| Type of spend<br>(Resource)                             | Resource outturn |                 |                 |                | Estimate       |            |                                 | Outturn vs<br>estimate,<br>saving/<br>(excess) | Prior<br>year<br>outturn<br>total,<br>2022-23 |
|---|------------------|-----------------|-----------------|----------------|----------------|------------|---------------------------------|--|---|
|   | Administration   |                 | Programme       |                | Total          | Virements  | Total<br>including<br>virements |  |   |
|   | Gross<br>Income  | Net<br>Income   | Gross<br>Income | Net<br>Income  |                |            |                                 |  |   |
| <b>Spending in Departmental Expenditure Limit (DEL)</b> |                  |                 |                 |                |                |            |                                 |  |   |
| <b>Voted expenditure</b>                                |                  |                 |                 |                |                |            |                                 |  |   |
| Administration  | 25,187           | (26,634)        | (1,447)         | -              | (1,447)        | 615        | -                               | 615  | 2,062   |
| Use of provision  | 1,320            | -               | 1,320           | -              | 1,320          | 20         | -                               | 20   | (1,300)                                       |
| <b>Total voted DEL</b>                                  | <b>26,507</b>    | <b>(26,634)</b> | <b>(127)</b>    | <b>-</b>       | <b>(127)</b>   | <b>635</b> | <b>-</b>                        | <b>635</b>                                     | <b>(792)</b>                                  |
| Non-voted expenditure                                   | -                | -               | -               | -              | -              | -          | -                               | -  | -   |
| Total non-voted DEL                                     | -                | -               | -               | -              | -              | -          | -                               | -  | -   |
| <b>Total spending in DEL</b>                            | <b>26,507</b>    | <b>(26,634)</b> | <b>(127)</b>    | <b>-</b>       | <b>(127)</b>   | <b>635</b> | <b>-</b>                        | <b>635</b>                                     | <b>(792)</b>                                  |
| <b>Spending in Annually Managed Expenditure (AME)</b>   |                  |                 |                 |                |                |            |                                 |  |   |
| <b>Voted expenditure</b>                                |                  |                 |                 |                |                |            |                                 |  |   |
| Voted Provisions (AME)                                  | -                | -               | (1,305)         | -              | (1,305)        | 30         | -                               | 30   | 1,335   |
| <b>Total voted AME</b>                                  | <b>-</b>         | <b>-</b>        | <b>(1,305)</b>  | <b>-</b>       | <b>(1,305)</b> | <b>30</b>  | <b>-</b>                        | <b>30</b>                                      | <b>(74)</b>                                   |
| Non-voted expenditure                                   | -                | -               | -               | -              | -              | -          | -                               | -  | -   |
| Total non-voted AME                                     | -                | -               | -               | -              | -              | -          | -                               | -  | -   |
| <b>Total spending in AME</b>                            | <b>-</b>         | <b>-</b>        | <b>(1,305)</b>  | <b>-</b>       | <b>(1,305)</b> | <b>30</b>  | <b>-</b>                        | <b>30</b>                                      | <b>(74)</b>                                   |
| <b>Total resource</b>                                   | <b>26,507</b>    | <b>(26,634)</b> | <b>(127)</b>    | <b>(1,305)</b> | <b>(1,432)</b> | <b>665</b> | <b>-</b>                        | <b>665</b>                                     | <b>(866)</b>                                  |

## SOPS1.2 Analysis of capital outturn by estimate line

| Type of spend (Capital) | Outturn |        |           | Estimate |           |                           | Outturn vs estimate, saving/ (excess) | Prior year outturn total, 2022-23 |
|-------------------------|---------|--------|-----------|----------|-----------|---------------------------|---------------------------------------|-----------------------------------|
|                         | Gross   | Income | Net total | Total    | Virements | Total including virements |                                       |                                   |

### Spending in Departmental Expenditure Limit (DEL)

|                              |              |              |              |              |          |              |              |            |
|------------------------------|--------------|--------------|--------------|--------------|----------|--------------|--------------|------------|
| <b>Voted expenditure</b>     |              |              |              |              |          |              |              |            |
| Purchase of capital items    | 5,090        | (150)        | 4,940        | 9,850        | –        | 9,850        | 4,910        | 167        |
| <b>Total voted DEL</b>       | <b>5,090</b> | <b>(150)</b> | <b>4,940</b> | <b>9,850</b> | <b>–</b> | <b>9,850</b> | <b>4,910</b> | <b>167</b> |
| <b>Non-voted expenditure</b> | <b>–</b>     | <b>–</b>     | <b>–</b>     | <b>–</b>     | <b>–</b> | <b>–</b>     | <b>–</b>     | <b>–</b>   |
| <b>Total non-voted DEL</b>   | <b>–</b>     | <b>–</b>     | <b>–</b>     | <b>–</b>     | <b>–</b> | <b>–</b>     | <b>–</b>     | <b>–</b>   |
| <b>Total spending in DEL</b> | <b>5,090</b> | <b>(150)</b> | <b>4,940</b> | <b>9,850</b> | <b>–</b> | <b>9,850</b> | <b>4,910</b> | <b>167</b> |

### Spending in Annually Managed Expenditure (AME)

|                              |              |              |              |               |          |               |              |            |
|------------------------------|--------------|--------------|--------------|---------------|----------|---------------|--------------|------------|
| <b>Total voted AME</b>       | <b>369</b>   | <b>–</b>     | <b>369</b>   | <b>400</b>    | <b>–</b> | <b>400</b>    | <b>31</b>    | <b>7</b>   |
| <b>Total non-voted AME</b>   | <b>–</b>     | <b>–</b>     | <b>–</b>     | <b>–</b>      | <b>–</b> | <b>–</b>      | <b>–</b>     | <b>–</b>   |
| <b>Total spending in AME</b> | <b>369</b>   | <b>–</b>     | <b>369</b>   | <b>400</b>    | <b>–</b> | <b>400</b>    | <b>31</b>    | <b>7</b>   |
| <b>Total capital</b>         | <b>5,459</b> | <b>(150)</b> | <b>5,309</b> | <b>10,250</b> | <b>–</b> | <b>10,250</b> | <b>4,941</b> | <b>174</b> |

The total estimate columns include virements. Virements are the reallocation of provision in the estimates that do not require Parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements 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 18.

## SOPS2. Reconciliation of outturn to net operating expenditure

| Item   | Reference | Outturn total | Prior year outturn total, 2022-23 |
|--|-----------|---------------|-----------------------------------|
| Net resource outturn                                     | SOPS 1.1  | (1,432)       | (866)                             |
| Net income for year in Statement of Comprehensive Income | SOCI      | (1,432)       | (866)                             |

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 2023-24 or 2022-23.

