Annual Report & Accounts 2023/24

(For year ended 31 March 2024)

Government Property Agency

HC 214

Government Property Agency

Annual Report and Accounts 2023/24

(For the year ending 31 March 2024)

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Foreword

Pat Ritchie CBE
Chair

Chair

I am proud of the progress the Government Property Agency (GPA) continues to make towards achieving the vision of delivering a transformed, shared and value for money government estate supporting civil servants to work productively in every nation and region in the UK.

We now manage 228 buildings across the UK equating to over 53% of the government office estate. We have enabled opportunities for people to work nearer to where they live by exiting 42 buildings in Whitehall and moving 18,000 roles out of London into new hubs and redevelopments. New technology has been introduced in new and historical buildings to increase productivity.

I am particularly pleased with our continued strong relationships with local government and partners. We have now continued to grow the number of portfolio plans for towns and cities across the UK and have used these to plan for the rationalisation of the whole government office portfolio.

We are increasing capability through our newly-appointed strategic partners which will provide the GPA with industry-leading professional services, enabling more efficient project delivery and greater value for money across the most diverse and challenging real estate programmes in the UK.

Clients and customers remain at the heart of everything we do, and although we are seeing progress, for example a 3% improvement on 2022/23 client satisfaction scores, we recognise there is more to do before we can be satisfied that we are meeting our own and our clients' expectations.

To continue to improve and deliver more efficiently and effectively, this year we will focus on joining up our offer, getting the basics right for clients, and strengthening delivery. We also want to start to address challenges with the current delivery model to enable a more commercial and sustainable operation in the future and as part of the next Spending Review.

It is also important that we continue to build and develop the culture in the GPA, to create a high performing team which embodies a renewed set of GPA values, where people feel included, trusted and are set up to deliver effectively.

I would like to thank my fellow Board members, all GPA colleagues, former chief executive Steven Boyd, and our partner agencies for their support and hard work. I look forward to working together to deliver our ambitious programmes in the year ahead.

Mark Bourgeois
CEO

Impressive growth

Since joining in November 2023, I have been hugely impressed with the scale, expertise and ambition within the GPA. All credit to colleagues past and present for driving this growth and creating an organisation with the capability to deliver a smaller, better, and greener property estate, promoting economic growth and bringing the Civil Service closer to the communities it serves.

Improvement required

Growth at this scale comes with challenges, and departmental client partners have at times been rightly critical of delivery. Evidently, a period of stabilisation is required. Therefore, in the latter part of 2023/24 colleagues focused on improving our systems and processes, examining governance and structures, and setting a business plan for 2024/25 focused on improvement. In short, we will focus on getting the basics right for clients whilst building a sustainable organisation for the future.

Considerable successes in 2023/24

Alongside the improvement plan, colleagues continued to deliver impressive results. We expanded our office estate to become the largest in government, with 53% of the overall portfolio. We also made progress in developing new government hubs and redeveloping existing ones. Notable developments include 22-26/55 Whitehall, 3-8 Whitehall Place and 2 Ruskin Square, Croydon while construction has progressed well on the new hub at Manchester First Street, and in March we submitted a planning application for a new hub at the Darlington Economic Campus.

Other achievements include:

- Investing c.£60m per annum in condition improvement works, and advancing projects with an estimated £3bn capital investment
- Continuing to make significant strides in modernisation of the Whitehall Campus
- Closing a further 5 offices in 2023/24, reducing running costs of the government's office estate in London totalling £235m per annum (gross), since the GPA's formation
- Through the Smarter Working programme, helping departments to adopt modern ways of working 31 of 41 departments (2023: 30 of 41 departments) have successfully reached maturity, meaning c.225,000 civil servants now work for organisations assessed as smarter working 'mature' against the PAS3000: Smart Working Code of Practice
- Issuing the GPA's first Environmental, Social, and Governance report and developed Net Zero Programme decarbonisation roadmaps/embodied carbon targets for all new projects ($kgCO_2/m^2$). Office emissions of CO_2 have been reduced by 1,208 tco2e to 31/03/24

- Developing a whole Government Office Portfolio plan for every major region and city in the UK and started collecting office utilisation data
- Continuing to embed, refine, configuring and integrate our new purchase-to-pay and financial management systems
- Reducing our Debtor Days from a peak of 105 days, to a year-end position of 22 days

Demonstrating expertise, scale and technological capabilities

I have been incredibly impressed with the range and depth of expertise within the GPA. By way of illustration, working with the Department of Science Innovation & Technology (DSIT), following a successful pan European competition, we were requested to oversee the build of a major new weather centre in the United Kingdom. In February we secured planning permission for this European Centre for Medium-Range Weather Forecasts, to be built at the University of Reading.

Our technology investments are benefiting the following key areas:

- GovPass has now deployed to 57 sites, 30 in this financial year. In total we have issued 134,000 passes aiming to improve interoperability and security
- Using GovPass technology we have recorded anonymised data to support the GPA's occupancy programme, and have developed a client pilot at 3-8 Whitehall Place
- The GovWifi service has grown, adding a further 27 installations in the year, to reach a total of 279 providing seamless connection across the estate
- We have continued to enhance and roll out our Workplace Services Digital Platform (Pilgrim), now in more than 80 buildings. This allows the connection of buildings, people and processes into one platform, simplifying user experience and streamlining workplace management, producing meaningful insight and enabling increased productivity

Building for the future

We enter 2024/25 against a backdrop of considerable financial challenges and broader macro uncertainties. There is increasing evidence the business model under which the GPA was created, must change.

Along with the board and colleagues, the GPA's Executive Committee intends to work with all stakeholders to evolve a more sustainable delivery model.

In the coming year, we will focus on getting the basics right alongside a continuous improvement programme. We aim to build stronger foundations, enhance skills, and drive collaboration across the GPA. It is challenging and hard work. I am very grateful for the dedication and resilience of my purpose driven colleagues, in facing the challenges and delivering such impressive results.

Performance Report

Overview

This report provides a summary of the GPA purpose, vision and objectives, it details progress made and key achievements in the year ended 31 March 2024. The Governance Statement reports on the management of key risks, noting the GPAs key strategic risks and accountability measures.

Who we are and what we do

Founded in 2018 as an Executive Agency of the Cabinet Office, the GPA is overseen by a Board with broad expertise in property management, customer service and public sector leadership. The GPA's mission is to create exceptional workplaces for civil servants, enabling public sector efficiency, delivering value for taxpayers through applying commercial acumen to management of the civil estate.

Mission and methods

The GPA uses its Civil Service know-how and commercial expertise to:

- Deliver on Government priorities
- Help the Civil Service attract the best talent across the United Kingdom
- Plan and deliver the Government's office and warehouse portfolios
- Act as the single landlord for government departments
- Deliver the Government Hubs Programme
- Provide workplace services to our clients, where required

Vision

The GPA's vision is to create a transformed, shared, sustainable and value for money government estate, enabling civil servants to work productively in every nation and region of the UK.

Operating environment

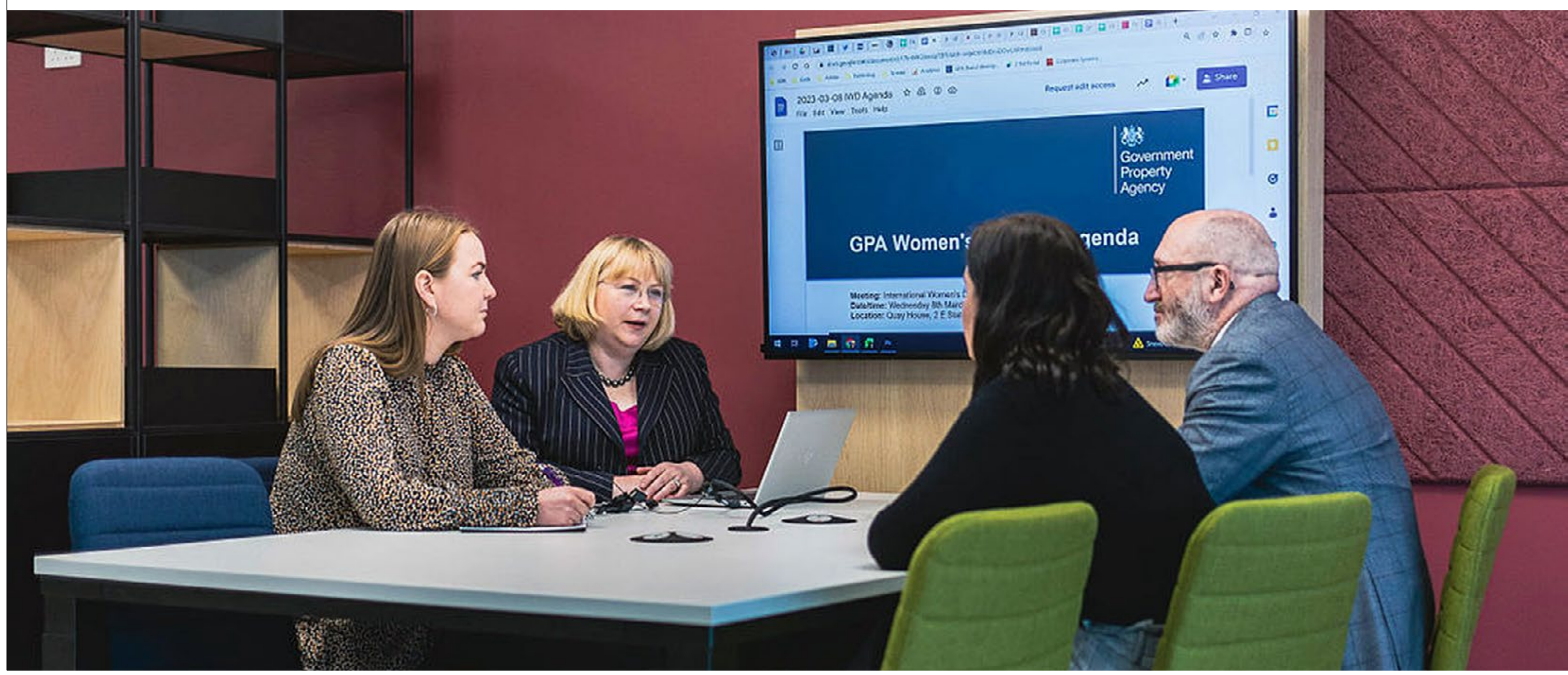
GPA has experienced a challenging year, with economic pressures affecting funding priorities. Despite this, the GPA remained committed to continued enhancement and targeted changes, achieving notable progress. Having continuously expanded in both scale and capability since its formation, the GPA is now entering a phase of stabilisation ahead of planned future expansion to complete consolidation of the office estate and its ambition to onboard the warehouse portfolio.

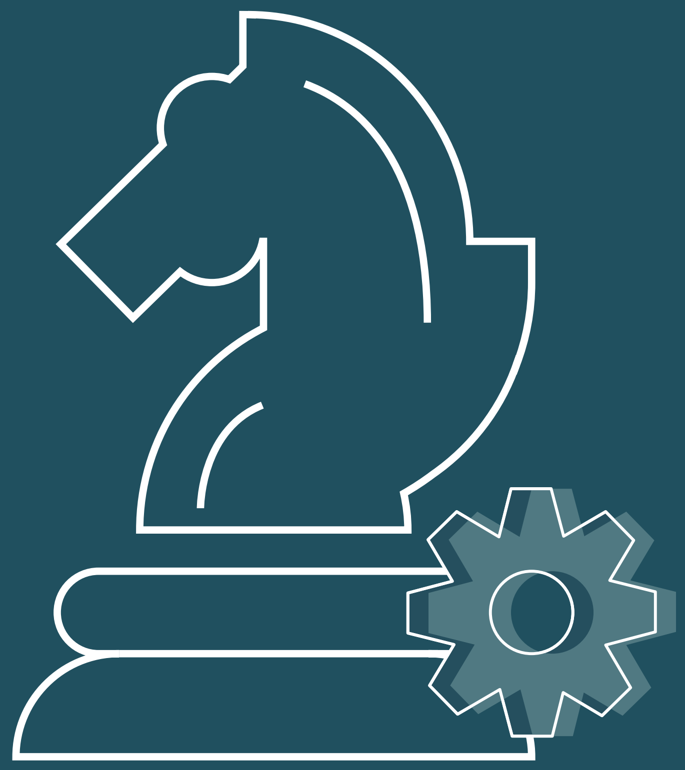
The pace of growth experienced has highlighted emerging areas of weakness in the GPA's operating model, prompting the Executive Committee to develop a 'continuous improvement programme', which is currently being implemented.

This covers:

- People capability, capacity and culture
- Governance arrangements
- Corporate performance monitoring and KPIs
- GPA Structure (with targeted change)
- Charging model

In addition a programme of quick wins, currently being implemented, includes improvements with client billing, the pace of transactions, service delivery, risk management and client reporting.





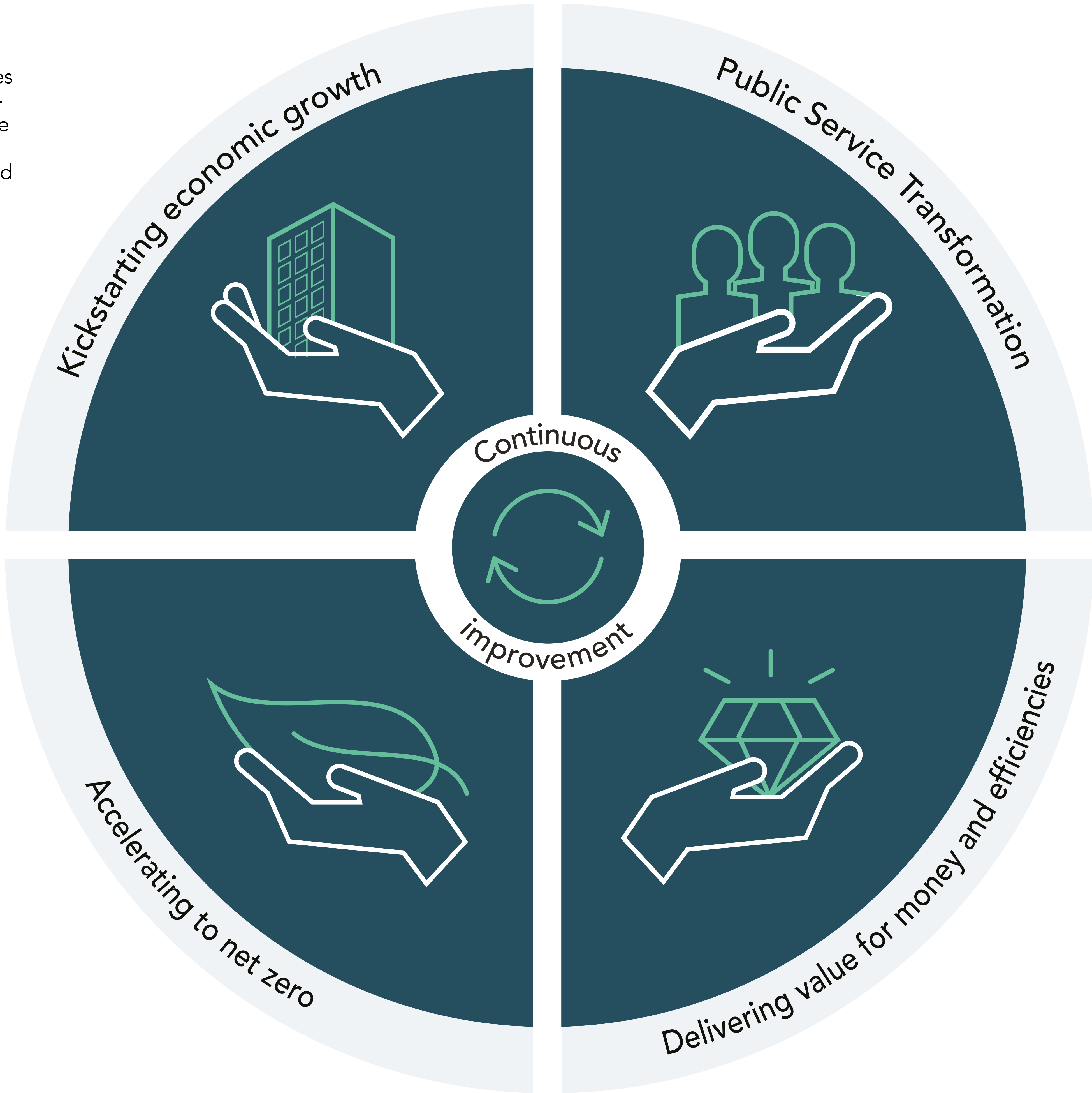
Strategic Objectives

Strategic focus

The GPA has maintained its commitment to its four strategic objectives that influence both people and places positively in accordance with its 10-year Strategy (2020-2030). Financial year 2023/24 has been a year where the GPA has continued to expand the portfolio it manages while continuing to build its platform, through dedicated support to its teams, the integration of new contracts, and system enhancements. This activity is enabling the GPA to strengthen its commitment to sustained excellence and future growth.

Our long term strategic objectives that will help us achieve our vision

Delivered through brilliant, skilled, diverse and empowered people and partners who embody the values of the GPA.



Performance Against KPIs

Performance at a glance against 2023/24 KPIs

Focus Area	Target	Results 2023/24	Results 2022/23	Commentary
Client Satisfaction	Average client satisfaction survey score 7/10 or above	6.2/10	6.0/10	KPI not met in 2023/24 Reassessment of KPIs and SLAs underway, to support accurate alignment with performance and client expectations; with continuous enhancement of client priority areas ongoing
Core Skills	Reduce the core skills gap by 10% for all GPA people	10% reduction	First applicable for 2023/24	KPI successfully met in 2023/24 Core skills gap reduced by 10% from 51% of skills assessed at below the requirements for the role to 46%, reflecting focus on educating and upskilling colleagues
Equity Diversity Inclusion	Reduce the median gender pay gap (GPG) figure for 2024 by at least 10% of the pay gap figure for 2023 (target: 9.54%)	9.4% GPG	First applicable for 2023/24	KPI successfully met in 2023/24
Employee Engagement	Improve Employee Engagement Index (EEI) to at least 68%	64%	First applicable for 2023/24	KPI not met in 2023/24, marginally under target first year of measurement. This is an area of continued focus for the Board and Executive Committee
Supplier Relationships	Score an average supplier score above 7/10	7.42/10	7.9/10	KPI successfully met in 2023/24
Budget	Ensure always operating within 10% of budget	Expenditure for the year within control totals	First applicable for 2023/24	KPI successfully met in 2023/24 with both RDEL and CDEL budgets substantially utilised
Client Debt	Debtor days to be no more than 30 days	22 days	82 days	KPI successfully met in 2023/24 Debtor Days, based upon overdue debt
Benefit Realisation	Total benefits to Government to be at least £1.5bn	> £1.5bn	Significant benefits realised, new methodology under review	Target has been exceeded on a cumulative basis to 30 June 2023
Health and Safety	RIDDOR – Aspire to Zero for reportable incidents	Zero	Zero	KPI successfully met in 2023/24, with no reportable incidents to the Health and Safety Executive
Vacant Space	Vacant Space – Targeting less than 3%	0.30% (by income)	0.46% (by income) – Against target of less than 2%	KPI met in 2023/24
Customer Satisfaction	Average customer satisfaction above 7/10	6.8/10	6.9/10	KPI not met in 2023/24, marginally under target Continued focus is on implementing actions for improvement

Focus Area	Target	Results 2023/24	Results 2022/23	Commentary
Building Condition	60% of GPA managed properties to be Condition B or better	68%	51% (target was to develop plans for all Condition C and D properties)	KPI successfully met in 2023/24
Project Delivery	Capital projects to be 90% on track, delivered to time and cost as defined in the Full Business Case (FBC)	33% of projects on track or delivered to cost 66% on track or delivered to time	64% (9 of 14) of projects on track to deliver to their approved budget 71% (11 of 14) projects on track to deliver to the agreed timeline	KPI not met in 2023/24 All three projects have experienced delays compared to plan and cost escalation Tools to aid with control of capital projects including the move to NEC4 contracts are in progress
Net Zero	To reduce emissions by 1,200 tCO_2e of which 297 scope 1 emission reductions to ensure GPA on track to meet 2027 target	1,208 tCO_2e pa (and utility cost savings of £1.39m pa)	1,220 tCO_2e pa (and utility cost savings of £604k pa)	KPI successfully met in 2023/24, with carbon savings all scope 1 emissions
Property Technology	Expand occupancy monitoring by a further 100,000m^2 (to 600,000m^2)	Expanded by 676,414m^2	First applicable for 2023/24	KPI successfully met in 2023/24, with the result exceeding the target by 76,000m^2

Clients

Performance Summary & Key Achievements

Clients and client satisfaction

Clients overview

The GPA serves a portfolio of c. 140 clients including ministerial departments, agencies, public bodies, and selected non-government occupiers. It focuses on establishing genuine partnerships, flexing its services to meet the distinct needs of each client.

Elevating client satisfaction

The GPA's efforts go beyond simply managing the existing government office portfolio; they also include integrating new hubs and taking on properties and contracts from its clients. Despite an expectation gap, this comprehensive approach has led to an overall satisfaction score of 6.2/10 in Q4 2023/24 (Q4 2022/23: 6.1/10). Whilst this is a marginal increase, the GPA is taking proactive steps to address the plateau in client satisfaction scores over the last financial year and is reassessing key performance indicators (KPIs) and service level agreements (SLAs) to ensure they accurately reflect the GPA's performance and align with client expectations. This will lead to a more objective measure of performance, rather than the current more subjective assessment.

With a goal to reach a minimum of 6.5/10, and an aspiration to achieve 7/10 satisfaction rate in 2024/25, the GPA is addressing areas of priority for clients including:

- Improved billing, budgeting and forecasting
- Improved pace of property transactions
- Focus on Workplace Services in key client locations
- Demonstrable improvement in the relationship at all levels with client departments

Innovations in client engagement

In 2023/24, the GPA launched a client relationship management (CRM) tool, which centralised client information and interactions for the first time. This has facilitated access to essential department-specific information, creating a single source of data for the first time. Moreover, it strengthened its engagement by setting up a client engagement forum – the Client Committee and its Finance Sub-committee, and by focusing on refining financial processes in cooperation with departments. In parallel, the GPA launched a Client Portal to its Portfolio Services clients. The system will enable clients to self-serve core management information and provide them with greater visibility to information the GPA manages. These systems will help to improve client satisfaction.

The strategic appointment of Non-Executive Director Helen Gillet, bringing more than 25 years experience in the IT/Telecoms and utilities sectors, with in-depth expertise in client and customer service, emphasises the intent to include a wider client perspective within governance frameworks.

Fostering dialogue and collaboration

The GPA held its first client conference in February 2024, bringing together Civil Service leaders and industry experts to share feedback, ideas and insights. This event highlighted the importance of partnership, improving workplace experiences, and the effective employment of data in steering the future direction of property services provided by the GPA.

Through these initiatives, the GPA illustrated its commitment to understanding and enhancing the client experience, anchored by a focus on innovation, collaboration, and ongoing refinement, which underpins its objective of on-boarding the remainder of the in-scope civil estate.

Customers

Evolution of the customer experience

The GPA strives to deliver great places to work for its customers: the Civil Servants, visitors, contractors and others using the buildings it makes available to its clients. This year the GPA has implemented a number of customer-focused initiatives to continue that journey.

Measuring customer experience

Key to success is ensuring a deep understanding of its customers. The GPA uses two main platforms to gather customer workplace experience data; a Customer Satisfaction survey, and an ongoing partnership with Leesman, a global leader in measuring workplace experience. The results of both surveys inform the design of buildings and services, ensuring customers make the most of their workplaces to be productive and efficient.

In the current year, the GPA surveyed 85 buildings across government, gaining responses from 27,432 civil servants. The average customer satisfaction score was 6.8/10 (2022/23: 6.9/10) and the average Leesman score was 61.1/100 (2022/23: 60.4). The GPA uses the data gathered to identify workplace insights and trends, influencing designs and services, and to create actionable recommendations for improvement.

Mystery shop visits in 24 buildings led to improvements in key areas of experience such as cleanliness, tidiness and improved professional delivery of services.

Implementation of its integrated workplace management system (IWMS) (named Pilgrim and discussed in more detail below), has provided the ability to monitor and act upon customer feedback relating to workplace service delivery by using customer feedback forms. This is linked to other available customer satisfaction data.

Enhancing the customer experience

The GPA continued to support clients and customers in their preparation, move into and occupation of its managed hubs. The GPA used its Customer Experience Framework to help clients and customers realise the full benefits of their new workplaces reflecting the significant investment of £298.5m in 2023/24 (2022/23: £240.3m) in improvements. During 2023/24, the GPA supported the occupation of 55 Whitehall Place, 3-8 Whitehall and 5th Floor 10 South Colonnade, all in London, introducing around 2,000 customers into their new workplaces. In addition, the GPA repurposed existing accommodation for public hearings and acquired additional office space for the UK Covid-19 Inquiry.

The GPA supported (and will continue to support) departments which will be moving into offices in locations including Croydon, Bristol and Darlington hubs when they open, through 2024/25 and beyond.

To further understand the customer experience and improve service, the GPA developed a suite of customer personas, creating end-to-end customer journey maps which identified customer touch points, highlighted areas for continuous improvement and to guide and inform design and service requirements.

Workplace services transformation

The GPA made significant progress with the roll out of its Workplace Services Transformation Programme – disaggregating national Total Facilities Management (TFM) contracts into regional agreements, improving data quality to enable effective decision making.

Following contract awards in 2022/23, the agency's workplace services performance partner began work, with the purpose of providing support in performance & data, customer experience, asset management, commercial, additional assurance capability and a national helpdesk.

The digital platform Pilgrim, was designed and built to act as the GPA's IWMS, integrating data across the operating system and supporting effective management of service delivery by providing a single system for the GPA, its performance partner and its regional supply chain partners (RSCPs). Pilgrim will also be integrated with the customer service portal. This is now a central repository of all building assets data for the whole GPA managed estate (over 100,000 assets). This will support lifecycle replacement and smart investment planning.

Services were also mobilised with new facilities services to providers for customer security and response services (operational security) from 1 October 2023, with customer comfort and safety, and customer community and support services mobilised from 1 November 2023.

These new contracts now deliver to 431,000 sq m of government office estate servicing c. 90 clients.

Accessibility, inclusivity, workplace design, office of the future

The Government Property Agency's 10 year strategy (2020-2030) commits to the delivery of well located, well designed, sustainable, inclusive, digitally enabled spaces for a modern civil service. Updates to the GPA Inclusive Design Guide are on track for delivery in 2024, following the endorsement of the GPA's first Inclusive Design Strategy which sets out short, medium and long term goals for supporting the delivery of exemplar accessibility in government buildings. The strategy also sets out robust governance around accessibility and inclusivity across all elements of decision-making within the GPA to better support this.

Notably, the GPA achieved organisational level Construction Industry Council (CIC) accreditation for inclusive environments in 2022/23, reflecting its commitment to providing exemplary inclusive spaces within its hubs. This has also now been achieved at project level for 23 Stephenson Street hub in Birmingham through 2023/24.

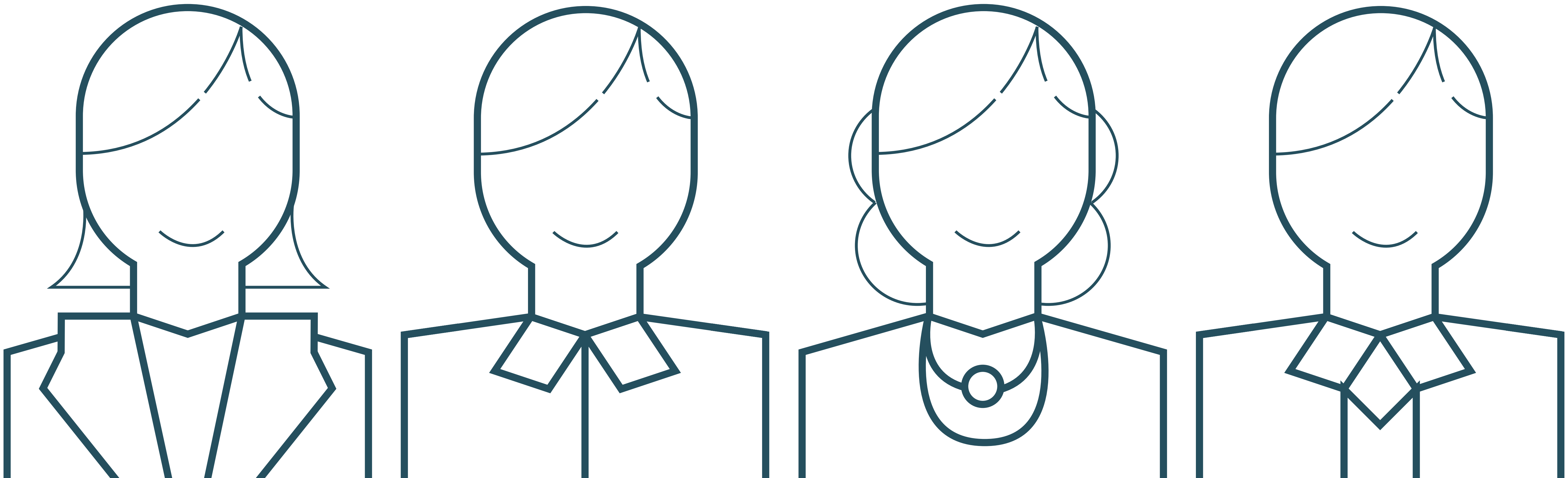
Customer Service portal

The GPA has continued to introduce the Customer Service Portal, which serves as a comprehensive resource for customers navigating workplaces. It provides information on building opening hours, emergency procedures, meeting room bookings, and the location of facilities like universal toilets and wellbeing rooms. The portal has been expanded to include an additional 28 buildings across the managed estate, including all regional and Whitehall Campus hubs.

Smarter working

The GPA's Smarter Working Programme, a key enabler for the Government Estate Strategy and for Civil Service transformation, successfully closed in May 2023, transforming the way 225,000 civil servants from 31 departments work and achieving over £20m of booked benefits.

Following a successful Smarter Working Live conference and awards in 2023, the GPA continues to support departments and other organisations through a community of practice which brings together over 300 practitioners from across the public sector to share best practice. It also runs a business reference group, bringing together senior leaders from the private sector, the civil service and the workplace industry to explore and address common themes in workplace engagement and experience with the objective of sharing best practices, learning from each other's expertise, and ultimately navigating the evolving workplace landscape collaboratively.



Property Management

Evolution and modernisation of the estate

Efficiency and transformation of working practices

The GPA has continued to invest in upgrading the technology in its buildings. Through 2023/24 London – Caxton House, 3-8 & 55 Whitehall and Government Offices Great George Street (1 Horse Guards Road and 100 Parliament Street), have been onboarded to GPA property technology and service management, bringing the number of service-managed hubs to eight. This work has improved the quality of proptech services, eliminating conflicting technology and providing a unified standard that enhances the customer experience. Furthermore, 146 shared meeting rooms across the estate have been remediated to implement a standardised, high-quality audio visual and video conferencing solution (AV/VC), bringing the total to 380 meeting rooms.

The implementation of a new strategic IT service management contract enabled economies of scale, while availability of services across technology sets has met the targets, supporting clients in the efficient operation and delivery of activities.

GovPass

The GovPass Programme is now live at 57 sites, with 30 deployments in the year. A total of 134,000 GovPasses have been issued, improving interoperability and security. An occupancy data reporting interface was developed and installed at three sites, providing valuable data to support the GPA's occupancy programme, client space planning and customer experience in hubs. Operating principles were agreed, which form the foundation of improved customer experience when working between offices, and a cross-civil service operations board has been established to transition these principles into operation. The focus for the next reporting year will be to ensure the realisation of interoperability benefits while maintaining security and safety for customers.

GovWifi

A single GovWifi network is the standard for connectivity at all GPA technology onboarded sites. Growth of the service continued with an additional 154,000 users, now totalling 649,000. Active deployments of GovWifi increased by 27, now totalling 279 installations. Importantly, over half of the users are interoperable, using a single registration to access GovWifi at multiple locations.

Building level occupancy data reporting

The coverage of occupancy data reporting has been expanded across the government estate to cover 1.176m sq m, representing more than a third of the total office estate. Data from an additional 826,000 sq m was reported in the current year. This data provides valuable insights for making strategic decisions regarding the size of the estate and supports clients in making better use of offices. In the latter part of the reporting period, there was a focus on planning to automate and improve the quality of data reporting. This effort will continue in the next reporting year, and data shared with clients.

GovPrint

GovPrint has grown significantly as the latest version of the service has been rolled out. Various government departments, including HMT, ONS, Home Office, and Cabinet Office, have chosen to use GovPrint as a replacement for expiring print contracts. The key benefits include reduced procurement and deployment costs, as well as the ability to deploy devices to small locations using GovWifi. In the Whitehall Campus, GovPrint has facilitated the flexible use of buildings, allowing clients such as DESNZ, DSIT, and DBT to easily relocate colleagues between locations.

Lifecycle Replacement Programme

The GPA has continued to deliver on its annual programme of investment to improve condition and reduce dilapidation liabilities of its buildings through the Lifecycle Replacement Programme (LCR). Throughout 2023/24, the LCR programme (including LCR Tech) invested £69.9m replacing over 150 building assets / systems in the GPA managed estate, reducing future maintenance costs.

Asset transfer and strategic estate management

Growth and strategy

This year saw a further expansion of the GPA's estate, which now encompasses 53% (2022/23: 48%), of the central government office portfolio, covering c.1.1m sq m (2023: c.950k sq m).

With a focus on integrating and enhancing services for improved client satisfaction, the GPA conducted due diligence on assets to be on-boarded so it has an understanding of each property and its risks, so as to inform asset management plans. This approach has continued to evolve, including the recent addition of Reinforced Autoclaved Aerated Concrete (RAAC) assessments, consideration of void risk, dilapidations exposure and other aspects of building condition, underscoring the agency's commitment to strategic, responsible growth.

In the past year, the GPA has actively shaped the government estate's future through strategic acquisitions and disposals of freehold and leasehold space, optimising the estate's efficiency and location. This includes engaging in the commercial market to acquire or lease properties ranging from serviced offices to BREEAM Outstanding new builds, securing advantageous terms that underscore the strength of the government's covenant and the GPAs commitment to environmental sustainability.

The table below sets out notable freehold acquisitions and disposals in 2023/24 including acquisitions in support of GPA's development pipeline.

Focus Area		
Property Name	**Address**	**Location**
Land for Brunswick Hub	Brunswick Street, Darlington	Darlington, North
MDC3 Hub land acquisition (sale agreement exchanged)	Ancoats, Manchester	Manchester, North
Freehold Disposals 23/24		
Property Name	**Address**	**Location**
Aragon Court	Aragon Court, Peterborough,	Peterborough,

Estate rationalisation

The GPA has taken a strategic approach to rationalising its estate, guided by a comprehensive analysis of supply and demand, financial implications, impacts of government policy changes, and the goal of retaining high-quality accommodation that meets departmental needs across the UK. This has been partly facilitated by the delivery of government hubs in larger cities. However, these changes require incremental funding to enable the GPA to progress building closures and adapt and respond to the evolving demands of the government estate. The most notable transaction in 2023/24 is:

Major Lease Transactions		
Property Name	**Address**	**Location**
Disposal of 1-19 Victoria St on 31/01/24 which resulted in an estimated RDEL saving of £21.7m	1-19 Victoria St, London, SW1 0ET	London

Further rationalisation of the estate, notably in central London, continues to be progressed.

Supporting Regional Economic Growth

The GPA's work in London, including the disposal or exit from surplus buildings and the diligent planning of future closures, supports regional growth. By facilitating relocation of government roles out of the capital, the agency is contributing to a more distributed and efficient government presence across the UK. Its strategic planning, in collaboration with departmental partners, aims to optimise the government's office estate, leveraging regional growth opportunities and supporting the development of thematic campuses.

Collaboration and future focus

The agency's regional strategy emphasises collaboration with strategic advisors and stakeholders across the UK. By focusing on place-based planning and regional campuses, the GPA aims to enhance the government's operational effectiveness and contribute to regional economic growth.

Through these strategic asset transfers and estate management initiatives, the GPA demonstrates its commitment to a thoughtful, data-driven approach to management of the government property estate. By aligning its efforts with broader government objectives and focusing on sustainability, efficiency, process improvement and client satisfaction, the GPA continues to evolve the government estate for the future.

Progress in GPA's development pipeline

The GPA is at the forefront of one of the UK's most ambitious office estate transformation programmes, where in addition to its progress in taking on the management of existing Government offices and warehouses, the GPA has opened a further two government hubs in London at 3-8 and 55 Whitehall.