## SOPS3. Reconciliation of net resource outturn to net cash requirement

| Item                          | Reference       | Outturn total  | Estimate      | Outturn vs estimate, saving/ (excess) |
|-------------------------------|-----------------|----------------|---------------|---------------------------------------|
| <b>Total resource outturn</b> | <b>SOPS 1.1</b> | <b>(1,432)</b> | <b>665</b>    | <b>2,097</b>                          |
| <b>Total capital outturn</b>  | <b>SOPS 1.2</b> | <b>5,309</b>   | <b>10,250</b> | <b>4,941</b>                          |

### Adjustments to remove non-cash items:

|   |  |       |       |      |
|---|--|-------|-------|------|
| Depreciation  |  | (829) | (915) | (86) |
| New provisions and adjustments to previous provisions |  | (384) | (450) | (66) |
| Departmental unallocated provision                    |  | –     | –     | –    |
| Supported capital expenditure (revenue)               |  | –     | –     | –    |
| Prior period adjustments                              |  | –     | –     | –    |
| Other non-cash items                                  |  | (77)  | (67)  | 10   |

### Adjustments to reflect movements in working balances:

|  |  |                |              |               |
|--|--|----------------|--------------|---------------|
| Increase/(decrease) in work in progress  |  | (370)          | –            | 370           |
| Increase/(decrease) in receivables       |  | 13             | –            | (13)          |
| (Increase)/decrease in payables          |  | (82)           | –            | 82            |
| (Increase)/decrease in lease liabilities |  | (4,656)        | –            | 4,656         |
| Use of provisions                        |  | 1,320          | 20           | (1,300)       |
| <b>Net cash requirement</b>              |  | <b>(1,188)</b> | <b>9,503</b> | <b>10,691</b> |

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

## **SOPS4. Amounts of income to the consolidated fund**

### **SOPS4.1 Analysis of income payable to the consolidated fund**

| Item   | Outturn total |              | Prior year, 2022-23 |              |
|--|---------------|--------------|---------------------|--------------|
|  | Accruals      | Cash basis   | Accruals            | Cash basis   |
| Income outside the ambit of the Estimate             | –             | –            | –                   | –            |
| Excess cash surrenderable to the Consolidated Fund   | 1,188         | 1,188        | 1,754               | 1,754        |
| <b>Total amount payable to the Consolidated Fund</b> | <b>1,188</b>  | <b>1,188</b> | <b>1,754</b>        | <b>1,754</b> |

The closing balance of £1.188 million will be surrendered to the consolidated fund by 31 March 2025.

## 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 2024, GAD had no losses or special payments to report (2022-23: £nil). The reporting threshold for losses and special payments is £300k.

### Gifts (audited)

As at 31 March 2024, GAD had no gifts to report (2022-23: £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               |
| 2023-24 Actuarial services work | 26,634 | 25,202               | 1,432              |
| 2022-23 Actuarial services work | 24,819 | 23,953               | 866                |
| 2021-22 Actuarial services work | 24,102 | 23,080               | 1,022              |

### Remote contingent liabilities (audited)

As at 31 March 2024, GAD did not have any remote contingent liabilities, or liabilities for which the likelihood of a transfer of economic benefit in settlement is remote, that are required to be disclosed under parliamentary reporting requirements (2022-23: £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 B](#)).

### Fiona Dunsire

Government Actuary  
Accounting Officer  
5 November 2024

# 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 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Department's

- Statement of Financial Position as at 31 March 2024;
- 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 2024 and its net 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 2024 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 issued 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 issued 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 Reports.

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

- adequate accounting records have not been kept 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;
- preparing financial statements which give a true and fair view, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued 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, 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 2023, the Supply and Appropriation (Anticipation and Adjustments) Act 2024, employment law and tax legislation.

## **Audit response to identified risk**

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

- I 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;
- I 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
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## **Other auditor's responsibilities**

I am required to obtain appropriate audit evidence 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 sufficient appropriate audit evidence 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

12 November 2024

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

## Section 3

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# The Financial Statements

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## Statement of Comprehensive Income

### For the year ended 31 March 2024

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.

|   |      | 2023-24         | 2022-23         |
|---|------|-----------------|-----------------|
|   | Note | £000            | £000            |
| Income from sale of goods and services                              | 4    | (26,634)        | (24,819)        |
| Other operating income  | 4    | –               | (233)           |
| <b>Total operating income</b>                                       |      | <b>(26,634)</b> | <b>(25,052)</b> |
| Staff costs   | 2    | 19,598          | 18,568          |
| Purchase of goods and services                                      | 3    | 4,286           | 4,095           |
| Depreciation and impairment charges                                 | 3    | 829             | 1,344           |
| Provision expense   | 3    | 12              | (7)             |
| Other operating expenditure   | 3    | 329             | 216             |
| <b>Total operating expenditure</b>                                  |      | <b>25,054</b>   | <b>24,216</b>   |
| <b>Net operating income</b>   |      | <b>(1,580)</b>  | <b>(836)</b>    |
| Finance costs   | 3    | 148             | (30)            |
| <b>Net income for the year</b>                                      |      | <b>(1,432)</b>  | <b>(866)</b>    |
| <b>Items which will not be reclassified to net operating costs:</b> |      |                 |                 |
| Net (gain)/loss on revaluation of property, plant and equipment     | 5    | –               | –               |
| <b>Total comprehensive net income for the year</b>                  |      | <b>(1,432)</b>  | <b>(866)</b>    |

The notes to the accounts on pages 107 to 123 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<br>31 March<br>2024 | As at<br>31 March<br>2023 |
|--|------|---------------------------|---------------------------|
|  | Note | £000                      | £000                      |
| <b>Non-current assets</b>                    |      |                           |                           |
| Property, plant & equipment                  | 5    | 23                        | 244                       |
| Right of use assets                          | 6    | 5,457                     | 757                       |
| <b>Total non-current assets</b>              |      | <b>5,480</b>              | <b>1,001</b>              |
| <b>Current assets</b>                        |      |                           |                           |
| Work in progress                             | 10   | 2,330                     | 2,700                     |
| Trade and other receivables                  | 12   | 2,657                     | 2,644                     |
| Cash and cash equivalents                    | 11   | 1,188                     | 1,754                     |
| <b>Total current assets</b>                  |      | <b>6,175</b>              | <b>7,098</b>              |
| <b>Total assets</b>                          |      | <b>11,655</b>             | <b>8,099</b>              |
| <b>Current liabilities</b>                   |      |                           |                           |
| Trade and other payables                     | 13   | (2,944)                   | (3,428)                   |
| Provisions                                   | 15   | (20)                      | (1,318)                   |
| Lease liabilities                            | 14   | (528)                     | (23)                      |
| <b>Total current liabilities</b>             |      | <b>(3,492)</b>            | <b>(4,769)</b>            |
| <b>Total assets less current liabilities</b> |      | <b>8,163</b>              | <b>3,330</b>              |
| <b>Non-current liabilities</b>               |      |                           |                           |
| Provisions                                   | 15   | (548)                     | (186)                     |
| Lease liabilities                            | 14   | (4,649)                   | (499)                     |
| <b>Total non-current liabilities</b>         |      | <b>(5,197)</b>            | <b>(685)</b>              |
| <b>Total assets less total liabilities</b>   |      | <b>2,966</b>              | <b>2,645</b>              |
| <b>Taxpayers' equity and other reserves</b>  |      |                           |                           |
| General Fund                                 |      | 2,966                     | 2,152                     |
| Revaluation Reserve                          |      | –                         | 493                       |
| <b>Total equity</b>                          |      | <b>2,966</b>              | <b>2,645</b>              |

The notes to the accounts on pages 107 to 123 form an integral part of these accounts.