Impactful hub developments

The GPA invested £183m in Capital Projects in 2023/24 across 15 in flight and some now completed projects (2022/23: £109m).

The government hubs created through this development activity are helping to transform the way the Civil Service works while spurring local economies through significant investment in projects including the Quay House development in Peterborough and the Darlington Economic Campus, which are expected to deliver considerable economic benefits and support the Government's wider ambitions of urban renewal. Through the work on the Darlington Hub, the GPA is poised to unlock an estimated £6.7 million social and local economic value in this location through activities including training opportunities, environmental conservation support, work placements, and significant local economic spend.

Approach to delivering capital programmes

Strategic partnerships and portfolio management efforts are essential to GPA delivering projects that meet the highest standards of quality, cost-efficiency, and social value. This includes a focus on driving economic equality, employment opportunities, and sustainability through Net Zero interventions across its real estate portfolio.

As the agency delivers its ambitious transformation programme, it remains committed to leveraging strategic partnerships, design innovations, and commitment to sustainability to create an estate that meets the government's current needs and is also able to adapt.

The Government Hubs and Whitehall Campus Programmes are transformational, enabling improved workplaces for civil servants across all regions of the United Kingdom. Its design approach seeks to:

- Build a sense of place and community, creating pride among those who occupy these spaces, and local communities
- Deliver great places to work for a modern civil service that will inspire people to be their best and to find new, creative and innovative ways to improve public services
- Provide cutting-edge, innovative working environments to help recruit and retain the best talent, improve productivity and deliver more diverse and inclusive workplaces

The agency's Design Guidance has established Room Briefing Sheets to bring to life to clients exactly how space will look. This helps support messaging to their customers, and also helps design partners and cost managers achieve financial certainty more quickly. Furthermore, a Biodiversity & Nature Recovery Annex has been included, which proactively responds to recent legislative changes which will be applied moving forward.

The GPA operates a thin client model, making extensive use of strategic partnerships with its supply chain. Strategic Partnership contracts are now in place covering design, cost management, project management, and other specialist services, provided by a consortium led by global firms WSP, Gleeds and Tetra Tech respectively. The four-year contracts have an option to extend up to a maximum of a further three years, giving potential continuity of service up to 2030/31.

Strategic alignment and capital planning functions have been improved, and the agency strengthened delivery by establishing a centrally controlled portfolio management function. This strengthens GPA's ability to deliver strategic objectives successfully, manage capability and provides assurance that all delivery risks are appropriate. In addition, portfolio risks continue to be evaluated and used to inform decision making surrounding programme delivery. The move to NEC4 is a positive step in driving collaboration with our new strategic partners.

Supporting Strategic client projects

In addition to its own development activity, the GPA uses its expertise to support clients with their capital programmes. Projects such as the European Centre for Medium-range Weather Forecasts (ECMWF), at the University of Reading, will help serve the UK's leadership in meteorology and underscore the GPA's role in supporting critical governmental functions to deliver major projects contributing to regional development initiatives. These projects are designed not only to meet immediate operational needs but also to provide long-term benefits to the surrounding communities.

The Reading weather centre is anticipated to be the most extensive hub for weather and climate research and operational forecasting in the world. The environmentally sustainable design will be tailored to support its forecasting, research and training functions for 300 scientists.

The new digital campus in Manchester aims to support the local community through improving digital skills and connectivity. The project demonstrates the shared ambition to create employment and wider business opportunities, while also supporting community engagement through cultural events and partnerships with schools surrounding the site.

Environmental, Social & Governance (ESG) / Sustainability

Great places to work are sustainable places to work

The GPAs Environmental, Social and Governance (ESG) principles embed the responsibility to operate in an environmentally sustainable and socially responsible manner governed with integrity and transparency. However, sustainability and ESG are not 'add ons'. They are central to the economic and social value at the heart of the agency's mission and run through its strategic objectives.

The GPA continued to focus on 14 material topics, progressing enablers and delivering impact. It published its first ESG report in July and is using its learning to develop future reporting.

Mitigating Climate Change through Carbon Reduction

The GPA's Net Zero Programme has faced a number of challenges this year despite significant budgetary restraints; £19.8m was invested in 62 projects delivering carbon savings of over 1,200 tCO_2e across the government estate, equivalent to that needed to power 500 homes for a year.

Projects completed consist of LED lighting installation, heating, ventilation and air cooling (HVAC) and building management system upgrades, along with heat decarbonisation schemes and sub-meter installations.

Notable projects include:

- The programme's first replacement of a gas fired boiler with an air source heat pump at Rivers House, Blandford, reducing the building's scope 1 carbon emissions to zero
- A large LED lighting upgrade completed at London, Wellington House; this affected over 13,000 sqm of central government office space with minimal disruption to the client
- The replacement of the plate heat exchanger at London, Dover House, which is critical to increasing the efficiency of the Whitehall district heating system

Significant progress has also been made to ensure that all solar PV panels procured have been ethically produced. 5,000 fully audited panels have been ordered which are important to delivering energy resilience, low cost energy and low carbon energy to the GPA portfolio.

Adapting to a Changing Climate

Climate change will impact the GPA property portfolio and supply chain. Unmanaged, this presents risk to the GPA's client-focussed service, portfolio value and ability to deliver long term objectives.

During 2023/24, the GPA:

- Progressed a climate change risk assessment aligned to the UK Government and Office of Government Property climate change adaptation frameworks
- Developed a climate change strategy and action plan
- Screened all GPA properties for flood risk to gain an initial portfolio view

Delivering Great Places to Work through Sustainable Capital Projects

The agency continues to invest in sustainable, modern workplaces.

Projects completed include:

- 3-8 Whitehall Place/55 Whitehall – refurbished to BREEAM Very Good and A rated Energy Performance. This enabled the decant of 1 Victoria Street
- 10 South Colonnade, London – refurbished to BREEAM Very Good

Work is ongoing to ensure the GPA's design guide continues to ensure the spaces it creates are built to exceptional environmental standards.

Maximising Social Value

With its nationwide footprint and significant operating scale, the GPA is uniquely positioned to act as a placemaker and impact communities positively. The social value goal is to lead by example, demonstrating the agency can be a force-for-good in the world, and setting an example to other central government organisations on how to measure and track the impact of actions.

The GPA is actively working to embed this community-centred, place-making approach into every stage of project life cycles. In order to do this, the agency worked with industry expert, Social Value Portal, to better understand community needs across development sites and current government hubs over the year. Social Value Portal conducted 11 local needs analyses and target-setting workshops to outline potential opportunities to enable impact within our project supply chain.

TCFD Compliance Statement

The GPA 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. The agency complied with the TCFD recommendations and associated disclosures around:

- Governance (all recommended disclosures)
- Metrics and targets (disclosures (b))

This is in line with the central government's TCFD-aligned disclosure implementation timetable. The GPA plans to make disclosures for Strategy, Risk Management and Metrics and Targets disclosures (a) and (c) in future reporting periods in line with the central government implementation timetable.

Climate Risk Management

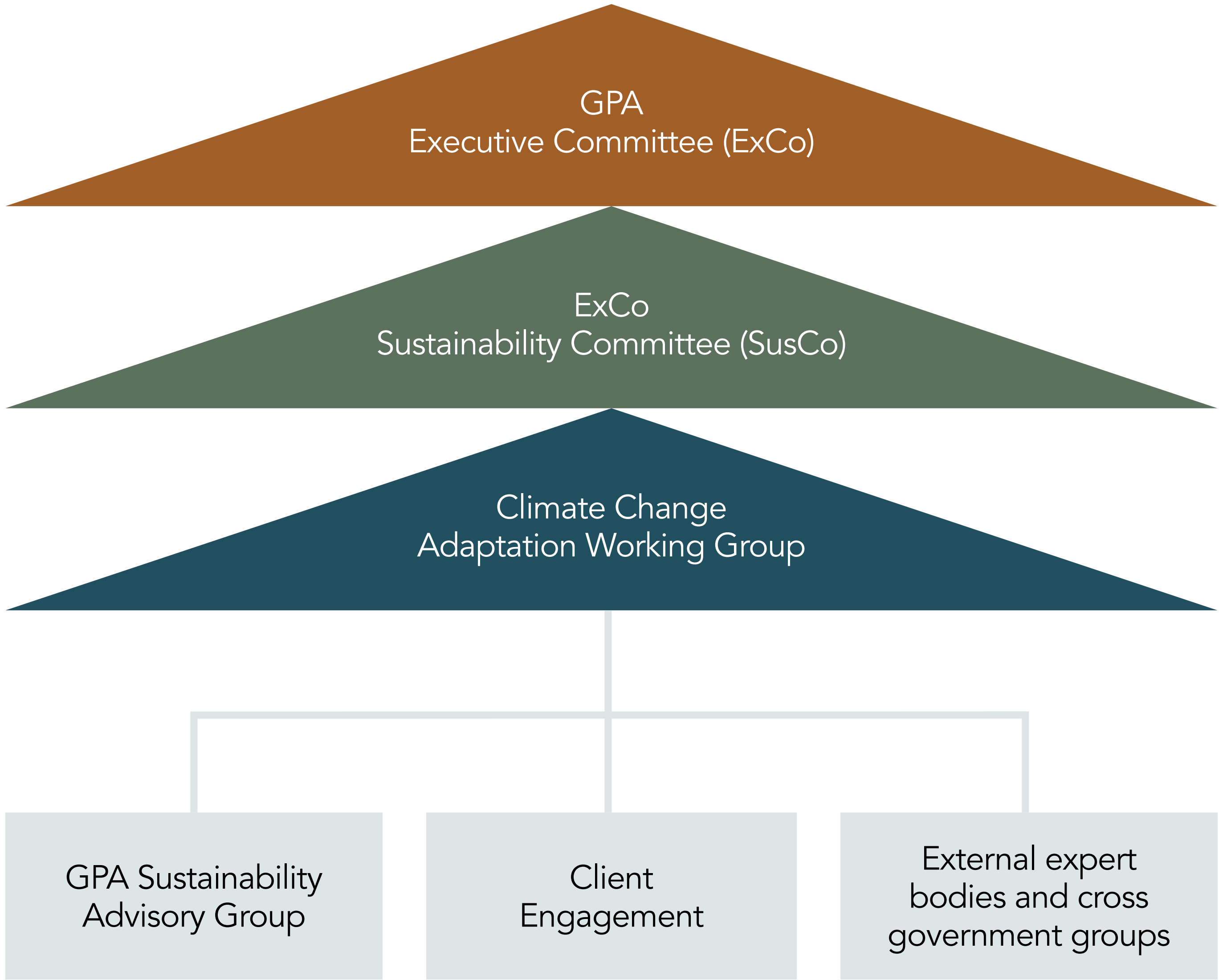
The Executive Committee delegated responsibility for all environmental related matters to its Sustainability Sub-Committee (SusCo). At SusCo, strategic risks are reviewed regularly and climate-related risks escalated to the Executive Committee for reporting in the Strategic RIsk Register. Work is ongoing to better-deliver strategic climate risk, the GPA's mitigating actions and its use as an amplifier of other risks. This will be developed and implemented during 2024/25.

SusCo has been assigned 'leadership on climate change', 'management of environmental risk' and 'climate change adaptation' by the Executive Committee through the SusCo Terms of Reference.

The Chair of SusCo is the Capital Projects Director who is also a member of the Executive Committee. In March 2024, a Climate Change Adaptation Strategy was discussed at SusCo and along with wider climate risk issues in 2024/25, will be considered by theExecutive Committee.

Figure 1 shows key management-level arrangements

Figure 1 Management Arrangements for Climate Change Adaptation



The GPA Climate Change Adaptation workstream is undertaken by a team from across the organisation which has formed a Climate Change Adaptation working group, providing insight into the risks and actions needed across the range of GPA activity. External expertise on areas such as flood risk and adaptation in historic buildings has also been sought.

Data Table 1: Emissions from operations and staff – based on GPA occupancy as per the Greening Government Commitments

Greenhouse Gas Emissions and Energy			2021/22	2022/23	2023/24
Non-financial indicators (tCO_2e)	Total Gross Scope 1 (Direct) GHG emissions		22.20	19.69	15.15
	Total Gross Scope 2 (Energy indirect) emissions		36.38	37.39	31.43
	Total Gross Scope 3 (Official business travel) emissions*		25.27	3.42	159.39
	Total emissions – Scope 1, 2 & 3		**83.85**	**53.67**	**205.97**
Financial indicators (£000)	Expenditure on official business travel		309.56	1,060.59	1,070.28
Non-financial indicators (MWh)	Electricity: non-renewable*		171.34	193.66	151.76
	Gas		121.20	70.05	82.80
	Total energy		**292.54**	**263.71**	**234.57**
Financial indicators (£000)	Expenditure on electricity		24.15	33.68	27.56
	Expenditure on gas		2.82	3.60	4.69
	Total expenditure on energy		26.97	37.28	32.25
Waste			**2021/22**	**2022/23**	**2023/24**
Non-financial indicators tonnes)	Non-hazardous waste	Landfill	0.29	0.02	0
		Reused /recycled	3.02	7.46	5.28
		Composted	0.15	0.14	0.06
	Incinerated with energy from waste		1.01	0.82	1.04
	Total waste (tonnes)		**4.48**	**8.44**	**6.38**
Financial indicators (£000)	**Total expenditure on GPA occupied apportioned waste disposal****		**3.9**	**4.2**	**1.1**
Water			**2021/22**	**2022/23**	**2023/24**
Non-financial indicators (m^3)	Total water consumption (m^3)		330.12	397.00	372
Financial indicators (£000)	**Total expenditure on water supply**		**0.50**	**1.00**	**0.60**

* GPA Scope 3 emissions include business travel emissions as taken from the GPA travel booking system and expenses mileage figures. It also includes the distribution losses from electricity. Travel emissions data was not available for 2022/23. To note, the greater increase in carbon emissions than travel costs between the 2021/22 and 2023/24 data is likely due to changes in travel patterns e.g. in 2021/22 there was less use of flights due to covid restrictions and also lower staff numbers. Data is included here to indicate the GPA emissions but the full actual data set as per the GGC returns is included in the Cabinet Office's return.

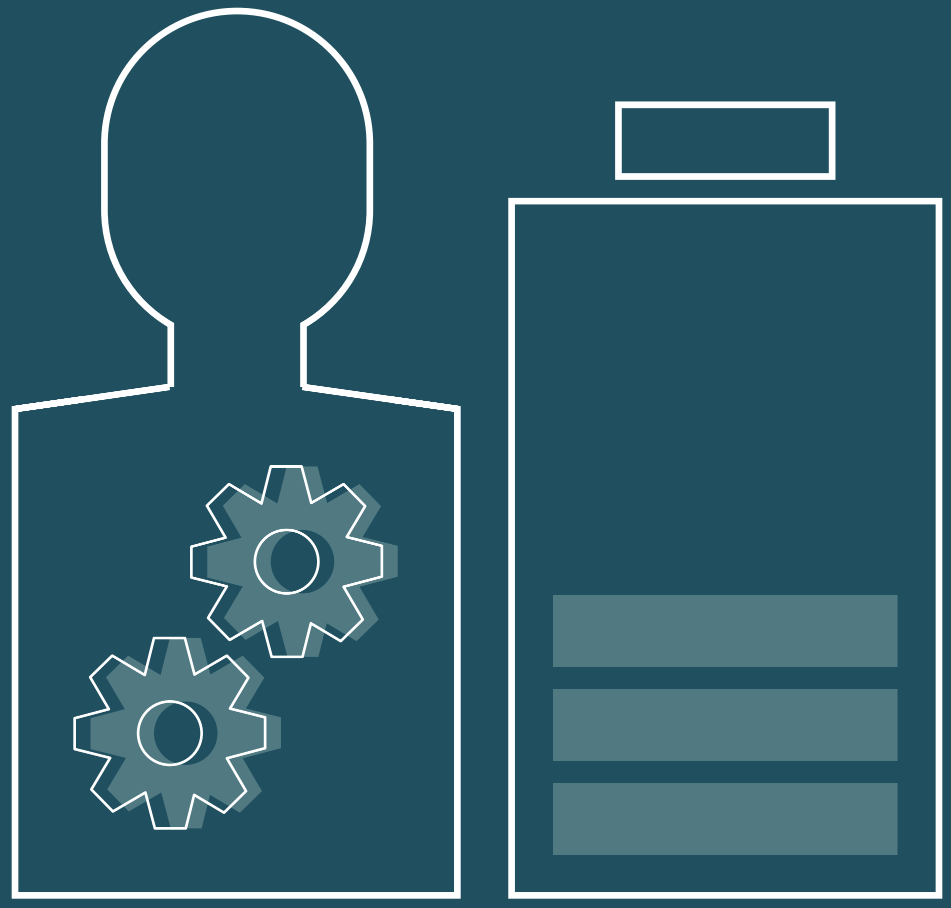
** The figures for 2021/22 and 2022/23 were misstated as they were not apportioned and they have now been updated to reflect the part of the buildings the GPA occupied.

Data Table 2: Emissions from GPA's portfolio based on operational control (workplace services and utilities) aligned with Greenhouse Gas Protocol

Greenhouse Gas Emissions and Energy		2023/24
Non-financial indicators (tCO_2e)	Total Gross Scope 1 (Direct) GHG emissions	1876
	Total Gross Scope 2 (Energy indirect) emissions	9892
	Total Gross Scope 3 emissions*	783
	Total emissions – Scope 1, 2 & 3	12,551
Non-financial indicators (MWh)	Electricity	43,350
	Gas	10,254
	District heating	3,661
	Total energy	57,265
Water		**2023/24**
Non-financial indicators (m^3)	Total water consumption (m^3)	86,361

* GPA Scope 3 emissions include distribution losses from electricity.

For 2023/24, the GPA calculated operational control greenhouse gas emissions. These relate to the office portfolio buildings where the GPA has full operational control over energy use for the whole building. This is the first year GPA has gathered data. It is hoped datasets such as these will aid understanding of the impact of the emissions from GPA's property services (beyond the organisation's own emissions set out above). These data are not included in GPA's GGC return. The information is provided to occupiers to include in their returns as required – the data is provided here for reference only and should not be added to other GGC datasets. Where actual data was unavailable, estimates were used based on historic or typical values.



Capability and Capacity

People

The GPA strives to be a great place to work, where the skills and talent of the entire workforce are recognised enabling individuals to flourish and develop careers. The GPA team and those of its partners are essential to delivering for clients, customers and wider government. The structure of the team is set out below and information on how decisions are made is set out in the Governance Report.