**Fiona Dunsire**, Government Actuary, Accounting Officer  
5 November 2024

## Statement of Cash Flows

### For the year ended 31 March 2024

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.

|   |      | 2023-24      | 2022-23        |
|---|------|--------------|----------------|
|   | Note | £000         | £000           |
| <b>Cash flows from operating activities</b>   |      |              |                |
| Comprehensive net income  |      | 1,432        | 866            |
| Adjustments for non-cash transactions   | 3    | 1,217        | 1,385          |
| Decrease/(Increase) in trade and other receivables  | 12   | (13)         | 405            |
| Decrease/(Increase) in work in progress   | 10   | 370          | 375            |
| Increase/(decrease) in trade and other payables   | 13   | 82           | 171            |
| Use of provisions   | 15   | (1,320)      | (18)           |
| Movements in receivables from IFRS 16 cumulative catch-up   |      | –            | 774            |
| Movements in payables from IFRS 16 cumulative catch-up  |      | –            | 158            |
| <b>Net cash inflow from operating activities</b>  |      | <b>1,768</b> | <b>4,116</b>   |
| <b>Cash flows from investing activities</b>   |      |              |                |
| Purchase of property, plant and equipment   | 5    | –            | (174)          |
| <b>Net cash outflow from investing activities</b>   |      | <b>–</b>     | <b>(174)</b>   |
| <b>Cash flows from financing activities</b>   |      |              |                |
| Payment of lease liabilities – principal  |      | (435)        | (2,170)        |
| Payment of lease liabilities – finance cost   |      | (145)        | (18)           |
| <b>Net cash outflow from financing activities</b>   |      | <b>(580)</b> | <b>(2,188)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for payments to the Consolidated Fund</b> |      | <b>1,188</b> | <b>1,754</b>   |



|   |      | 2023-24      | 2022-23    |
|---|------|--------------|------------|
|   | Note | £000         | £000       |
| Payments of prior year balance to the Consolidated Fund   |      | (1,754)      | (1,424)    |
| <b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b> |      | <b>(566)</b> | <b>330</b> |
| Cash and cash equivalents at the beginning of the year  | 11   | 1,754        | 1,424      |
| Cash and cash equivalents at the end of the period  | 11   | 1,188        | 1,754      |

The notes to the accounts on pages 107 to 123 form an integral part of these accounts.

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2024

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.

|  | Note | General Fund<br>£000 | Revaluation Reserve<br>£000 | Taxpayers' Equity<br>£000 |
|--|------|----------------------|-----------------------------|---------------------------|
| Balance at 1 April 2023  |      | 2,152                | 493                         | 2,645                     |
| Net Parliamentary Funding – Excess cash to be surrendered to the Consolidated Fund | 13   | (1,188)              | –                           | (1,188)                   |
| Comprehensive net income for the year  | SOCI | 1,432                | –                           | 1,432                     |
| <b>Notional charges</b>  |      |                      |                             |                           |
| Auditor's Remuneration   | 3    | 77                   | –                           | 77                        |
| Other reserve movements including transfers  |      | 493                  | (493)                       | –                         |
| <b>Balance at 31 March 2024</b>  |      | <b>2,966</b>         | <b>–</b>                    | <b>2,966</b>              |
| Balance at 1 April 2022  |      | 2,966                | 496                         | 3,462                     |
| Net Parliamentary Funding  | 13   | (1,754)              | –                           | (1,754)                   |
| Comprehensive net income for the year  | SOCI | 866                  | –                           | 866                       |
| <b>Notional charges</b>  |      |                      |                             |                           |
| Auditor's Remuneration   | 3    | 71                   | –                           | 71                        |
| Other reserve movements including transfers  |      | 3                    | (3)                         | –                         |
| <b>Balance at 31 March 2023</b>  |      | <b>2,152</b>         | <b>493</b>                  | <b>2,645</b>              |

The Notes to the accounts on pages 107 to 123 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 2023-24 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 on a going concern basis under the historical cost convention modified to include the revaluation of 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 (SOFP). Any impairments incurred in-year are expensed in the Statement of Comprehensive Income (SOCl).

### 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 SOCl. The department's functional currency and presentation currency is Sterling.

### 1.2.6 Leases

At the start of 2023-24 GAD had two property leases (Finlaison House and Queen Elizabeth House) and also leases on its photocopiers and franking machine.

In May 2023 GAD moved from Finlaison House to 10 South Colonnade (Canary Wharf government hub) managed by the Government Property Agency (GPA). This has been accounted for within these 2023-24 accounts.

GAD's leases on its photocopiers and franking machine expired during 2023-24 and were not renewed as they related to GAD's old premises at Finlaison House. Therefore, as at 31 March 2024, GAD's lease portfolio consisted of its two property leases (10 South Colonnade and Queen Elizabeth House).

### **IFRS 16**

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

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.

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.

### **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 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 sublet three of the floors at Finlaison House to subtenants until the end of the lease in June 2023.

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

As a result, GAD recognised a lease receivable in 2022-23 based on the present value of the future lease payments that GAD was due to receive from its subtenants. This lease ended in June 2023, so as at 31 March 2024 there is no lease receivable in GAD's SOFP.

### 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.

### 1.2.8 Income

GAD provides a range of actuarial, technical and analytical advice to public sector organisations, local authorities, pension scheme trustees, financial institutions and governments in the UK and around the world. This includes risk analysis, modelling and quality assurance across a wide variety of public sector financial liabilities.

GAD's revenue arises from its actuarial services as described above and is accounted for in line with the FReM and IFRS 15's five step model.

**Identification of a contract:** GAD has a small number of statutory engagements, but the majority are engagements by agreement. The FReM adaptation expands the definition of a contract to include legislation and regulations and, as a result, GAD's statutory work is also in scope of IFRS 15. GAD's contracts with its clients are in the form of a Letter of Engagement, a Memorandum of Understanding or a call off contract.

**Identification of performance obligations:** GAD has identified the performance obligation of each contract to be the objective of the assignment as set out in the Letter of Engagement, Memorandum of Understanding or call off contract. The main outputs of GAD's assignments are typically formal reports and/or models.