Executive Committee Governance Structure (as at 31 March 2024)

Interim Chief Executive Officer
Mark Bourgeois

Chief Financial Officer	Chief Operating Officer	Director, Workplace Services	Director, Property	Director, Client Solutions	Director, Capital Projects	Head of Legal & Compliance	Director, Human Resources
Nicholas Brown	**Lisa Commane**	**Dominic Brankin**	**Alan Whitelaw**	**Yvette Greener**	**Clive Anderson**	**Michael Wu**	**Martin Keeler**

Outcome of people survey

The annual Civil Service People Survey is one of the key tools available to gauge civil servants' attitudes to, and experience of, working in the GPA. It is a key area of focus for the Board and the Executive Committee. Engagement continues to be high with the GPA registering 100% – the highest response rate across the Civil Service. Progress has been achieved in the key areas previously identified for improvement. Headline results over the past four years show a positive trend in almost all metrics including My Team, Leadership & Managing Change, Inclusion and Learning & Development. The organisation's Employee Engagement Index score was 64% for 2023/34 (2022/23: 66%).

Skills, Specialisms and Career development

The GPA Skills and Specialisms Programme launched in August 2023 with a focus on improving specialist and core skills for professionals and career development. As part of the launch it created a Skills Builder Tool. The GPA also refreshed its Core Skills and Gold Standard Accreditation frameworks in 2023/24 which fed into its recruitment processes, and the learning offer was upgraded to align to skills at all proficiency levels to support individualised learning.

Progress has been slower than planned in progressing specialisms and gold standards as the volume of other high priority activity at the GPA has often taken precedence over professional development (CPD), learning events and networks. The GPA is expecting to remedy this situation through the development of communities of practice in 2024/25, with more L&D activity amongst its specialism communities.

The GPA has also had success in its talent programmes. Five candidates gained a place on the Civil Service Future Leaders Scheme. Despite financial challenges, the GPA continues to support growth and talent development across the organisation and the wider Civil Service through the specialised Fast Stream programmes, onboarding 14 new Fast Streamers in 2023/24.

EDI and purpose – progress and successes

The GPAs Equity, Diversity, and Inclusion (EDI) plan has made significant progress. This includes widespread organisational integration, strategic sponsorship by senior leaders in key areas (Ethnicity, Gender & Wellbeing), the appointment of EDI Leads/Champions, the establishment of a new Disability Network (Ability +), and enhancements to the Women's Network.

The introduction of impactful initiatives like the EDI hub, alongside active leadership engagement through coaching and the Individual Leadership Development Programme, is helping prepare for the programme focused on Phase 2 Recruitment, emphasising flexible working arrangements.

The gender pay gap is now below 10% (down from 25% in 2021) and the GPA has a 50/50 male/female split in its Senior Civil Servant grade 1 cadre.

Qualifications and awards

Following a review of the Gold Standards offering, which forms part of the GPA Skills and Specialisms Programme, 84% of roles are aligned to a specialism; 34% of staff now hold a 'Gold Standard' professional accreditation, recognised by an awarding body such as RICS, ICAEW and CIPD. Furthermore, the GPA's development programme has been shortlisted as finalists for the "Best L&D initiative – public/third sector" in the 2024 CIPD People Management Awards.

Other people innovations

The GPA introduced an Employee Service Centre portal in early 2023 that has been further developed during the year, enabling self-service by employees across a range of people related activities. It holds HR and role profiles for all posts across the GPA and allows comprehensive reporting against all data held there. This initiative supports a broader agenda to streamline HR processes and systems in the GPA and give more autonomy to its workforce to manage their own employee experience.

Evolving the GPA

Since its formation, the agency has grown relentlessly. While it has delivered a number of successes including the onboarding of 53% of the office estate, progressing the hubs programme and delivery of considerable cashable and non-financial benefits, much of its corporate infrastructure has evolved in a reactive, rather than planned or strategic manner.

During the year, a number of factors, including the appointment of an interim CEO, a new CFO, feedback from clients and an increasingly tight budgetary environment, have highlighted that the GPA has outgrown its current operating infrastructure. Without further structured evolution, the current platform is also incapable of supporting:

- Significantly larger development projects currently in planning; and
- Future growth associated with onboarding the remaining in-scope office estate required to deliver the GPA's mission

The operating platform limitations became particularly apparent during the preparation of its 2023/24 annual report and accounts – the nature of transactions undertaken have grown in scale, volume and complexity, compounded by the introduction of IFRS16 – and it was identified in the year that a small number of material transactions had not been properly accounted for in prior years.

This resulted in prior period adjustments being recorded for 2023/24 and prompted a review of the appropriateness of other accounting treatments. Further examination of the Assets Under Construction category indicated errors in the classification of assets (some of which are already in use, rather than in the process of being built). This resulted in an audit qualification of some asset categories. The prior period adjustments and qualification are explained in greater detail in the Corporate Governance section of this report.

In response to these challenges, the GPA implemented its Continuous Improvement Plan ("CIP"). Managed by the Executive Directors under the oversight of the GPA Board, this plan is intended to address current weaknesses in operating infrastructure while ensuring the agency is organised, governed and resourced appropriately and with systems, processes and controls capable of supporting future growth. The CIP was commenced during 2024/25 and activities are expected to continue through 2025/26.

Most property on-boarding activity has been paused until the GPA is satisfied that the criteria to determine when its platform is capable of again supporting growth have been met.


Featured
The Government Property Agency's service offer
Government Workplace Design Guide

Finances

Financial review

The GPA is primarily funded by clients, being the government departments which take space in GPA buildings and use services including facilities management and landlord services. Costs include rent payments for leasehold buildings, rates, utilities, people costs and supplier payments including to the GPA's delivery partners.

The agency receives some additional funding directly from HM Treasury as part of SR21 (the Spending Review period for the three years to 31 March, 2025). The GPA's SR21 funding settlement covers investment in the estate – including hubs, lifecycle costs and net zero interventions – in addition to funding for operating expenditure not paid for in full by clients, and for improvements to the efficiency and quality of the estate and working environment for civil servants.

During 2023/24 the GPA has identified material errors relating to its first year adoption of IFRS 16 Leases in 2022/23, and to classification of building enhancement expenditure within assets under construction. Comparative amounts for 2022/23 have been restated to correct the errors and are reflected in the below analysis of financial performance. Further information can be found in note 23 to the financial statements.

Operating income £544.0m (2022/23: £452.9m)

Operating income includes client income for rent, rates, utilities and other services, and increased by £91.1m in 2023/24. The principal increase is due to additional income from property and project services of £50.9m related to client funded projects including Preston. There has been an increase in income on rates of £22.0m which is related to additional properties onboarded in London (Caxton house, 102 Petty France and 39 Victoria Street). Workplace services income has increased by £4.3m compared to 2022/23. Income from gainshare reduced by £8.4m compared to 2022/23. Gainshare income arises where the GPA delivers benefits for clients and those benefits are shared. Recorded amounts are dependent on activities and vary between years.

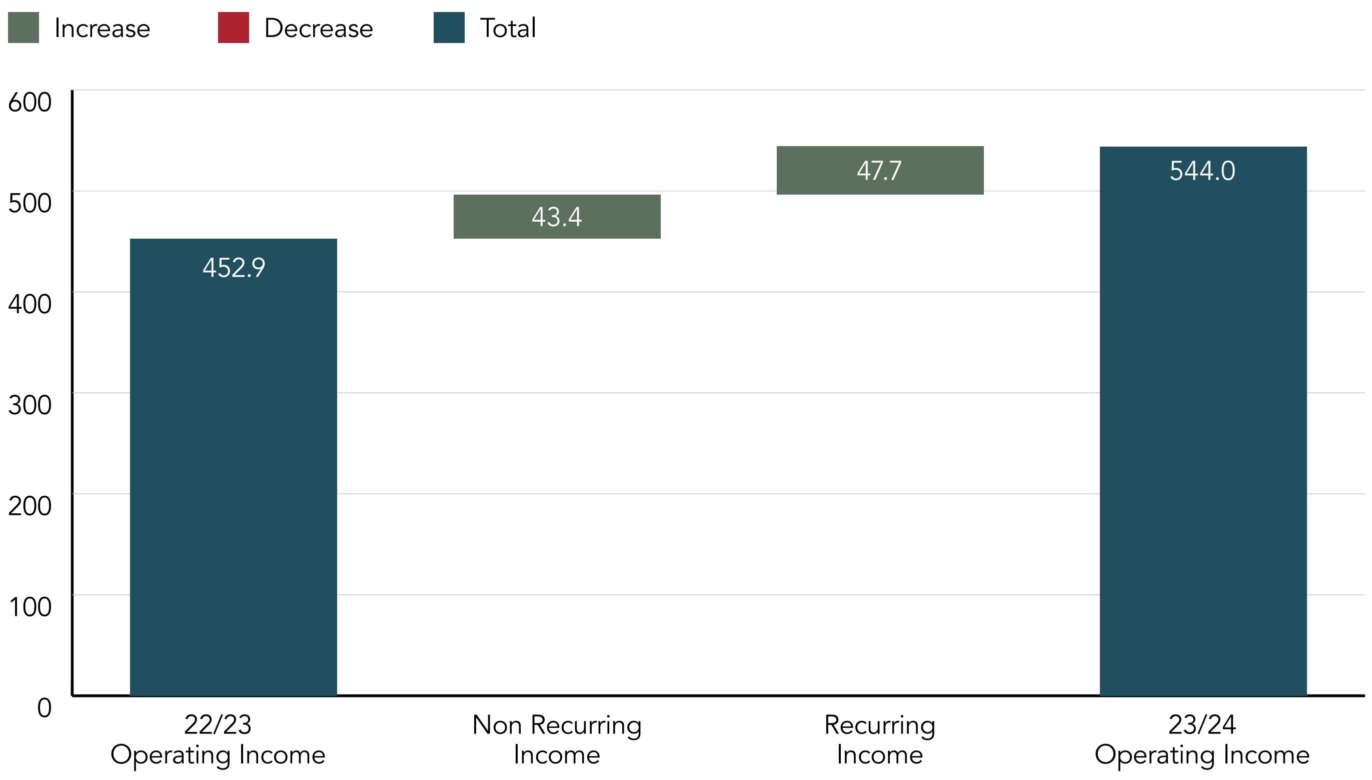
In previous years including 2022/23, the principal driver of changes in income has been the impact of transferring-in freehold buildings from client departments, recognised as capital Grant-in-Kind. However, no freehold buildings were onboarded in 2023/24 (2022/23 £10.3m) and other factors have been the principal driver of changes in income in 2023/24.

Operating income can be analysed into recurring and non-recurring income. Non-recurring income principally arose from:

- Funding received from clients as payment for construction projects being delivered for them by the GPA, notably in Preston;
- Gainshare income; and
- Consultancy income.

Recurring income comprised rent, rates, management fees and other services income. The recurring income has increased predominantly due to an increase in rates receivable in respect of properties onboarded in the current year and includes the full year impact of properties onboarded in 2022/23.

Figure 1. Changes in operating income 2022/23 and 2023/24



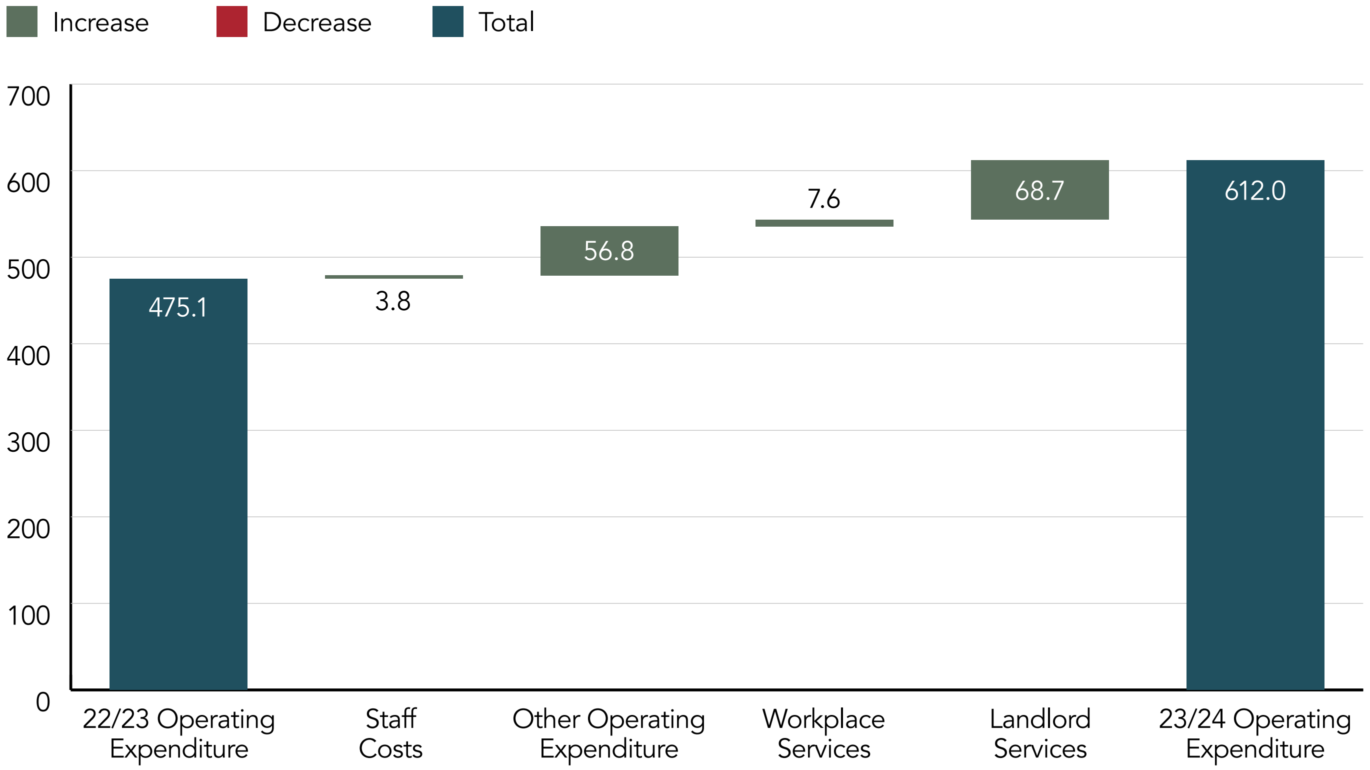
Operating expenditure £612.0m (2022/23: £475.1m)

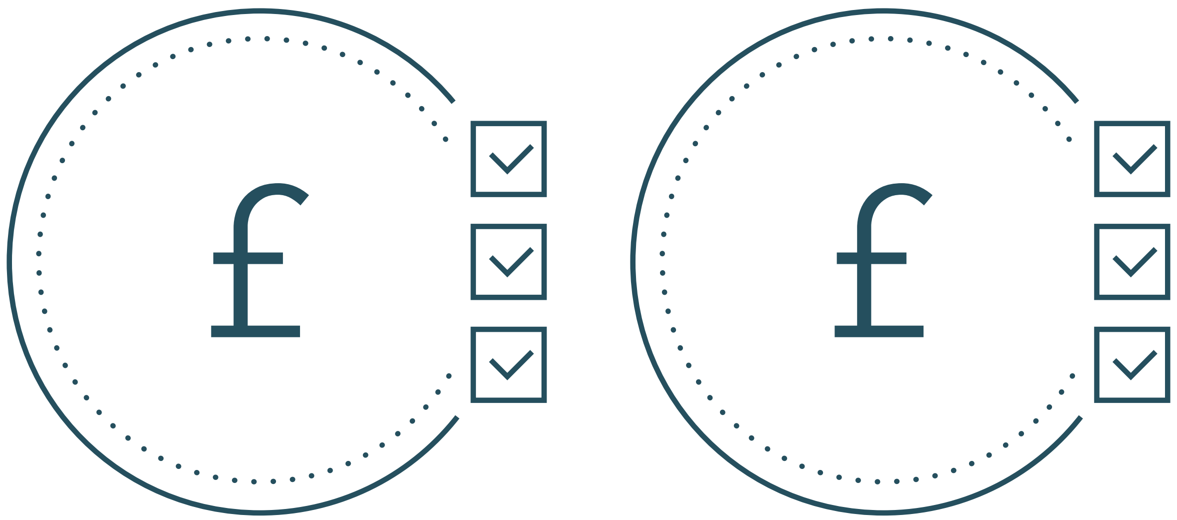
Operating expenditure exceeds operating income with the shortfall being funded by HM Treasury via the Cabinet Office. Total operating expenditure increased by £136.9m in 2023/24 to £612.0m. This is due to an increase in Landlord services cost of £68.7m, increase in workplace services costs of £7.6m and increase in other operating expenditure of £56.8m.

Landlord Services expenditure increased by £68.7m, largely due to the dilapidation costs (£22.5m) payable on exit from London, 1 Victoria Street which formed the largest component. Rates expenditure increased by £25.5m due to additional properties onboarded. The cost of Workplace Services provided to clients increased by £7.6m compared to the prior year, largely due to an increase in variable facilities management services delivered. Other operating expenditure increased by £56.8m principally due to an increase in professional services costs of £51.7m due to an increase in payments to delivery partners for construction services compared to last year, primarily on a client-funded project in Preston where the GPA is providing development services. The GPA staff costs have increased by £3.8m, reflecting the increased number of staff required to service the agency's growing portfolio.

Operating expenditure excludes non-cash expenditure which is recorded in note 4c to the financial statements. This category of expenditure includes depreciation, amortisation and impairment of non-current assets and remeasurement of financing liabilities. Changes in expenditure between years are shown in figure 2 below and are more readily illustrated by excluding non-cash expenditure as shown.