**Determination of when performance obligations are satisfied:** Revenues are recognised progressively as the performance obligations associated with these engagements are satisfied over time. GAD has determined that the performance obligations are satisfied over time, rather than at a point in time, because GAD's performance of the engagement does not create an asset with an alternative use to GAD. GAD also has an enforceable right to payment for work completed to date.

**Allocation of transaction price to performance obligations:** The majority of GAD's contracts are charged on a time cost recovery basis. Revenue is recognised based on the number of hours worked on an assignment charged at GAD's standard charge-out rates. GAD's standard invoicing procedure is monthly in arrears, therefore billing all time recorded in the previous month. Any unrecoverable amounts are written off prior to the invoice being raised.

GAD also has a small number of fixed fee contracts. Revenue is recognised based on the number of hours worked at GAD's standard charge-out rates, adjusted for any difference with the fixed fee amount due for the portion of hours of the assignment completed to date compared to the total expected number of hours to complete the assignment.

Both revenue recognition treatments outlined above provide a faithful depiction of the transfer of services because the nature of work is that the costs of staff time incurred represent progress towards satisfaction of the performance obligation. There is a direct relationship between these inputs and the transfer of services to the client.

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 2024, GAD had no losses or special payments to report (2022-23: £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.

IFRS 18 Presentation and Disclosure of Financial Statements is due to be effective from 1 January 2027. IFRS 18 sets out requirements for the presentation and disclosure of information in the financial statements. Once effective, it will replace IAS 1 Presentation of Financial Statements. The impact of adopting this standard is still being assessed. GAD does not intend to early adopt IFRS 18.

IFRS 19 Subsidiaries without Public Accountability: Disclosures is due to be effective from 1 January 2027. IFRS 19 permits eligible subsidiaries to apply reduced disclosure requirements in its financial statements. As GAD is not a subsidiary, and also does not have any subsidiaries, this standard is not expected to impact GAD's financial statements.

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 (SOFP).



### 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 10 South Colonnade 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

|   | 2023-24                            |                 |               | 2022-23       |
|---|------------------------------------|-----------------|---------------|---------------|
|   | Permanently employed staff<br>£000 | Others*<br>£000 | Total<br>£000 | Total<br>£000 |
| Wages and salaries                                | 14,754                             | 35              | 14,789        | 13,888        |
| Social security costs                             | 1,823                              | 3               | 1,826         | 1,809         |
| Other pension costs                               | 4,036                              | –               | 4,036         | 3,836         |
| <b>Total costs</b>                                | <b>20,613</b>                      | <b>38</b>       | <b>20,651</b> | <b>19,533</b> |
| Less recoveries in respect of outward secondments | (1,053)                            | –               | (1,053)       | (965)         |
| <b>Total costs</b>                                | <b>19,560</b>                      | <b>38</b>       | <b>19,598</b> | <b>18,568</b> |

\* Includes non-executive board members.

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

### 3. Expenditure

|  |      | 2023-24       | 2022-23       |
|--|------|---------------|---------------|
|  | Note | Total<br>£000 | Total<br>£000 |
| <b>Purchase of goods and services</b>                |      |               |               |
| Facilities management                                |      | 899           | 1,202         |
| Agency and other temporary staff                     |      | 41            | 57            |
| Information Technology                               |      | 2,003         | 1,918         |
| Training   |      | 349           | 277           |
| Recruitment  |      | 248           | 189           |
| Subscriptions  |      | 194           | 168           |
| Travel, subsistence and hospitality                  |      | 87            | 89            |
| Consultancy, professional services and legal         |      | 347           | 110           |
| Auditor's remuneration – internal audit              |      | 38            | 36            |
| Photocopying, stationery and publications            |      | 80            | 49            |
| <b>Other operating expenditure</b>                   |      |               |               |
| Expenses relating to leases of low value assets      |      | 8             | 32            |
| <b>Non-cash items</b>                                |      |               |               |
| Depreciation   | 5, 6 | 829           | 1,344         |
| Provision movements                                  | 15   | 12            | (7)           |
| Finance cost on unwinding of discounts on provisions | 15   | 3             | (48)          |
| Finance cost on lease liabilities                    | 14   | 145           | 18            |
| Loss on disposal of assets                           |      | 150           | 7             |
| Loss on revaluation                                  |      | –             | –             |
| Auditor's remuneration – external audit              |      | 77            | 71            |
| Other expenditure                                    |      | 94            | 106           |
| <b>Total</b>   |      | <b>5,604</b>  | <b>5,618</b>  |

## 4. Income

|  | 2023-24       | 2022-23       |
|--|---------------|---------------|
|  | Total<br>£000 | Total<br>£000 |
| Government departments                           | 22,874        | 20,943        |
| Of which receipts from:                          |               |               |
| Recharges to sub tenants                         | –             | 227           |
| Finance income from leases                       | –             | 6             |
| National Insurance Fund                          | 589           | 445           |
| Wider public sector, private sector and overseas | 3,760         | 4,109         |
| <b>Total</b>                                     | <b>26,634</b> | <b>25,052</b> |
| <b>Income by geographical locations</b>          |               |               |
| UK   | 26,355        | 24,743        |
| Overseas   | 279           | 309           |
| <b>Total</b>                                     | <b>26,634</b> | <b>25,052</b> |
| <b>Income by types of work carried out</b>       |               |               |
| UK policy advice                                 | 6,657         | 6,124         |
| Staff transfers                                  | 695           | 862           |
| UK public service pensions                       | 15,223        | 13,521        |
| Other actuarial work                             | 4,059         | 4,312         |
| Rent and miscellaneous                           | –             | 233           |
| <b>Total</b>                                     | <b>26,634</b> | <b>25,052</b> |

In 2023-24 income from the largest client was £1,809k (6.8% of total income), (2022-23: £1,790k, 7.1%).