Figure 2. Changes in operating expenditure 2022/23 and 2023/24

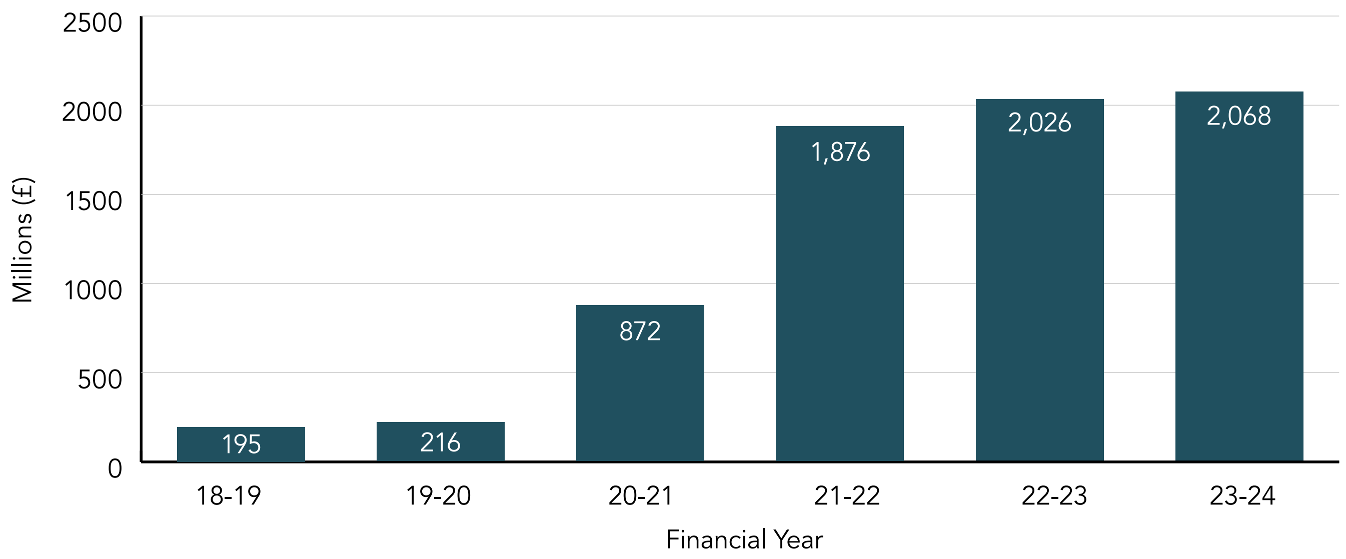




Property assets

The Statement of Financial Position as at 31 March 2024 shows the GPA with property assets valued at £2.1bn (2022/23: £2.0bn) as shown in figure 3 below. The increase of £0.1bn year-on-year is principally due to increase in property, plant and equipment of £0.1bn due to additions of £0.3bn offset by downward revaluations of £0.2bn.

Figure 3. Property assets growth



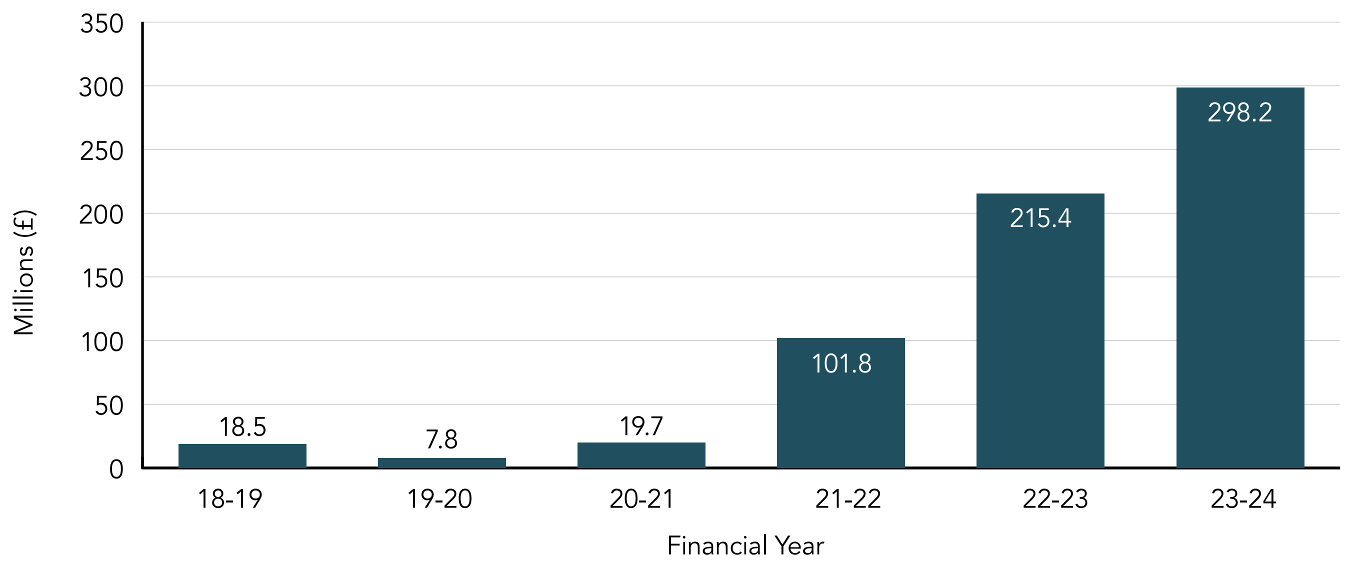
Capital investment £298.2m (2022/23: £215.4m)

Capital investment reported for 2023/24 was £298.2m, excluding lease investment expenditure recorded under IFRS 16. Year-on-year increases in investment, as shown in figure 4 below reflect continuing growth in the GPA's development portfolio.

£183m was invested in 2023/24 in major development projects. The six largest projects accounted for 87 per cent of expenditure; Croydon, 2 Ruskin Square (£56.1m); London, 22-26 Whitehall (46.7m); Bristol, Temple Quay House (£19.9m); London, 3-8/55 Whitehall (£13.2m); Manchester Digital Campus (MDC) (£12.8m); and Darlington, Brunswick Street (£10.6m).

£89.7m was invested in life cycle replacement and net zero projects, with the objective of ensuring building statutory compliance, making progress in addressing the longstanding maintenance backlog, improving condition, and to improve environmental performance of the estate. A further £27.0m of investment was made in improved hardware and technological equipment at GPA and across its estate to make office spaces more productive for clients and customers and reduce environmental impact.

Figure 4. Capital investment by financial year



Amounts receivable from clients

Performance in collecting amounts due from clients has continued to improve throughout the year. At 31 March 2024, amounts receivable from clients was £27.6m (31 March 2023: £23.0m). The average period amounts receivable are outstanding ('debtor days') was 78 days as at 31 March 2024 (31 March 2023: £82 days). When amounts billed, but not due for payment at 31 March 2024 are excluded, GPA debtor days fell to 22 days (31 March 2023: 42 days), a significant improvement over the course of the year and reflective of a more established and mature property partner relationship.

Debts older than 150 days continue to present a challenge; being £11m at 31 March 2024 (31 March 2023: £10.0m). However, the 150 days debt is expected to be positively impacted in the next financial year owing to consistent improvements in quarterly charge billing practice. 73 per cent of all quarterly bills raised were collected by the due date on 31 March 2024 compared to only 23 per cent at 31 March 2023.

Benefits

The GPA provides end to end property solutions for the Civil Service where it has initially focused on the office estate. GPA was established as part of the New Property Model (NPM) with the business case approved at the end of 2017. The NPM business case appraised the likely costs and benefits of the implementation of GPA, setting a target for cashable benefits to be realised over 10 and 20 years of £1.6bn and £3.9bn respectively. These benefits were largely forecast to be achieved from rationalisation of the office estate and a more commercial approach to asset management and the delivery of property, construction, and facilities management contracts.

GPA's focus to date in measuring benefits has been to demonstrate that it is delivering benefits in alignment with this business case. It captures cashable and non-cashable benefits in the following categories:

Realised and/or booked – benefits are booked when the budget is agreed and approval to proceed given and considered realised once activities have completed and been reviewed to determine actual outcomes.

Forecast – an opportunity has been identified, management has conviction in its execution and it is capable of estimation with reasonable certainty.

Cashable and non-cashable benefits are set out below for the period from inception to 30 June 2023, GPA's benefits reporting year end. Benefits have been adjusted to enable a meaningful comparison with the NPM business case and have been subject to independent assurance by a Big4 firm.

This shows realised and/or booked cashable benefits comparable to NPM of £3.0bn. When forecast cashable benefits of £1.1bn and non-cashable benefits of £0.9bn are added, this increases to £5.0bn. After five years of operation, this compares favourably to the NPM 10-year forecast and demonstrates GPA is ahead of target to deliver the 20-year forecast.

£m – 20 year NPSV	Realised	Booked	Forecast	GPA Total	NPM Forecast	Difference
Cashable						
Capital Projects	1,241	102	605	1,948	2,430	(482)
Property Portfolio planning and transactions	1,354	–	494	1,847	340	1,507
Commercial	8	–	–	8	150	(142)
Workplace Services	32	–	–	32	180	(148)
Warehouse/storage and specific advisory projects including science estate not delivered	–	–	–	–	600	(600)
Total Cashable	**2,634**	**102**	**1,099**	**3,836**	**3,700**	**136**
Non-Cashable						
Capital Projects	(2,376)	184	(336)	(2,528)	180	(2,708)
Property	2,311	–	1,197	3,508	–	3,508
Commercial	–	–	–	–	–	–
Workplace Services	188	–	–	188	–	198
Total Non-Cashable	**128**	**184**	**861**	**1,168**	**180**	**988**
Total Benefits	**2,758**	**286**	**1,960**	**5,004**	**3,880**	**1,124**

(Note includes HMRC phase 1)

Cashable savings have been generated from vacating over 200 properties across the Government office estate. This includes over 40 central London properties. These savings include properties vacated by HMRC as well as the GPA, as originally forecast within the NPM business case.

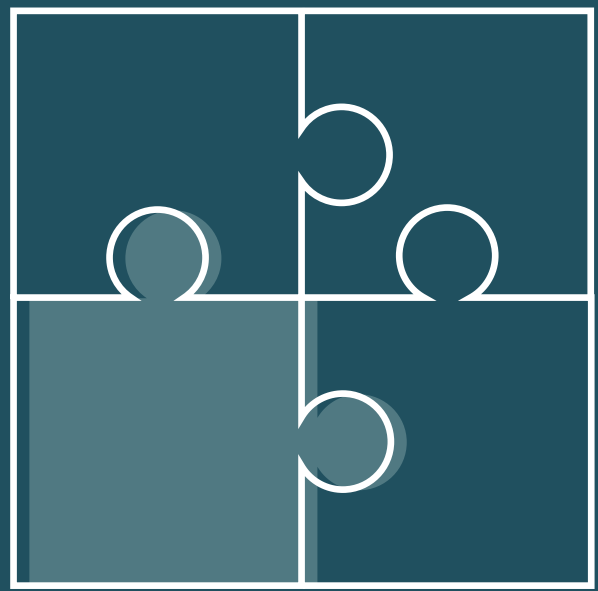
The Whitehall programme alone has generated £2.1bn of realised and/or booked benefits. This programme has been supported through asset planning and the delivery of new hubs across the regions to enable the relocation of civil service roles. This has been made possible by the GPA acting as a central planning and delivery function.

The NPM business case focused almost solely on cashable benefits from efficiency savings. However, there are a growing number of non-cashable benefits associated with the activities of the GPA. The GPA has relocated Civil Service roles to the regions and invested in new buildings and operations, and the potential to re-purpose vacated space provides opportunities for further economic growth.

The GPA has also delivered the Smarter Working Programme which has enabled every Department to take advantage of the benefits of hybrid working, made increasingly important by the pandemic.

Since the formation of GPA, the precise mix of activities has varied from those originally listed in the NPM business case as priorities have changed and GPA's activities have been impacted by COVID, changes in working practices and inflation. This has made it increasingly difficult and onerous to compare GPA-generated benefits with those set out in the NPM business case. The benefits reported for the period to 30 June 2023 will form the baseline for benefits reporting in future years' annual reports and will not incorporate the adjustments necessary to create a meaningful comparison with the NPM business case. Accordingly GPA does not plan to report in future years against the NPM business case.

Future reports are also expected to include benefits that have yet to be fully assessed and quantified. These will be incorporated within reported benefits once deemed sufficiently reliable. Areas under evaluation include the benefits associated with work on carbon net zero and the social value benefits of delivering new Government estate that creates opportunities for vacated estate to be repurposed.



Conclusion

Mark Bourgeois
Chief Executive Officer and Accounting Officer

Conclusion

The focus remains to work with clients and customers to create great places to work. The senior team continues to be strengthened with the recruitment of a new Chief Financial Officer and a new Chief Operating Officer as well as the Board Chair, Pat Ritchie, extending her term for another three years.

The GPA's rapid growth and current delivery model, coupled with client feedback, has illustrated a need and opportunity to change. To continue to improve and deliver more efficiently and effectively, the focus will be on joining up the offer across the agency, getting the basics right for clients, and strengthening delivery and the operating platform that enables it. It is also crucial to start to address challenges with the current delivery model to enable a more commercial and sustainable operation in the future.

The GPA enters 2024/25 against a backdrop of significant budget challenges. Some of these are consistent with the wider public sector and some are unique to the organisation given its delivery model. There is a need for sharp focus on priorities and strong collaboration with its partners to deliver well. The GPA has continued to strengthen its relationship with its sponsor, the Office of Government Property (OGP) and with the shareholder representative, UK Government Investments (UKGI) to work collaboratively on these priorities.

Mark Bourgeois
Chief Executive Officer and Accounting Officer
12 November 2024

Accountability Report

Accountability report

Introduction

The purpose of the accountability report is to meet key accountability requirements to Parliament. The accountability report has three sections:

- Corporate Governance report
- Remuneration and Staff report
- Parliamentary Accountability and Audit report

The Corporate governance report explains the composition and organisation of the GPA's governance structures and how they support the achievement of GPA objectives. The corporate governance report comprises:

- The Statement of Accounting Officer's Responsibilities
- The Directors' report
- The Governance Statement

The remuneration and staff report sets out the GPA's remuneration policy for Board members and how that policy has been implemented. In addition, the report provides details on remuneration and staff that are fundamental to demonstrating transparency and accountability.

The Parliamentary accountability and audit report brings together the key Parliamentary accountability disclosures including the Certificate of the Comptroller and Auditor General to the House of Commons and his Report.

Statement of Accounting Officer’s Responsibilities

Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the GPA to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of GPA 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 (FReM) and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- Prepare the accounts on a going concern basis
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The GPA accounts have been prepared on a statutory basis in accordance with the requirements of HM Treasury and are designed to comply with generic Accounts Directions issued to agencies by HM Treasury under section 7 (1 and 2) of the GRAA.

HM Treasury has appointed the Principal Accounting Officer of the Cabinet Office as Accounting Officer of the GPA. The Principal Accounting Officer of the Cabinet Office has sub-delegated her Accounting Officer responsibilities for the GPA to the GPA Chief Executive Officer and Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the GPA's assets, are set out in Managing Public Money published by the HM Treasury.

The financial statements are audited by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament on the audit examination.

The Accounting Officer, Mark Bourgeois, assumed his role on 27 November, 2023. Since his appointment, Mark Bourgeois has completed a comprehensive induction programme including meetings with Executive Team members, the GPA Chair, Board members, the Audit and Risk Committee, and the National Audit Office. Assurance over the GPA's governance, risk management and internal controls processes over the course of the year ended 31 March 2024 has been gained through these meetings and, in signing off the 2023-34 accounts and the governance statement, he has relied on the assurances of his predecessor Steven Boyd in respect of matters arising before he was appointed Chief Executive Officer.

Statement on the disclosure of relevant audit information

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the GPA'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.

Corporate Governance Report

Director's Report

Composition of Board

The GPA is led by the Chief Executive Officer (CEO) who is also designated as Accounting Officer. This position was filled by Steven Boyd until 27 November 2023 (with his employment formally coming to an end on 31 December 2023) and by Mark Bourgeois (as interim CEO) from 27 November 2023, with Mark's appointment as permanent CEO for the organisation commencing from 1 October 2024.

The GPA Board is made up of two internal government Non-Executive Directors, one of whom is the UKGI Shareholder Representative Director, as well as six external independent Non-Executive Directors, one of whom is the GPA's Chair. Pat Ritchie was appointed for a further three years as Chair in January 2024, with her term as Chair expiring on 31 December 2026.

The Non-Exec Directors of the GPA during 2023/24 are listed below. They provide the GPA with the appropriate expertise, skills and experience required to support the Accounting Officer to deliver its objectives.

The GPA Board / Independent Members at 31 March 2024 were:

Pat Ritchie
(Chair)

Jonathan Thompson
(Deputy Chair)

Jane Hamilton

Robert Razzell

Helen Gillett

Ronen Journo

Carol Bernard

Roger Blundell

Additionally, the Chief Executive Officer and Chief Financial Officer are appointed as Executive Members of the Board. Robert Razzell's term of appointment expired on 11 June 2024. Hannah Gray was appointed as Non-Executive Director, UKGI Shareholder Representative Director, for 3 years, with her term expiring 9 June 2027. Jane Hamilton's term of appointment was extended in the year and expired on 30 July 2024.

Dates of appointment for the Board are as follows:

Name	Title	Start Date	End Date
Pat Ritchie	GPA Chair	1 January 2020	31 December 2026
Jonathan Thompson	Non-Government NED (Deputy Chair)	1 August 2021	31 July 2025
Carol Bernard	Government NED (CO HR)	1 June 2022	31 May 2025
Helen Gillett	Non-Government NED	1 April 2023	31 March 2027
Jane Hamilton	Non-Government NED	27 April 2018	30 July 2024
Robert Razzell	Shareholder Representative	27 April 2018	11 June 2024
Roger Blundell	Non-Government NED	1 April 2023	31 March 2027
Ronen Journo	Non-Government NED	1 April 2023	31 March 2026
Mark Bourgeois	Interim Chief Executive Officer Chief Executive Officer	27 November 2023 1 October 2024	N/A
Nicholas Brown	Chief Financial Officer	15 May 2023	N/A
Steven Boyd	Chief Executive Officer	10 June 2019	31 December 2023

The GPA Executive team as at 31 March 2024 were as follows:


Mark Bourgeois
Interim
Chief Executive Officer


Nicholas Brown
Chief Financial Officer


Lisa Commane
Chief Operating Officer


Dominic Brankin
Director, Workplace Services


Alan Whitelaw
Director, Property


Yvette Greener
Director, Client Solutions


Clive Anderson
Director, Capital Projects


Michael Wu
Head of Legal & Compliance


Martin Keeler
Director, Human Resources

Alan Whitelaw stepped down from the Executive Committee on 2 April 2024. He was replaced in his role as Director Property by Dominic Brankin with Louis Roberts taking on the role of Director Workplace Services, the position previously held by Dominic Brankin. Clive Anderson retired on 7 August 2024 with Georgina Dunn joining the Executive Committee as Interim Director Capital Projects on the same date.