## 5. Property, plant and equipment

|   | 2023-24                           |                                   |                                 |               |
|---|-----------------------------------|-----------------------------------|---------------------------------|---------------|
|   | Leasehold<br>Improvements<br>£000 | Information<br>Technology<br>£000 | Furniture<br>& Fittings<br>£000 | Total<br>£000 |
| <b>Cost or valuation</b>                    |                                   |                                   |                                 |               |
| At 1 April 2023                             | 2,298                             | 1,141                             | 184                             | 3,623         |
| Additions                                   | –                                 | –                                 | –                               | –             |
| Disposals                                   | (2,298)                           | (1,075)                           | (184)                           | (3,557)       |
| <b>Balance at 31 March 2024</b>             | <b>–</b>                          | <b>66</b>                         | <b>–</b>                        | <b>66</b>     |
| <b>Depreciation</b>                         |                                   |                                   |                                 |               |
| At 1 April 2023                             | (2,278)                           | (926)                             | (175)                           | (3,379)       |
| Charged in year                             | (20)                              | (42)                              | (9)                             | (71)          |
| Disposals                                   | 2,298                             | 925                               | 184                             | 3,407         |
| <b>Balance at 31 March 2024</b>             | <b>–</b>                          | <b>(43)</b>                       | <b>–</b>                        | <b>(43)</b>   |
| <b>Carrying amount at<br/>31 March 2023</b> | <b>20</b>                         | <b>215</b>                        | <b>9</b>                        | <b>244</b>    |
| <b>Carrying amount at<br/>31 March 2024</b> | <b>–</b>                          | <b>23</b>                         | <b>–</b>                        | <b>23</b>     |

|   | 2022-23        |              |              |                |
|---|----------------|--------------|--------------|----------------|
| <b>Cost or valuation</b>                    |                |              |              |                |
| At 1 April 2022                             | 2,317          | 989          | 205          | 3,511          |
| Additions                                   | –              | 174          | –            | 174            |
| Disposals                                   | (19)           | (22)         | (21)         | (62)           |
| <b>Balance at 31 March 2023</b>             | <b>2,298</b>   | <b>1,141</b> | <b>184</b>   | <b>3,623</b>   |
| <b>Depreciation</b>                         |                |              |              |                |
| At 1 April 2022                             | (2,145)        | (812)        | (142)        | (3,099)        |
| Charged in year                             | (152)          | (131)        | (51)         | (334)          |
| Disposals                                   | 19             | 17           | 18           | 54             |
| <b>Balance at 31 March 2023</b>             | <b>(2,278)</b> | <b>(926)</b> | <b>(175)</b> | <b>(3,379)</b> |
| <b>Carrying amount at<br/>31 March 2022</b> | <b>172</b>     | <b>177</b>   | <b>63</b>    | <b>412</b>     |
| <b>Carrying amount at<br/>31 March 2023</b> | <b>20</b>      | <b>215</b>   | <b>9</b>     | <b>244</b>     |

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

## 6. Right of use assets

|   | 2023-24           |
|---|-------------------|
|   | Buildings<br>£000 |
| <b>Cost or valuation</b>                      |                   |
| At 1 April 2023                               | 1,767             |
| Additions                                     | 5,090             |
| Adjustments to capital dismantling provisions | 369               |
| Disposals                                     | (1,210)           |
| <b>Balance at 31 March 2024</b>               | <b>6,016</b>      |
| <b>Depreciations</b>                          |                   |
| At 1 April 2023                               | (1,010)           |
| Charged in year                               | (758)             |
| Disposals                                     | 1,209             |
| <b>Balance at 31 March 2024</b>               | <b>(559)</b>      |
| <b>Carrying amount at 31 March 2023</b>       | <b>757</b>        |
| <b>Carrying amount at 31 March 2024</b>       | <b>5,457</b>      |
|   | <b>2022-23</b>    |
| <b>Cost or valuation</b>                      |                   |
| At 1 April 2022                               | 1,760             |
| Additions                                     | –                 |
| Adjustments to capital dismantling provisions | 7                 |
| Disposals                                     | –                 |
| <b>Balance at 31 March 2023</b>               | <b>1,767</b>      |
| <b>Depreciations</b>                          |                   |
| At 1 April 2022                               | –                 |
| Charged in year                               | (1,010)           |
| Disposals                                     | –                 |
| <b>Balance at 31 March 2023</b>               | <b>(1,010)</b>    |
| <b>Carrying amount at 31 March 2022</b>       | <b>–</b>          |
| <b>Carrying amount at 31 March 2023</b>       | <b>757</b>        |

## 7. Impairments

GAD did not incur any impairment costs during 2023-24 (2022-23: £nil).

## 8. Capital and other commitments

### 8.1 Commitments under operating leases

GAD implemented IFRS 16 from 1 April 2022 and as such, most 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.

During 2022-23 GAD still had two low value leases (on its franking machines and photocopiers) for which it applied the low value exemption under IFRS 16. These leases expired during 2023-24, but are still disclosed in the prior year column below.

|   | 2023-24       | 2022-23       |
|---|---------------|---------------|
|   | Total<br>£000 | Total<br>£000 |
| <b>Office equipment</b>                           |               |               |
| Not later than one year                           | –             | 13            |
| Later than one year and not later than five years | –             | –             |
| Later than five years                             | –             | –             |
| <b>Total commitments</b>                          | <b>–</b>      | <b>13</b>     |

### 8.2 Capital commitments

At 31 March 2024 GAD had no capital commitments (31 March 2023: £nil).

### 8.3 Other financial commitments

GAD had no other financial commitments at 31 March 2024 (31 March 2023: £nil).

## 9. Financial instruments

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

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

### 9.1 Credit Risk

The maximum credit risk the Department was exposed to at 31 March 2024 was £2.160m. 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 receivable analysis as at 31 March 2024 is as follows:

|               | 31 March<br>2024 |
|---------------|------------------|
|               | £000             |
| Up to 30 days | 1,815            |
| 31-90 days    | 336              |
| 91-180 days   | 8                |
| 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<br>2024 |
|--------------|------------------|
|              | £000             |
| Up to 1 year | 2,601            |
| 1 to 5 years | –                |
| Over 5 years | –                |

The £2.601m excludes the annual leave accrual under staff payables (£343k) 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 2023-24 and therefore was not exposed to foreign currency risk from overseas customers. The overseas income during the year 2023-24 was £279k (2022-23: £309k).

### 10. Work in progress

|                                     | 2023-24      | 2022-23      |
|-------------------------------------|--------------|--------------|
|                                     | £000         | £000         |
| Value of time worked but not billed | 2,330        | 2,700        |
| <b>Balance at 31 March</b>          | <b>2,330</b> | <b>2,700</b> |

### 11. Cash and cash equivalents

|   | 2023-24      | 2022-23      |
|---|--------------|--------------|
|   | £000         | £000         |
| Balance at 1 April                                      | 1,754        | 1,424        |
| Net change in cash and cash equivalent balances         | (566)        | 330          |
| <b>Balance at 31 March</b>                              | <b>1,188</b> | <b>1,754</b> |
| <b>The following balances at 31 March were held at:</b> |              |              |
| Government Banking                                      | 1,188        | 1,754        |
| <b>Balance at 31 March</b>                              | <b>1,188</b> | <b>1,754</b> |

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

|   | 2023-24      | 2022-23      |
|---|--------------|--------------|
|   | £000         | £000         |
| <b>Amounts falling due within one year:</b> |              |              |
| Trade receivables                           | 2,160        | 1,467        |
| Deposits and advances                       | 2            | 4            |
| Prepayments                                 | 398          | 462          |
| Accrued income                              | 97           | –            |
| Dilapidations asset                         | –            | 483          |
| Lease receivables                           | –            | 228          |
| <b>Balance at 31 March</b>                  | <b>2,657</b> | <b>2,644</b> |

GAD no longer has subtenants since the lease at Finlaison House ended in June 2023. Therefore, GAD no longer has any lease receivables.



### 13. Trade payables and other current liabilities

|  | 2023-24      | 2022-23      |
|--|--------------|--------------|
|  | £000         | £000         |
| <b>Amounts falling due within one year:</b>            |              |              |
| VAT  | 797          | 737          |
| Trade payables   | 144          | 41           |
| Staff payables   | 343          | 341          |
| Other payables   | 2            | 2            |
| Accruals   | 470          | 553          |
| Consolidated Fund creditor for cash unspent – year end | 1,188        | 1,754        |
| <b>Balance at 31 March</b>                             | <b>2,944</b> | <b>3,428</b> |

### 14. Lease liabilities

#### 14.1 Maturity analysis

|   | 2023-24      | 2022-23    |
|---|--------------|------------|
|   | £000         | £000       |
| <b>Buildings</b>                                  |              |            |
| Not later than one year                           | 528          | 23         |
| Later than one year and not later than five years | 2,296        | 93         |
| Later than five years                             | 2,353        | 406        |
| <b>Balance at 31 March</b>                        | <b>5,177</b> | <b>522</b> |

#### 14.2 Amount recognised in the SOCI

|   |      | 2023-24       | 2022-23       |
|---|------|---------------|---------------|
|   | Note | Total<br>£000 | Total<br>£000 |
| Finance cost – Interest on lease liabilities        | 3    | 145           | 18            |
| Expenses related to leases of low value assets      | 3    | 8             | 32            |
| Finance income from sub-leasing right of use assets | 4    | –             | (6)           |
| <b>Total</b>  |      | <b>153</b>    | <b>44</b>     |

See note 1.2.6 for details of GAD's lease portfolio.

## 15. Provisions for liabilities and charges

|  | 2023-24               |                |               | 2022-23       |
|--|-----------------------|----------------|---------------|---------------|
|  | Dilapidations<br>£000 | Others<br>£000 | Total<br>£000 | Total<br>£000 |
| Balance at 1 April                       | 1,307                 | 197            | 1,504         | 1,571         |
| Provided in the year                     | 369                   | –              | 369           | 34            |
| Provisions utilised in the year          | (1,300)               | (20)           | (1,320)       | (18)          |
| Changes in discount rates                | –                     | 12             | 12            | (35)          |
| Borrowing costs (unwinding of discounts) | –                     | 3              | 3             | (48)          |
| <b>Balance at 31 March</b>               | <b>376</b>            | <b>192</b>     | <b>568</b>    | <b>1,504</b>  |

### 15.1 Analysis of expected timing of discounted flows

|   | 2023-24               |                |               | 2022-23       |
|---|-----------------------|----------------|---------------|---------------|
|   | Dilapidations<br>£000 | Others<br>£000 | Total<br>£000 | Total<br>£000 |
| Not later than one year                           | –                     | 20             | 20            | 1,318         |
| Later than one year and not later than five years | –                     | 91             | 91            | 86            |
| Later than five years                             | 376                   | 81             | 457           | 100           |
| <b>Balance at 31 March</b>                        | <b>376</b>            | <b>192</b>     | <b>568</b>    | <b>1,504</b>  |

#### Dilapidation provision

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

At the end of the lease in June 2023, GAD Management reached an agreed dilapidations settlement figure with the landlord of £1.3m. This is shown in the provisions table above.

GAD moved into a new office at 10 South Colonnade in Canary Wharf in May 2023 and has recognised a dilapidations provision in year for its share of the dismantling costs of this office. GAD has a further dilapidations provision for the Edinburgh office, Queen Elizabeth House.

## **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. GAD discounts this provision using the discount rates published by HMT. Without discounting, the injury benefit provision liability figure would be £222k.

## **16. Contingent liabilities**

As at 31 March 2024 GAD held no contingent liabilities (31 March 2023: £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; the Foreign, Commonwealth and Development Office; Department for Transport; Department for Energy Security & Net Zero; and the Ministry of Justice.

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. Board members' remuneration is disclosed in the Remuneration report.

## **18. Third-party assets**

During 2023-24 the department did not hold any third-party assets (2022-23: £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**

There were no 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



# Appendices



## Appendix A – 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.<sup>14</sup>

GAD moved its main office location to 10 South Colonnade in May 2023. This building is significantly more energy efficient. A significant amount of usage and waste data is now provided regularly by the GPA. The data for the whole building is shared between tenants based on their proportion of the building area. GPA are conducting a review of the sub metering to see if this can be improved.

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

GAD is committed to Net Zero and has collated its carbon footprint for 2023-24. The footprint data will continually improve as we develop suitable systems to gather more accurate information at a granular level.

CO<sub>2</sub> emissions figures are taken from the Cabinet Office electronic Property Information Mapping Service (ePIMS) database. From 2021-22, CO<sub>2</sub> emissions figures have been taken from the [DEFRA conversion factors](#).<sup>15</sup>

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.

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<sup>14</sup> [www.gov.uk/government/publications/greening-government-commitments-2021-to-2025](http://www.gov.uk/government/publications/greening-government-commitments-2021-to-2025)

<sup>15</sup> [www.gov.uk/government/collections/government-conversion-factors-for-company-reporting](http://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting)

## Scope 1 direct emissions

|   | Baseline<br>2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Percentage<br>change<br>2023-24<br>from<br>baseline |
|---|---------------------|---------|---------|---------|---------|---------|---------|---|
| Non-financial<br>indicators (CO <sub>2</sub> e) |                     |         |         |         |         |         |         |   |
| Scope 1<br>emissions                            | 26                  | 36      | 31      | 21      | 25      | 27      | 6.5     | -75%  |
| Fugitive<br>Refrigerant<br>emissions            | 0                   | 0       | 0       | 0       | 0       | 33      | 0       | 0%  |
| Related Energy<br>Consumption<br>(KWh)          | 140,418             | 193,648 | 170,588 | 116,191 | 139,257 | 150,590 | 76,232  | -46%  |
| Financial<br>indicators (£)                     | 6,807               | 5,151   | 4,818   | 4,050   | 5,214   | 12,242  | 2,749   | -60%  |

As a result of the move to 10 South Colonnade, GAD's direct emissions have decreased significantly over 2023-24. There is also work ongoing to assess the feasibility of installing an air source heat pump.