Dates of appointment for the Executive Committee are as follows:

Name	Title	Start Date / (Finish date)
Mark Bourgeois	Interim Chief Executive Officer Chief Executive Officer	27 November 2023 1 October 2024
Steven Boyd	Chief Executive Officer	10 June 2019 (31 December 2023)
Nicholas Brown	Chief Financial Officer	15 May 2023
Lisa Commane	Chief Operating Officer	31 October 2023
Clive Anderson	Director, Capital Projects	1 December 2021 (7th August 2024)
Georgina Dunn	Interim Director, Capital Projects	29 July 2024
Yvette Greener	Director, Client Solutions	1 December 2021
Alan Whitelaw	Director, Property	16 June 2018 (2 April 2024)
Dominic Brankin	Director, Property	2 April 2024
Dominic Brankin	Director, Workplace Services	14 January 2019 (2 April 2024)
Louis Roberts	Interim Director, Workplace Services	2 April 2024 (1 November 2024)
Carly Ersser	Interim Director, Workplace Services	4 November 2024
Martin Keeler	Director, Human Resources	1 December 2021
Michael Wu	Head of Legal and Compliance	2 May 2022

Appointment of Non-Executive Directors

Non-Executive Directors (NEDs) bring external experience and expertise to the GPA. They provide advice, challenge and scrutiny to support the Accounting Officer in the discharge of his duty. Independent Non-Executive Board Members are appointed through fair and open competition and only made following approval by the Minister for the Cabinet Office. Non-Executive Board Members are appointed for an initial period of three or four years with an option to extend for a further three or four years.

The GPA Chair is Pat Ritchie. The Chair meets regularly with the Cabinet Office Permanent Secretary and Minister; the Chair also develops and appraises the Non-Executive Directors as effective Board members.

This has been a successful year for appointments to the GPA Board. Two reappointments were approved (Pat Ritchie and Jane Hamilton) and three new Board members were welcomed (Helen Gillett, Roger Blundell and Ronen Journo). Some members' terms expire in 2024/25 and work with the support of UKGI as Shareholder Representative has taken place to put effective succession plans in place (as detailed above). Following the departure of Jane Hamilton on 31 July 2024, a successful recruitment campaign resulted in the appointment of Anna Strongman, for a term of four years, commencing 1 October 2024.

Conflicts of interest

It is GPA Policy, which aligns with the Civil Service Code, that all directors and staff must ensure there is no conflict of interest, or apparent conflict of interest, between their official positions and any financial or non-financial interests which they or those close to them may have. The policy provides guidance on matters that could be construed as a conflict of interest.

Register of Interests

All SCS grades and Non-Executive Board Members are required twice yearly to consider the guidance and make a declaration on whether any such conflict may exist. These details are maintained in a register of interests to ensure that any perceived or real conflicts of interest can be identified. Relevant information is held by the GPA in a central register alongside mitigation measures taken. The Board member conflicts of interest register is published on GPA's – GOV. UK web pages and can be found in its entirety here: www.gov.uk/government/publications/government-property-agency-register-of-board-members-interests.

Governance Statement

Scope of responsibility

As Accounting Officer, the CEO of the Government Property Agency ensures that he adheres to the principles and standards set out in HM Treasury's 'Managing Public Money' guidance, including requests over governance, decision-making and financial management.

The GPA continues to monitor and evolve the quality of information provided to the Board and its Executive Committee to support effective decision making. This governance statement sets out frameworks, processes and supporting evidence to provide assurance on how the GPA has managed risks and complied with good corporate governance.

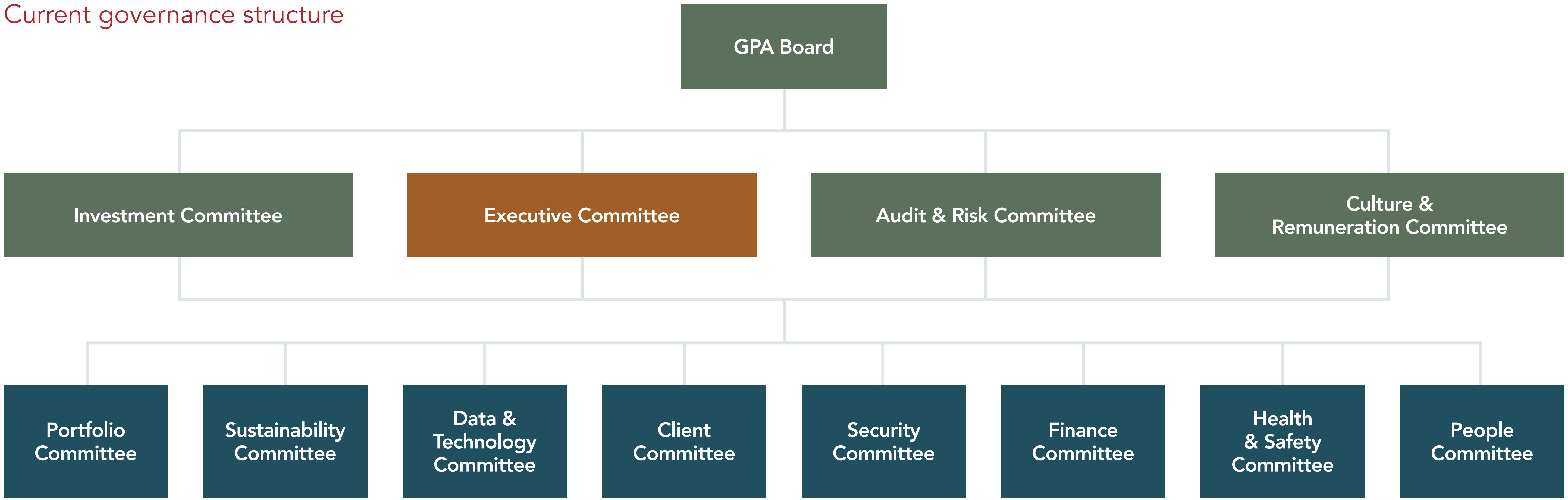
GPA governance structure

The GPA is an Executive Agency of the Cabinet Office and reports to Cabinet Office ministers through the Chair of the Board. The Director General Government Property in the Office of Government Property (OGP) is the Senior Sponsor and has oversight of the policy objectives that the GPA is required to deliver. UKGI undertakes the role of Shareholder Representative on behalf of the Cabinet Office, with one representative of UKGI as a member of the GPA Board. UKGI is responsible for promoting corporate governance and financial best practice, across government.

To ensure transparency, Cabinet Office finance representatives sit on the Investment Committee, with an independent finance representative from the Department of Culture, Media and Sport sitting on the Audit and Risk Committee. The GPA also adheres to Treasury guidance on Managing Public Money, Risk Management, Internal Audit, Remuneration and Financial Delegation.

From September 2024, a revised governance structure has been implemented, designed to deliver a governance model appropriate to the GPAs increased scale of operations and to provide a robust system that follows the principles of good governance in HM Treasury and Cabinet Office guidance.

Current governance structure



The GPA Board

The Board and its subcommittees form the GPA top level of governance.

The Board formally met six times in 2023-24.

The Board sets the strategic direction of the GPA and helps it to deliver on its vision and mission. The Board remit is advisory and supervisory with a broad purpose to steer and scrutinise GPA strategy, performance and capability, assisting the Accounting Officer to discharge effectively their duties.

In order for the Board to fulfil its role, key reports and other information are provided in advance of each meeting. This includes an Executive Report, Finance Report, performance dashboard including monthly reporting on Key Performance Indicators, and standing Board items, such as health and safety and risk.

At each meeting there are strategic 'deep dive' discussions on critical areas that give the Board an opportunity to provide strategic guidance.

The Board had three subcommittees throughout the year, which report directly to it: the Investment Committee, the Audit and Risk Committee and the Culture and Remuneration Committee. A new Strategic Client Committee will report to the Board with effect from September.

Terms of reference undergo regular scrutiny to ensure they remain relevant and contain up to date information.

The Investment Committee

The Investment Committee is chaired by the GPA Non-Executive Director, Roger Blundell. It meets monthly, and more frequently when required. The Committee provides regular updates to the GPA Board and will refer any novel or contentious matters to the Cabinet Office Approvals Board.

The role of the Investment Committee is to:

- Advise the Accounting Officer on the discharge of his obligations
- Review proposed projects to ensure they:
  - Align with Government priorities and the GPA's 10 Year Strategy
  - Deliver value for money
  - Meet regularity and propriety requirements
  - Are affordable and sustainable
- Consider and endorse investment decisions over £3m and up to £15 million
- Consider investment decisions above £15m and make a recommendation to the GPA Board who will then recommend whether the case should go forward to ministers and HM Treasury

It also oversees GPA procurement and contracting activity.

The Audit and Risk Committee

The Audit and Risk Committee is chaired by the Non-Executive Director, Jonathan Thompson. The Committee supports the Board by ensuring that governance, risk management, internal controls and financial accounts are comprehensive and effective. It met five times in 2023-24.

Representatives from the National Audit Office (NAO) and Government Internal Audit Agency (GIAA) attend these committee meetings as non-members. GIAA conducts a programme of internal audits each year informed by key GPA risks.

The Chair of the Audit and Risk Committee, supported by either the GPA Chief Financial Officer or Chief Operating Officer, attends the Cabinet Office Audit and Risk Committee meetings once or twice per year to ensure that GPA risks that might impact on the Cabinet Office are managed effectively.

The role of the Audit and Risk Committee is to make effective use of the assurance mechanisms at its disposal and to target the areas the Committee considers are the greatest risk, particularly in regards to:

- Governance and assurance
- Risk management
- Internal and External Controls
- Financial assurance

The Culture and Remuneration Committee

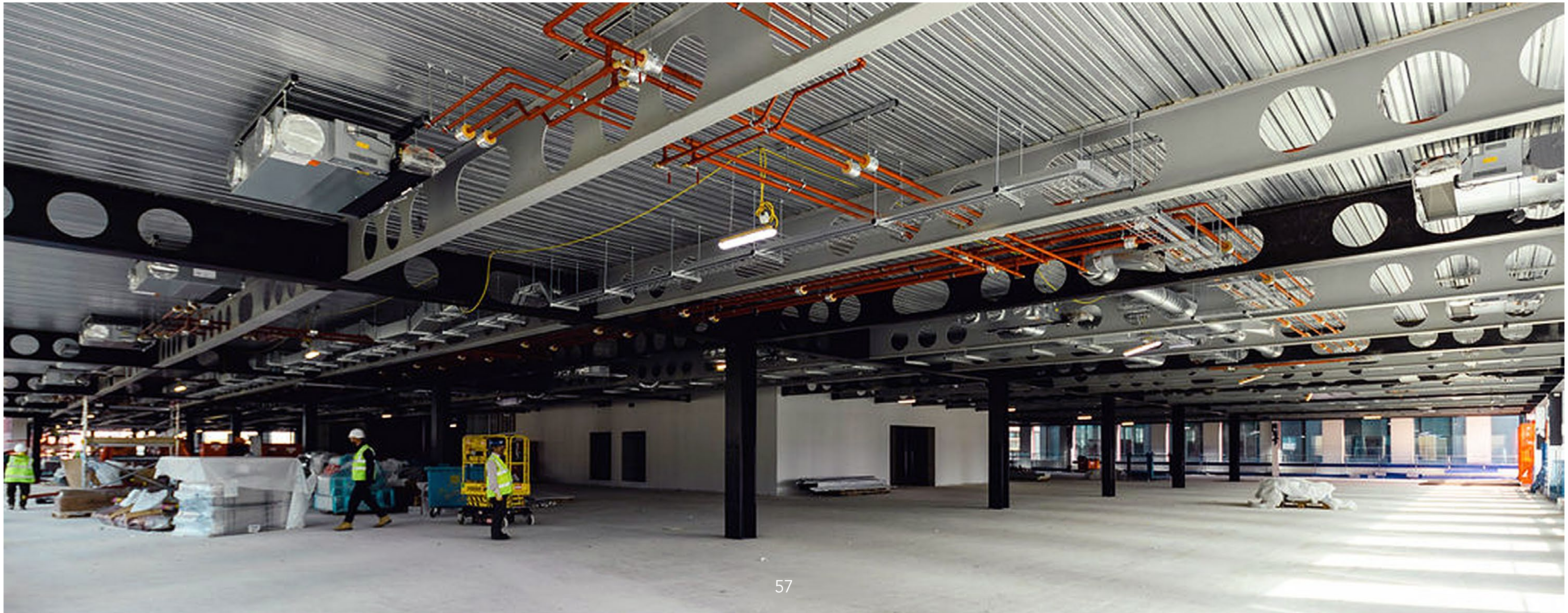
The Culture and Remuneration Committee, was chaired by Jane Hamilton, GPA Non-Executive Director until 20 July 2024 and by Helen Gillett from that date. It provides independent scrutiny of the Executive and senior staff performance management and succession planning. The committee met four times in 2023-24. Culture was added to this committee's responsibilities following a review of its remit in June 2023.

The role of the Culture and Remuneration Committee is to:

- Agree and advise the Chief Executive on the remuneration of senior staff in accordance with the GPA SCS Pay Rules
- Determine the remuneration of the Chief Executive
- Review the GPA SCS Pay Rules to ensure they remain fit for purpose and support the target culture
- Agree performance objectives for the Chief Executive and support the GPA in setting performance objectives for its senior staff
- Determine parameters and payments for senior staff in accordance with the GPA Annual Bonus Scheme
- Support and advise the Chair on Chief Executive recruitment
- Consider and agree the target culture for the GPA and provide support to the GPA on people matters

Attendance Record for Board and its Committees in 2023-24

Board Member	Role	GPA Board	Culture & Remuneration Committee	Audit and Risk Committee	Investment committee
Pat Ritchie	Chair, GPA	6/6	3/4	N/A	N/A
Jane Hamilton	Independent Non-Executive Director	6/6	4/4	N/A	N/A
Jonathan Thompson	Deputy Chair and Independent Non-Executive Director	6/6	N/A	5/5	12/12
Carol Bernard	Non-Executive Director (Cabinet Office)	5/6	3/4	3/5	N/A
Robert Razzell	Non-Executive Director (UKGI)	5/6	4/4	5/5	10/12
Roger Blundell	Independent Non-Executive Director	6/6	3/3	N/A	11/12
Ronen Journo	Independent Non-Executive Director	6/6	3/3	N/A	7/12
Helen Gillett	Independent Non-Executive Director	5/6	4/4	5/5	N/A
Steven Boyd	Chief Executive Officer, GPA (June 2019-November 2023)	4/4	3/3	N/A	5/8
Mark Bourgeois	Interim Chief Executive Officer, GPA (from 27 November 2023)	2/2	1/1	N/A	4/4
Nicholas Brown	Chief Financial Officer, GPA (from 15 May 2023)	5/5	N/A	N/A	11/12
Andrew Pattison	Chief Financial Officer, DCMS – independent member of GPA ARC	N/A	N/A	4/5	N/A



Governance Effectiveness Reviews

Assessment of Board effectiveness

The Board regularly conducts a thorough review of its effectiveness. The review enables the Board to assess progress against recommendations from previous reviews and to ensure there is continuous improvement in the Board's effectiveness and impact.

The Chair carries out annual appraisals of Board member performance. A review of Board Effectiveness was completed by GPA's Head of Governance, which included a survey and interviews with Board members, during the latter part of 2023/24, with analysis of the final report undertaken by the Board in June. No material concerns were noted, with recommendations focussed on learning and development opportunities, meeting logistics and opportunities for more engagement with clients and staff.

Executive Committee

The Executive Committee is chaired by the CEO and meets monthly. The Committee has a collective responsibility for leading and managing the GPA to deliver the strategic direction set by the GPA Board whilst prioritising the delivery of high quality services for clients. It also has a responsibility to support the Chief Executive in discharging his responsibilities as Chief Executive and Accounting Officer (GPA AO) in particular ensuring that the GPA is run on the basis of the standards set out in Managing Public Money including, but not limited to, regularity, propriety, value for money and feasibility.

The responsibilities of the Executive Committee include:

- Lead and manage the implementation of GPA's strategy
- Oversee the operational management of the GPA
- Develop the annual business and financial plans
- Review performance across the GPA and ensure the GPA provides value for money and high quality services to its clients
- Oversee and actively manage the GPA's strategic risk register to ensure that appropriate controls, accountability and mitigating actions are in place
- Ensure the GPA operates within its budget and in line with the standards set out in Managing Public Money
- Oversee the size, capability, development and deployment of the GPA's workforce
- Encourage a fully diverse and inclusive workforce

In the year to 31 March 2024, the Executive Committee was supported by a number of sub committees:

Committee	Frequency	Purpose
Client	Quarterly	Keeps the GPA clients (government departments) informed and is used to seek their views in shaping cross-departmental property related plans
Data and Technology	Bi monthly	Monitors and supports the delivery of the data and technology commitments within the GPA strategic plan, annual business plans and supporting technology strategies. The Committee also monitors organisational compliance with GPA technology and data standards and policies
Finance	Quarterly until August 2023	Carries out in depth reviews of GPA financial plans and performance, and to guide planning and ensure corrective action is taken when required.
Health & Safety	Six Monthly	Leads on GPA Health and Safety and ensures that the GPA is protecting its people, commercial partners and customers in their buildings.
People	Bi monthly	Helps develop, advise and engage with the delivery of the GPA's People Strategy and programmes of work in support of the ambition to make the GPA a great place to work.
Portfolio	Monthly	Develops high-level plans for the Government estate by region and locality
Security	Quarterly	Develops and maintains GPA security policies, processes and systems to protect the people in GPA buildings. The Committee also decides on issues within its authority and makes recommendations to the Executive Committee on major issues. Provide oversight of assurance of security matters
Sustainability	Bi monthly	Provides strategic leadership of Sustainability, Environmental, Net Zero, Climate Change, and Social Value across the GPA and makes decisions on implementing initiatives, resources, budgets and escalations.

Governance review

From September 2024 and following a review by the Executive Committee under its Continuous Improvement Programme, its subcommittees were restructured to strengthen governance and operational efficiency as follows:

- Operations Committee
- Portfolio Performance Committee
- Sustainability Committee
- Health and Safety Committee

Risk management framework

Risk management is an essential part of good governance and informs decision making and performance management at all levels of the organisation. The GPA has a multi-layered approach to identifying and managing activities and potential risks to the organisation. This approach allows for flexibility, judgement and learning, with the aim of controlling risk to a reasonable level and within its appetite, rather than seeking to eliminate all risk. Oversight of risk management and its effectiveness is undertaken by the Audit and Risk Committee (ARC), which in turn provides assurance to the Board and Accounting Officer. The risk management, strategy and appetite statement are all reviewed annually.

The GPA's risk management strategy and policy have been applied throughout the year and are aligned to HM Treasury's Orange Book. Together they set out the GPA's approach to managing risk and the organisation's expectations and standards including accountability and responsibility for various aspects of the risk management framework and when risks should be escalated.

Risk registers are maintained at a corporate and directorate level supported by a risk appetite statement across 14 categories, which are overseen by the Executive Committee. Key Strategic risks being managed at 31 March 2024 were:

Risks	Expected risk management outcome
Leadership Capability	GPA attracts and retains a strong top team ensuring stability and preventing poor leadership and loss of staff and client confidence
People, Capability & Capacity	By recruiting, training and retaining high calibre staff the GPA build capability and capacity fast enough to deliver on expectations and therefore retain client confidence and support from senior leaders
Financial Model	The GPA ensures its Financial model generates sufficient income to cover costs, meet financial targets, and has adequate tools in place to prevent a loss and require reliance on unplanned HMT funding
Forecast and Billing	The GPA delivers timely and accurate financial forecast and billing via processes for tracking occupancy and/or costs
Client Perception/Reputation	Maintain the GPA's reputation for providing high quality advice to clients effectively and efficiently and ensure services match evolving client needs
Client Requirements	GPA effectively manages external and environmental factors that could influence client requirements in order to deliver capital programmes, offices moves and any planned closures
Inflation Risks & Impacts	Ensuring an understanding of costs and monitoring inflation so the GPA services remain affordable
Control Total Overspend	GPA financial statement is not affected by any overspends
Condition	The maintenance for all new assets onboarded by GPA is fully funded
London Plan	GPA delivers the London rationalisation plans as set out in the London Plan
Commercial Capability and Capacity	GPA delivers procurement solutions and manages contracts well
Key Supplier Insolvency	GPA is able to effectively manage any insolvency risks to contractors and deliver key programmes
Financial risk associated with MDC	GPA will have required governance and reporting arrangements in place to deliver Manchester Digital Campus
Client Occupancy Agreements	GPA is able to bill, recover and accurately account for all income accurately to ensure no financial loss or reputational damage
Effectiveness and Join up of GPA Operating Model perception/ GPA reputation	GPA systems, processes, policies, procedures and governance arrangements will be fit for purpose leading to efficient change management and improvement
Security Maturity	GPA will ensure there are no security vulnerabilities in systems, digital services and property technologies across its estate and supply chain
Strategic Future of GPA	GPA's operating Model gives full clarity of GPA purpose and role as it aspires towards achieving its vision, mission and strategic objectives

The main threats to achieving the GPA's strategic objectives are set out in the strategic risk register. Each risk has a designated owner who is a Director and is accountable for implementing appropriate and proportionate mitigations. The Strategic risks are reported on to the Executive Committee on a monthly basis, with all risks having been subjected to a Deep Dive review and a horizon scanning exercise on an annual basis.

The GPA has continued to benefit from the support of the Government Internal Audit Agency and its sponsors in developing its risk management process. The GPA's focus continues to be on strengthening and developing the risk management culture across the organisation using risk-based decision making to drive priorities. A follow up risk maturity assessment was completed this year, the previous one was in 2022. This has shown improvements across all areas and an increase in GPA's overall score.

Effectiveness of risk management

The GPA has adopted the Comply or Explain model in managing risk. It has carried out a self-assessment based on the 35 questions in the Orange Book assurance tool. This concluded that further work is required to enable the GPA to fully comply with Principle B, (Integration) and Principle C, (Collaboration and best information). An improvement plan is being implemented.

Statement of internal control

The GPA follows HM Treasury guidance on internal control, intended to provide reasonable assurance and maintain propriety and regularity of expenditure. This is a proportionate approach and not intended to eliminate all risk of failure, so the Accounting Officer can only provide reasonable, not absolute, assurance. GPA internal control processes are designed to:

- Identify and prioritise the risks affecting its business aims and objectives;
- Evaluate the likelihood of those risks happening and their potential impact; and
- Manage those risks efficiently and effectively.

The GPA has a finance delegations framework. Budget holders are required to complete training covering themes such as financial forecasting and risk management, investment appraisal and public spending standards. Once the training has been completed, the budget holder must sign a budget holder declaration of accountability before being issued with a 'licence to operate'. A delegation letter will then be issued setting out the financial, contractual and workforce delegations. This is an area kept under regular review to ensure that these controls remain effective and operationally effective as the GPA grows.

Cabinet Office controls

The GPA is in scope of the Cabinet Office spend controls. These are designed to help organisations to reduce unnecessary spend and encourage cross-government collaboration. Central government organisations, including departments and the bodies they sponsor, must obtain Cabinet Office approval when they want to spend money on specified activities. Cabinet Office Spend Controls are part of the wider government financial delegations and approvals process set out in Managing Public Money and an important part of the mandate of the government functions. The Cabinet Office operates the Spend Controls on behalf of HM Treasury.

The principal controls affecting the GPA are:

- National Property Control (NPC) – For expenditure over £100,000, control approval is required for property acquisitions (freehold, leasehold or licences) and to continue tenancy (non-exercise of breaks, extension or renewal of leases).
- Facilities Management Control (FM) – For expenditure over £500,000, control approval is required for all new, extended or variations to FM contracts.
- Commercial Control – For expenditure over £20 million, controls approval is required for all future commercial spend activity, framework agreements or material changes to services.

Regularity breach

Four regional operational security contracts went live in October as part of the GPA's Workplace Services Transformation Programme. The expenditure which occurred in 2023/24 is considered irregular as Cabinet Office Commercial approval was not given.

Award of operational security contracts 2022/23

As disclosed in the 2022/23 Annual Report and Accounts, following tender evaluation for these security contracts, the GPA engaged with the highest scoring bidders to agree the final allocation of contracts. The engagement followed legal advice to ensure adherence with the tender documentation. It produced a proposed set of four contracts that secured the improved service sought at the best value to the taxpayer.

While HMT and FM Control approvals were achieved prior to contract award, Cabinet Office Commercial Control approval was not given. This was on the basis that engagement with the highest scoring bidders effectively notified them of the outcome of the evaluation and therefore rendered the approval request retrospective. Commercial Control did not, however, identify any other inappropriateness in the approach taken or the outcome of the procurement. The GPA consulted with the Cabinet Office and an Accounting Officer Assessment was undertaken which concluded that meeting the value for money test (including achieving additional savings of £9m over the contract period) outweighed the regularity test (following the procedural error described). The GPA therefore awarded the contracts in January 2023 despite this resulting in the GPA incurring irregular expenditure on the contracts from October 2023 onwards.

The GPA works closely with the central controls team providing a pipeline of future projects in scope, meeting with them regularly to discuss forthcoming projects and seeking their advice on control requirements. This expedites the approval process and, in some cases, based on an assessment of risk and complexity assurance, is delegated to the GPA. There has been no further breach of controls and the controls team's confidence in GPA is much improved.

Accounts Qualification and Prior Period Adjustments

In early 2024, the GPA identified that a small number of material transactions had not been properly accounted for in prior years relating to accounting under IFRS 16. This resulted in prior period adjustments being recorded for 2023/24 and prompted a review of the appropriateness of other accounting treatments.

Further examination of the Assets Under Construction (AUC) category indicated errors in the classification of assets (some of which are already in use, rather than in the process of being built). This resulted in both prior period reclassification adjustments and an audit qualification of some asset categories.

IFRS 16 Prior Period Adjustments

During the 2022/23 financial year, the GPA implemented the accounting standard IFRS 16 leases in accordance with the modified retrospective approach. Previously, when the GPA entered a lease as a lessee, each lease contract was recognised either as a finance lease or an operating lease, with the accounting treatment appropriate for each category. Under IFRS 16, lease contracts are recognised in right of use assets and in lease liabilities by a debt corresponding to the discounted value of future payments.

During 2023/24, the GPA identified that subsequent changes to existing lease terms for two buildings had not been appropriately reflected in the IFRS 16 accounting as reported for the prior year 2022/23. In addition, an agreement whereby the GPA arranges space for client departments in buildings operated by another government department was deemed out-of-scope of IFRS 16, having previously been assessed as within scope. These three matters have been adjusted in the restated 2022/23 Statement of Financial Position and associated notes. Affected balances are right of use assets, lease liabilities, lease incentive receivables, lease receivables and the associated disclosure notes. Further detail is included in note 23 to the financial statements.

Since discovery of these errors, additional controls and system modifications have been made, with further lease data and accounting development activity planned as part of the GPA's improvement plans.

Asset Under Construction (AUC) Prior Period Adjustments and Qualification

Following several years of rapid growth for the GPA, which included the construction and refurbishment of significant assets within the civil service office estate, building modifications and improvements, and development of associated technology assets, the agency now holds £3bn of non-current assets.

AUC is a temporary classification within non-current assets that is used while capital projects are still in progress. When these assets are deemed complete and brought into use, they should be transferred into the appropriate non-current asset category and depreciated over their remaining useful economic lives. Upon review, the GPA identified that several assets held in AUC were actually in use, and hence incorrectly classified.

The GPA analysed the transactions within these categories and identified the reclassifications and adjustments required. The review identified that material reclassifications were required for both the prior year 2022/23 and the current year 2023/24.

For the reclassification of assets from AUC into Buildings, audit evidence was provided to the NAO and the adjustments were agreed. However, for the reclassifications and adjustments into Intangible Assets, IT, Plant and Machinery, and leasehold improvements, the agency was unable to provide sufficient evidence to the NAO for them to complete audit testing. As a result, the NAO has not been able to obtain sufficient, appropriate audit evidence over these arrangements and has modified its opinion accordingly.

Improvements to the GPA's controls over non-current assets, including more robust systems and processes, are planned as part of the GPA's improvement plans.

General Data Protection Regulations

Processes and procedures used to identify, manage and resolve personal data breaches align with the General Data Protection Regulations (GDPR). These processes and procedures ensure the definition of a personal data breach used by the GPA is aligned with regulatory guidance and that a robust and consistent approach to the centralised reporting of such breaches is adopted; and consequently, that the GPA approach is compliant with the legislation.

There have been no records of personal data losses since the launch of the GPA in April 2018 that were required to be reported to the Information Commissioner's Office.

Whistleblowing

The GPA adheres to the whistleblowing policy applicable to all Civil Servants, including adherence to the Civil Service Code. Information regarding this policy is available for all staff on the GPA's intranet. The Audit and Risk Committee is regularly informed if any cases have been raised.

Counter Fraud and Bribery

The GPA adheres to Cabinet Office policy regarding fraud. Mandatory Civil Service e-learning training on this topic is carried out by all staff every 12 months. A confidential counter fraud reporting route is available for staff to make confidential reports of suspected fraud.

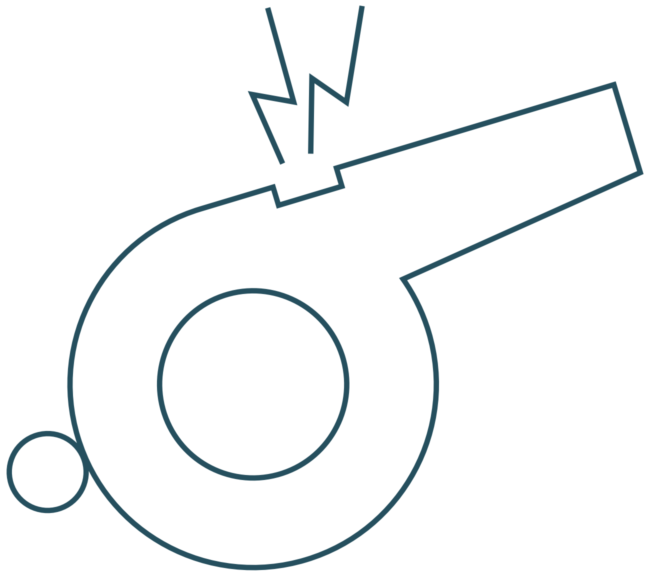
External assurance

Assurance over GPA financial information and activities is provided through independent audit of the annual financial statements by the NAO and the internal audit reports delivered by the GIAA. The NAO provides its annual audit opinion and also reports to ARC and the Board on areas for improvement identified from its work.

Every year GIAA develops the GPA's risk-based audit plan following review of the Strategic and Directorate risk registers and interviews with GPA Directors. The Accounting Officer approves the audit plan after review at the ARC and the GIAA updates the Committee on audit progress, provides completed reports and monitors agreed management actions. The reports form the basis for the annual assurance opinion, the draft opinion for 2023/24 is Limited.

The 2023-24 internal audit plan covered the following areas:

- Contract Management
- Client Financial Information/Debt Management
- System of Control
- Asset Transfer
- HR Support to Required Culture & Skills
- Property Data Quality – follow up
- Deliverability of Whitehall Campus
- Finance Solutions



Remuneration and Staff Report

Overview

This report sets out information on remuneration for staff that Parliament considers key to accountability. The following sections are subject to audit:

- Remuneration (salary, benefits in kind and pensions) of officials who are Board members
- Fair pay disclosure
- Fees paid to Non-Executive Board members
- Pension benefits of official Board members
- Staff costs
- Average number of persons employed
- Reporting of compensation schemes and exit packages

Remuneration report

Remuneration policy

The pay of senior civil servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB).

The SSRB takes a variety of factors into consideration when formulating its recommendations. These include:

- The need to recruit, retain and motivate suitably able and qualified people
- Regional and local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services
- The funds available to departments as set out in the government's departmental expenditure limits
- The Government's inflation target
- The evidence it receives about wider economic considerations and the affordability of its recommendations

The SSRB website contains further information about its work.

The performance management system for senior civil servants is common across all government departments. Pay awards are made in two parts:

- Non-consolidated variable payments, which are used to reward members of staff who demonstrate exceptional performance
- Base pay progression, to reward growth in competence

Non-consolidated payments are paid one year in arrears, so those paid to the GPA's staff in 2023/24 relate to their performance during fiscal year 2022/23.

The Cabinet Office end of year bonus scheme for senior civil servants is applicable to those within the GPA. Awards of up to £10,500 can be made for exceptional contributions. An additional cross-government in-year bonus scheme for senior civil servants is also available to recognise corporate values and behaviours, with rewards of up to £5,000 available for senior civil servants under this scheme.

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 below, the officials covered in 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.

GPA Non-Executive Directors (NED) 2023/24

Non-Executive directors who served during 2023/24 are as follows:

Name	Type	NED Contract End Date
Pat Ritchie (Chair)	Non-Government	31 December 2026
Jonathan Thompson	Non-Government	31 July 2025
Carol Bernard	Government	31 May 2025
Helen Gillett	Non-Government	31 March 2027
Jane Hamilton	Non-Government	30 July 2024
Robert Razzell	Government	11 June 2024
Roger Blundell	Non-Government	31 March 2027
Ronen Journo	Non-Government	31 March 2026

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.independent.gov.uk.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials (i.e. Board members) of the GPA for their services during 2023/24. In accordance with HM Treasury guidance all entities are required to prepare a remuneration report containing certain information about the Directors' remuneration. Directors, in this context, mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the entity. This means those who influence the decisions of the entity as a whole rather than the decisions of individual Directorates or sections within the entity. The Accounting Officer and the Audit and Risk Committee have decided that this requirement encompasses the two posts shown below (CEO and CFO), whose emoluments and pension details are disclosed. The GPA considers that no other key management staff details need to be disclosed under this guidance for 2023/24.

Salary

Salary includes:

- Gross salary
- Overtime
- Reserved rights to London weighting or London allowances
- Recruitment and retention allowances
- Private office allowances
- Any other allowance to the extent that it is subject to UK taxation

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the GPA and treated by HMRC as a taxable emolument. The disclosed benefits in kind include income tax and national insurance liabilities that are met by the GPA.

Remuneration of officials who were Board members during 2023/24 (audited)

Single total figure of remuneration

	Salary (£'000)		Non-consolidated payments (£'000)		Benefits in kind (to nearest £100)		Pensions benefits (to nearest £1,000)		Total £'000)	
Board member officials	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Steven Boyd*	160-165**	145-150	–	–	0	–	17,000	21,000	180-185	165-170
Mark Bourgeois***	135-140	–	0	–	0	–	0	–	135-140	–
Nicholas Brown****	140-145	–	0	–	0	–	55,000	–	195-200	–

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 decrease due to a transfer of pension rights.

* CEO until 31 December 2023.

** This figure includes a compensation in lieu of notice (CILON) payment. Full year equivalent salary was 145-150.

*** Interim CEO from 27 November 2023. Paid as a contingent worker until 30 September 2024 when he became the permanent CEO. Figure disclosed is the actual amount paid during this period: the full year annualised amount would have been 395-400.

**** CFO from 15 May 2023. Full year equivalent salary was 160-165.

Non-consolidated payments

Non-consolidated payments are based on performance levels attained and are awarded as part of the appraisal process. They are not accrued or provided for at 31 March 2024, because the appraisal process is not complete until the summer and entitlement is not agreed until after the appraisal process is complete. As a result, the payments reported in 2023/24 relate to performance in 2022/23 and may include where entitlement arose for performance where employees have transferred between departments.

Fair pay disclosure

This section contributes to the GPA's accountability to Parliament and is subject to audit.

At the GPA as at 31 March 2024 the highest paid Director was the Interim CEO. This temporary appointment was made as a result of a competitive recruitment exercise. The CEO was engaged as a contingent worker so given a higher rate of pay in lieu of pension or any other kind of benefit.

A Civil Service Commission recruitment process, led by the Chair of the Board and UK Government Investments appointed Mark Bourgeois as the permanent CEO with effect from 1 October 2024. The banded remuneration of the permanent CEO is now £215,000-£220,000: this figure has been used below instead of the amount disclosed in the Remuneration of officials who were Board members table above. This is so that the ratios below can be calculated on the same basis and are comparable with the previous year.