## Scope 2 and 3 energy indirect emissions

|  | Baseline<br>2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Percentage<br>change<br>2023-24<br>from<br>baseline |
|--|---------------------|---------|---------|---------|---------|---------|---------|---|
| Non-financial<br>indicators (CO <sub>2</sub> e)                    |                     |         |         |         |         |         |         |   |
| Scope 2<br>emissions   | 115                 | 72      | 63      | 34      | 35      | 40      | 51      | -56%  |
| Scope 3<br>emissions<br>(Transmission<br>& distribution<br>losses) | 10                  | 6       | 5       | 3       | 3       | 3       | 4       | -60%  |
| Related Energy<br>Consumption<br>(KWh)                             | 317,791             | 257,515 | 247,623 | 143,792 | 162,651 | 200,332 | 246,968 | -22%  |
| Financial<br>indicators (£)  | 39,305              | 29,746  | 35,997  | 22,350  | 25,202  | 37,419  | 69,748  | +77%  |

A zero carbon electricity plan is used at 10 South Colonnade. GPA have conducted planning, design and scoping work for solar power installation.

### Scope 3 official business travel emissions

|  | Baseline<br>2017-18<br>(Restated) | 2018-19<br>(Restated) | 2019-20<br>(Restated) | 2020-21<br>(Restated) | 2021-22<br>(Restated) | 2022-23<br>(Restated) | 2023-24 | Percentage<br>change<br>2023-24<br>from<br>baseline |
|--|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------|---|
| Non-financial<br>indicators (CO <sub>2</sub> e)                  |                                   |                       |                       |                       |                       |                       |         |   |
| Scope 3<br>emissions<br>(Indirect – official<br>business travel) | 25.3                              | 51.0                  | 22.9                  | 0.1                   | 2.3                   | 20.5                  | 22.2    | -12%  |
| Scope 3<br>emissions<br>(Domestic air<br>travel)                 | 17.9                              | 33.1                  | 20.2                  | 0.1                   | 1.5                   | 17.4                  | 14.6    | -18%  |
| Other<br>Non-financial<br>Indicators                             |                                   |                       |                       |                       |                       |                       |         |   |
| Number of<br>domestic flights                                    | 132                               | 231                   | 151                   | 1                     | 11                    | 133                   | 101     | -23%  |
| Distance travelled<br>on international<br>flights (kilometres)   | 20,205                            | 72,409                | 2,128                 | 0                     | 0                     | 0                     | 18,735  | -7%   |
| Financial<br>indicators (£)                                      |                                   |                       |                       |                       |                       |                       |         |   |
| Expenditure on<br>official business<br>travel                    | 40,975                            | 57,783                | 33,686                | 529                   | 10,965                | 48,636                | 50,210  | +23%  |

The prior year figures in the above table have been restated due to better quality data now available.

As staff have returned to the office over the last 3 years, business travel has increased. The majority is between our London and Edinburgh offices.



## Commitment B: Minimising waste and promoting resource efficiency

### Waste

|                                    | Baseline 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Percentage change 2023-24 from baseline |
|------------------------------------|------------------|---------|---------|---------|---------|---------|---------|---|
| Non-financial indicators (tonnes)  |                  |         |         |         |         |         |         |   |
| Total waste to landfill            | 0                | 0       | 0       | 0       | 0       | 0       | 0       | 0%                                      |
| Total reused                       | 15.7             | 0.2     | 0.5     | 0       | 1.0     | 0.4     | 11.2    | -29%                                    |
| Total recycled                     | 22.7             | 7.2     | 4.5     | 0.7     | 3.1     | 4.6     | 17.0    | -25%                                    |
| Total ICT waste recycled*          |                  |         |         |         |         | 2.9     | 1.3     |   |
| Total ICT waste reused*            |                  |         |         |         |         | 0       | 0.2     |   |
| Total waste composted (food waste) | 2.5              | 1.9     | 2.3     | 0.1     | 0.2     | 0.8     | 1.2     | -52%                                    |
| Incinerated with energy recovery   | 2.1              | 1.6     | 1.9     | 0.5     | 1.1     | 1.8     | 2.3     | +10%                                    |
| Total waste                        | 43.0             | 10.9    | 9.2     | 1.3     | 5.4     | 10.5    | 33.2    | -23%                                    |
| Total disposal cost                | 6,941            | 6,059   | 5,276   | 4,599   | 6,417   | 12,951  | 4,741   | -32%                                    |

\*New reporting requirement for 2022-23.

None of GAD's waste goes to landfill as all waste is either composted (through anaerobic digestion), reused, recycled or incinerated for energy recovery. Staff are encouraged to limit how much waste they produce. The waste systems in 10 South Colonnade and Queen Elizabeth House are based on multiple bin streams to encourage waste segregation.

The Government Furniture Clearing House was utilised heavily when donating unwanted furniture following the move from Finlaison House in 2023, with an estimated 11.15 tonnes of furniture donated to other Government departments. Our standard policy is to recycle all redundant IT equipment that cannot be re-used through our IT provider, TrIS.

It is currently not possible for GAD to split the disposal costs between the different waste streams. GAD will work with the GPA (who manage GAD's facilities management contract) with the aim of improving this analysis for future years.

In preparation for the move from Finlaison House, increased office and confidential waste, building waste and surplus furniture not donated was shredded, recycled, reused or incinerated for energy recovery. Waste disposal costs have reduced as these are significantly lower at 10 South Colonnade compared with Finlaison House.

GAD is in the process of implementing a strategy to remove Single Use Plastic (SUP) by 2025. This includes assistance from our facilities management providers and suppliers.

GAD does not offer a food service, in both office spaces there is a shared food service facility available to staff.

GAD is on target to meet the 15% reduction in waste generated from the 2017-18 baseline required by the GGCs.

## Paper

|  | Baseline<br>2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Percentage<br>change<br>2023-24<br>from<br>baseline |
|--|---------------------|---------|---------|---------|---------|---------|---------|---|
| Non-financial indicators<br>(A4 reams) | 785                 | 595     | 395     | 0       | 40      | 134     | 60      | -92%  |

60 reams of paper were purchased in 2023-24. This is an 92% reduction from the 2017-18 baseline, a reduction significantly larger than the 50% target set by the GGCs. The majority of GAD's systems are now paperless.

## Commitment C: Reducing our water use

|  | Baseline<br>2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Percentage<br>change<br>2023-24<br>from<br>baseline |
|--|---------------------|---------|---------|---------|---------|---------|---------|---|
| Non-financial indicators (m <sup>3</sup> ) | 842                 | 784     | 770     | 347     | 474     | 545     | 596     | -30%  |
| Water consumption                          |                     |         |         |         |         |         |         |   |
| m <sup>3</sup> per FTE                     | 5.2                 | 4.6     | 4.4     | 1.7     | 2.2     | 2.6     | 2.9     | -44%  |
| Financial indicators (£)                   | 2,340               | 1,654   | 2,103   | 886     | 1,271   | 1,574   | 1,945   | -17%  |
| Water supply and disposal costs            |                     |         |         |         |         |         |         |   |

GAD is on target to achieve the 8% reduction in water consumption from the 2017-18 baseline required by the GGCs. Currently, GAD has seen a 30% reduction in water use compared to the baseline.

## **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 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.

10 South Colonnade has a live roof, to encourage nature. *Canary Wharf management are also redeveloping the local area* to help encourage nature to thrive.<sup>16</sup>

## **Commitment F: Adapting to climate change**

We are committed to limiting the extent to which we contribute to climate change. For the first time GAD has reported in line with the recommendations of the TCFD. Within this there are details of GADs approach to climate change and information relating to the processes of identifying, assessing and mitigating climate-related risks.

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

GAD's ICT is continually reused. Redundant ICT is recycled through our IT provider, TrIS. GAD is continuously considering its environmental impact from ICT in its IT strategy.

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16 <https://canarywharf.com/editorial-hub/sustainability-community-in-canary-wharf>

## Appendix B – 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 2023-24 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 2023-24 is set out in the Government Actuary's Department Main Estimate 2023-24 and Supplementary Estimate 2023-24. The document is available at the HM Treasury website at [www.gov.uk/hm-treasury](http://www.gov.uk/hm-treasury).

**Table 1: Public spending**

|   | 2019-20      | 2020-21        | 2021-22        | 2022-23      | 2023-24        | 2024-25   |
|---|--------------|----------------|----------------|--------------|----------------|-----------|
| £000                                    | Outturn      | Outturn        | Outturn        | Outturn      | Outturn        | Plans     |
| <b>Resource DEL</b>                     |              |                |                |              |                |           |
| Administration                          | (736)        | (1,103)        | (1,111)        | (810)        | (1,447)        | (19)      |
| Use of Provisions (DEL)                 | 17           | 18             | 18             | 18           | 1,320          | 20        |
| <b>Total Resource DEL</b>               | <b>(719)</b> | <b>(1,085)</b> | <b>(1,093)</b> | <b>(792)</b> | <b>(127)</b>   | <b>1</b>  |
| <i>Of which:</i>                        |              |                |                |              |                |           |
| Staff costs                             | 14,672       | 16,691         | 17,877         | 18,569       | 19,599         | 20,694    |
| Purchase of goods and services          | 5,259        | 5,362          | 6,282          | 4,259        | 5,857          | 4,293     |
| Income from sales of goods and services | (21,099)     | (23,690)       | (25,691)       | (25,052)     | (26,634)       | (25,850)  |
| Depreciation                            | 381          | 489            | 375            | 1,344        | 829            | 700       |
| Other resource                          | 68           | 63             | 64             | 88           | 222            | 164       |
| <b>Resource AME</b>                     |              |                |                |              |                |           |
| Losses on revaluation                   | –            | –              | –              | –            | –              | –         |
| Provisions (AME)                        | 2            | (31)           | 71             | (74)         | (1,305)        | 50        |
| Non Budget cover                        | –            | –              | –              | –            | –              | –         |
| <b>Total Resource AME</b>               | <b>2</b>     | <b>(31)</b>    | <b>71</b>      | <b>(74)</b>  | <b>(1,305)</b> | <b>50</b> |

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

Of which:

|                              |              |                |                |              |                |           |
|------------------------------|--------------|----------------|----------------|--------------|----------------|-----------|
| Losses on revaluation        | –            | –              | –              | –            | –              | –         |
| Take up of provisions        | 19           | (13)           | 89             | (56)         | 15             | 70        |
| Release of provision         | (17)         | (18)           | (18)           | (18)         | (1,320)        | (20)      |
| <b>Total Resource Budget</b> | <b>(717)</b> | <b>(1,116)</b> | <b>(1,022)</b> | <b>(866)</b> | <b>(1,432)</b> | <b>51</b> |

Of which:

|                                      |     |     |     |       |     |     |
|--------------------------------------|-----|-----|-----|-------|-----|-----|
| Depreciation & Losses on revaluation | 381 | 489 | 375 | 1,344 | 829 | 700 |
|--------------------------------------|-----|-----|-----|-------|-----|-----|

### Capital DEL

|                          |            |            |           |            |              |            |
|--------------------------|------------|------------|-----------|------------|--------------|------------|
| Administration           | 175        | 150        | 77        | 167        | 4,940        | 350        |
| <b>Total Capital DEL</b> | <b>175</b> | <b>150</b> | <b>77</b> | <b>167</b> | <b>4,940</b> | <b>350</b> |

Of which:

|                             |            |            |           |            |              |            |
|-----------------------------|------------|------------|-----------|------------|--------------|------------|
| Purchase of assets          | 175        | 150        | 77        | 174        | 5,090        | 350        |
| Net book value on disposal  | –          | –          | –         | (7)        | (150)        | –          |
| <b>Capital AME</b>          | <b>–</b>   | <b>–</b>   | <b>–</b>  | <b>7</b>   | <b>369</b>   | <b>100</b> |
| <b>Total Capital Budget</b> | <b>175</b> | <b>150</b> | <b>77</b> | <b>174</b> | <b>5,309</b> | <b>450</b> |

|                  |              |              |                |              |              |            |
|------------------|--------------|--------------|----------------|--------------|--------------|------------|
| <b>Total DEL</b> | <b>(544)</b> | <b>(935)</b> | <b>(1,016)</b> | <b>(625)</b> | <b>4,813</b> | <b>351</b> |
| <b>Total AME</b> | <b>2</b>     | <b>(31)</b>  | <b>71</b>      | <b>(67)</b>  | <b>(936)</b> | <b>150</b> |

**Table 2: Administration budget**

|   | 2019-20      | 2020-21        | 2021-22        | 2022-23      | 2023-24      | 2024-25  |
|---|--------------|----------------|----------------|--------------|--------------|----------|
| £000                                    | Outturn      | Outturn        | Outturn        | Outturn      | Outturn      | Plans    |
| <b>Resource DEL</b>                     |              |                |                |              |              |          |
| Administration                          | (736)        | (1,103)        | (1,111)        | (810)        | (1,447)      | (19)     |
| Use of Provisions (DEL)                 | 17           | 18             | 18             | 18           | 1,320        | 20       |
| <b>Total Resource DEL</b>               | <b>(719)</b> | <b>(1,085)</b> | <b>(1,093)</b> | <b>(792)</b> | <b>(127)</b> | <b>1</b> |
| <i>Of which:</i>                        |              |                |                |              |              |          |
| Staff costs                             | 14,672       | 16,691         | 17,877         | 18,569       | 19,599       | 20,694   |
| Purchase of goods and services          | 5,259        | 5,362          | 6,282          | 4,259        | 5,857        | 4,293    |
| Income from sales of goods and services | (21,099)     | (23,690)       | (25,691)       | (25,052)     | (26,634)     | (25,850) |
| Depreciation                            | 381          | 489            | 375            | 1,344        | 829          | 700      |
| Other resource                          | 68           | 63             | 64             | 88           | 222          | 164      |

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