Remuneration (audited)

	2023/24	2022/23	Change
Band of highest paid director's total remuneration (£'000)*	215-220	145-150	70
25th percentile remuneration of the workforce (£)	43,050	40,186	2,864
Ratio of highest paid director's total remuneration to 25th percentile of workforce	5.11	3.69	1.44
Median remuneration of the workforce (£)	59,950	56,348	3,603
Ratio of highest paid director's total remuneration to median of workforce	3.67	2.63	1.05
75th percentile remuneration of the workforce (£)	77,727	71,799	5,928
Ratio of highest paid director's total remuneration to 75th percentile of workforce	2.83	2.06	0.78

Salary (audited)

	2023/24	2022/23	Change
Band of highest paid director's salary (£'000)	215-220	145-150	70
25th percentile salary of the workforce (£)	40,532	38,419	2,113
Ratio of highest paid director's salary of 25th percentile of workforce	5.43	3.84	1.59
Median salary of the workforce (£)	55,617	51,260	4,357
Ratio of highest paid director's salary to median of workforce	3.96	2.88	1.08
75th percentile remuneration of the workforce (£)	67,900	65,810	2,090
Ratio of highest paid director's salary to 75th percentile of workforce	3.24	2.24	1.00

* For the fair pay disclosures 'total remuneration' includes salary, allowances, non-consolidated performance-related pay and benefits-in-kind allowances but excludes pension figures. 'Salary' refers to salary alone.

Reporting bodies are required to disclose the relationship between the median remuneration of the highest paid Director in their organisation and the median remuneration of the organisation's workforce. From 2022/23 both the ratio between the median remuneration of the highest paid Director and the 25th percentile remuneration of the workforce as well as the ratio between the median remuneration of the highest paid Director and the 75th percentile remuneration of the workforce are also required. The same median, percentiles and ratios are also required for basic salary only.

Pay for employees on delegated grades (GPA AO – GPA Grade 6) is revised each year in accordance with the national Civil Service Pay Remit Guidance. Pay for SCS employees is updated each year in accordance with the recommendations of the Senior Salaries Review Board (SSRB). The median salary of the workforce is within the GPA Grade 7 National range which is representative of the grade with the majority of the GPA's employees on the capture date.

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

The annualised remuneration of the GPA's workforce, including agency vacancy cover but excluding the Interim CEO, ranged from £25,000-£30,000 to £225,000-£230,000 (2022/23: £20,000-£25,000 to £315,000-£320,000). In line with fair pay disclosure guidance, remuneration for agency workers has been annualised to arrive at the figures disclosed and does not reflect actual remuneration payments made to agency staff in 2023/24. In 2023/24, there was one agency worker covering a vacancy whose annualised remuneration was in excess of the highest paid Director (2022/23: 37). There were no directly employed GPA staff members in 2023/24 who received remuneration in excess of the highest-paid Director (2022/23, nil).

Fair pay disclosure (audited)

Highest paid director and all staff average	% change from previous year
Highest paid director's salary and allowances	48.45
All staff average salary and allowances	3.52
Highest paid director's Performance Related Pay (PRP) and bonuses	–
All staff average PRP and bonuses	7.15

For all staff, the 2023 pay awards (delegated grades and SCS) account for the overall increase in salary from 2022/23. The decision to pay higher performance awards for the delegated grades GPA AO-G6 receiving end of year grades for 'High Performing' and 'Exceeded' has increased the average PRP and bonus from 2022/23's figure.

Fees paid to Non-Executive Board members (audited)

Non-executive board members	Annual fee entitlement (£)*	Fees paid 2023/24 (£)	Fees paid 2022/23 £)
Pat Ritchie	60,000**	43,125	37,500
Jane Hamilton	25,000	25,000	23,333
Mark Collins	25,000	–	10,000
Jonathan Thompson	25,000	25,000	22,500
Ronen Journo	25,000	25,000	–***
Helen Gillett	25,000	25,000	–***
Roger Blundell	25,000	25,000	–***
Robert Razzell	–	–	–
Carol Bernard	–	–	–

* The annual fee for NEDs, excepting Pat Ritchie, changed from £15,000 per annum to £25,000 from 1 July 2022.

** The annual fee for Pat Ritchie changed from £37,500 to £60,000 in December 2023 in recognition of the increased number of days she is working as GPA Chair.

*** Ronen Journo, Helen Gillett and Roger Blundell joined the GPA on 1 April 2023.

Non-Executive Board members (with the exception of the chair) are offered a fee of £25,000 per annum (£15,000 before 1 July 2022). Individual Board members may waive all or part of their fee entitlement. Fees paid or accrued are included within professional services.

Carol Bernard was not entitled to an annual fee as she is already a member of the Civil Service and paid by her current department. Robert Razzell, the Shareholder Representative Director from UKGI, received no fees for his role as Non-Executive Director of GPA. All non-executive Board members were engaged for the full financial year for 2023/24.

Pension benefits of official Board members (audited)

Board member official	Accrued pension at pension age as at 31 March 2023 and related lump sum £'000s	Real increase in pension and related lump sum at pension age £'000s	CETV at 1 March 2024 (£'000)	CETV at 31 March 2023 (£'000)	Real increase in CETV (£'000)
Steven Boyd	–	–	–	–	–
Mark Bourgeois	–	–	–	–	–
Nicholas Brown	0-5	2.5-5	52	–	41

Cash equivalent transfer value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024.

Steven Boyd is not a member of the Civil Service pension scheme. Information on his CETV was therefore not available from Civil Service pensions.

Civil Service pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 switched into alpha between 1 June 2015 and 1 February 2022. All members who switched to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes). Members joining since October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution scheme with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6 per cent and 8.05 per cent for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid scheme with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32 per cent. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8 per cent and 14.75 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023/24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

PCSPS and alpha are unfunded multi-employer defined benefit schemes but the GPA is unable to identify its share of the underlying assets and liabilities. Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash equivalent transfer value (CETV)

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 excludes increases due to inflation and contributions paid by the employee. It is worked out using common market valuation factors for the start and end of the period.

Spending on consultancy and temporary staff

Expenditure on consultancy and temporary staff not included within staff costs was £1.8m in 2023/24 (2022/23: £1.3m).

Expenditure on consultancy and the need for temporary staff within the GPA is largely dependent on the nature of the projects being undertaken, the requirement to operate within Cabinet Office-imposed headcount caps for employed staff, and the expertise required.

Reporting of off-payroll appointments

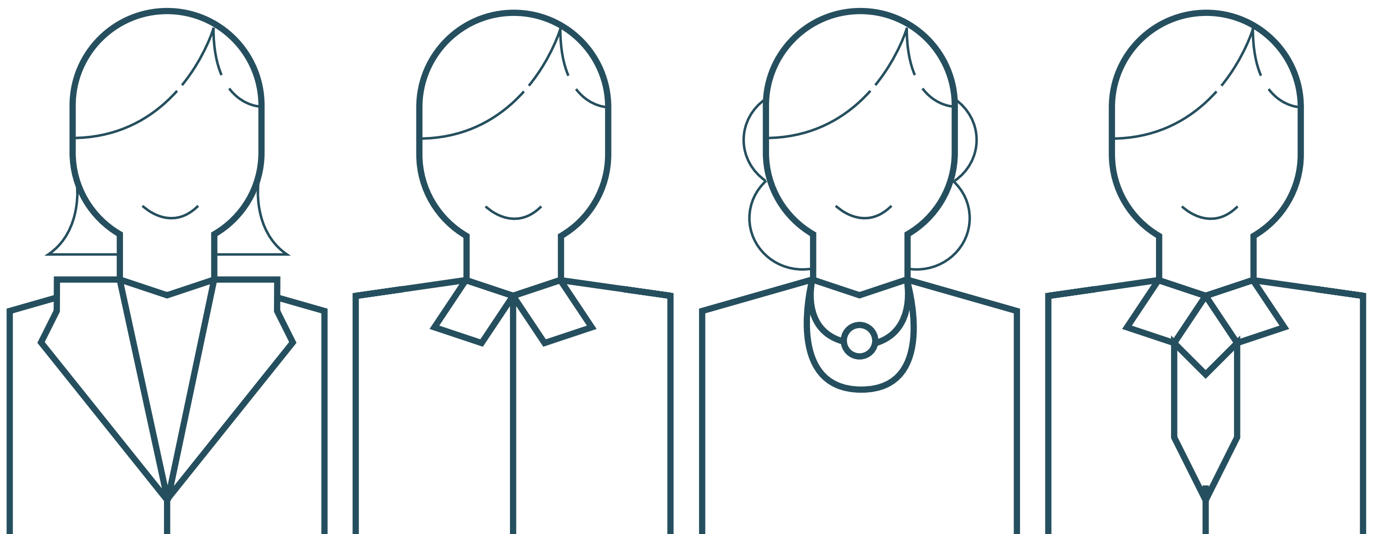
The GPA provides information about appointments of consultants or staff that last longer than six months and where the individuals earn more than £245 per day, where the GPA pays by invoice rather than through the payroll. The GPA only utilises these arrangements where it cannot avoid them and minimises their use.

Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater.	
No. of existing engagements as of 31 March 2024	44
Of which, no. that existed:	
less than one year.	27
for between one and two years.	13
for between two and three years.	3
for between three and four years.	1
for four or more years at time of reporting.	0

New off-payroll working rules for public sector organisations called 'IR35' were put in place from April 2017 to make sure that where an individual would have been an employee if they were providing their services directly, they pay broadly the same tax as an employee, with the requirement for the employer to deduct tax at source.

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater	
No. of temporary off-payroll workers engaged during the year ended 31 March 2024	60
Of which:	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	49
Subject to off-payroll legislation and determined as out-of-scope of IR35	11
No. of engagements reassessed for consistency or assurance purposes during the year	5
Of which: no. of engagements that saw a change to IR35 status following the consistency review	0

For any off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024	
No. of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year	1
Total no. of individuals on payroll and off-payroll that have been deemed "Board members and/or senior officials with significant financial responsibility", during the financial year	11



Staff Report

Staff costs (audited)

	2023/24 £'m	2022/23 £'m
Wages, salaries and fees*	22.5	18.3
Social security costs	2.6	2.2
Apprenticeship levy	0.1	0.1
Other pension costs	5.5	4.7
Untaken annual leave	(0.1)	0.2
Agency staff	12.4	9.8
Sub total	**43.0**	**35.3**
Inward secondments**	1.5	2.1
Total staff costs	**44.5**	**37.4**
Less staff engaged on capitalised projects	(11.0)	(7.7)
Total net staff costs	**33.5**	**29.7**

* This includes the following: salaries, allowances, bonuses, overtime, Statutory Sick Pay, Statutory Maternity Pay and Childcare Vouchers.

** This includes GPA staff on Government Commercial Function terms and conditions.

Staff pensions

For 2023/24, aggregate employers' contributions of £5.5m were payable to the PCSPS and alpha (2022/23: £4.7m) at one of four rates in the range of 26.6 percent to 30.3 per cent of pensionable earnings, based on salary bands. Contributions paid to the partnership pension providers between 1 April 2023 and 31 March 2024 were £80,754 (2022/23: £103,588). Contributions prepaid at that date were zero (2022/23: zero). Contributions due to the partnership pension providers that were paid on 31 March 2024 were £4,464 (31 March 2023: £7,879). There were two early retirements on ill-health grounds in 2023/24 (2022/23: nil).

Average number of persons employed (audited)

	2023/24			2022/23		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Directly employed	251.00*	17.00**	268.00	269.50*	13.00**	282.50
Others	12.00***	61.00****	73.00	16.50***	69.00****	85.50
Staff engaged on capitalised projects	133.00	32.00	165.00	71.00	12.50	83.50
Total	**396.00**	**110.00**	**506.00**	**357.00**	**94.50**	**451.50**

* Those employed on the Government Property Agency payroll.

** Those on loan or fixed term appointments with the Government Property Agency.

*** Those employed permanently through the Government Commercial Organisation.

**** Contingent labour.

Senior civil servants

The table below shows the number of senior civil servants (SCS) employed by the GPA as of 31 March 2024.

	Headcount	
	31 March 2024	31 March 2023
Chief Executive, Director General (SCS3)	0	1
Director (SCS2)	5	4
Senior Commercial Specialist (SCS2)	1	1
Deputy Director (SCS1)	23	21
Commercial Specialist (SCS1)	3	3
Total Senior Civil Servants working in GPA	**32**	**30**

Staff composition – Gender diversity

The below tables provide an analysis by gender of all staff employed by the GPA as of 31 March 2024.

	31 March 2024			31 March 2023		
	Male headcount	Female headcount	Total	Male headcount	Female headcount	Total
Board members*	1	0	1	1	0	1
Senior civil servants	19	12	31	21	8	29
All other staff	211	164	375	205	174	379
Total	**231**	**176**	**407**	**227**	**182**	**409**

* Refers to the Executive Directors only (excludes NEDs).

	31 March 2024		31 March 2023	
	Male (%)	Female (%)	Male (%)	Female (%)
Board members*	100	0	100	0
Senior civil servants	61	39	72	28
All other staff	56	44	54	46

* Refers to the Executive Directors only (excludes NEDs).

Sickness absence

There were 1.45 (2022/23: 3.43) average working days lost per member of staff in the year.

Staff turnover

The staff turnover figure for the 12 months to 31 March 2024 was 17 per cent (2022/23: 14 per cent). The number of employees who have left the GPA and the Civil Service is too low to report on their reasons individually, but those reasons include resignation, retirement and end of temporary appointments.

People Survey engagement score

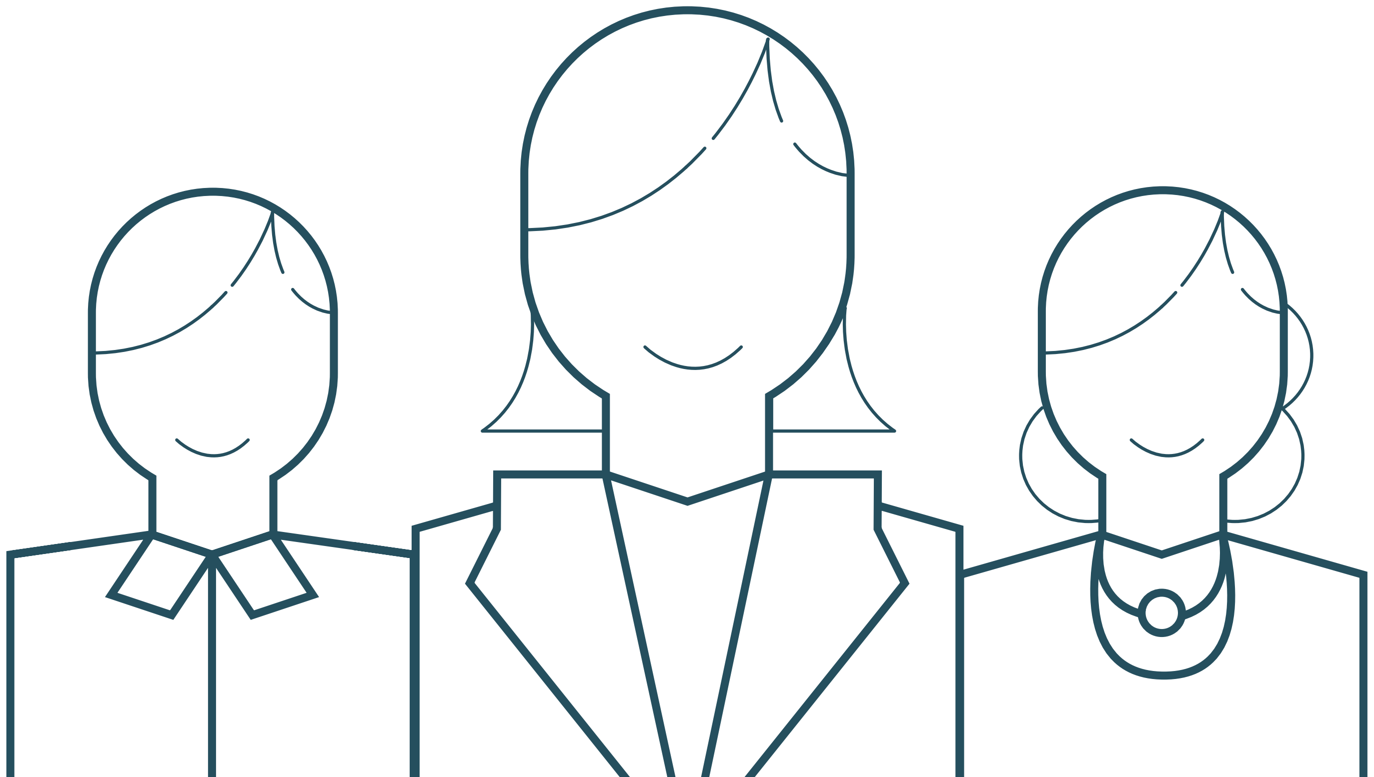
The GPA achieved a People Survey response rate of 100% in 2023, the highest response rate in the Civil Service for the fourth year in a row. The organisation's Employee Engagement Index score decreased slightly from 66% in 2022 to 64% in 2023, but is still favourably comparable to organisations of a similar size. The GPA placed in the high performing Civil Service departments for the majority of the People Survey metrics including the Proxy Stress Index of 27% (which measures capacity to prevent and manage stress) and PERMA Wellbeing Index of 76% (which measures the extent to which employees are flourishing at work).

Employment, training and advancement of disabled persons

The GPA applies the Recruitment Principles of the Civil Service Commission, appointing candidates based on merit through fair, open competition. Recruitment and selection training, which has a core focus of raising awareness of unconscious bias, is offered to all chairs of GPA recruitment panels.

The GPA mandates training for all staff on inclusion in the workplace, which includes avoiding unconscious bias. The Becoming Disability Confident training is also recommended for all staff.

The GPA participates in a number of cross-government talent programmes including apprenticeships (open to staff at all grades), Beyond Boundaries (open to HEOs and SEOs), the Future Leaders Scheme (for Grades 7s and 6s) and the Senior Leaders Scheme (open to Deputy Directors). There are further support programmes within the Future Leaders Scheme for participants with disabilities or long-term health conditions and from ethnically diverse backgrounds.



Reporting of compensation schemes and exit packages (audited)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. The table below shows the total cost of exit packages agreed and accounted for in 2023/24 was £150,749.45 (2022/23. nil). Where the GPA has agreed early retirements, the additional costs are met by the GPA and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

	2023/24		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Exit package cost band			
<£10,000	0	1	1
£10,000-£25,000	0	0	0
£25,001-£50,000	0	0	0
£50,001-£100,000	0	0	0
£100,001-£150,000	0	1	1
£150,001-£200,000	0	0	0
£200,001-£250,000	0	0	0
£250,001-£300,000	0	0	0
Total number of packages	0	2	2
Total cost (£)	**0**	**£150,749.45**	**£150,749.45**

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation.

The GPA has a Recognition Agreement with Public and Commercial Services Union, Prospect and the FDA for the purpose of negotiation and consultation. No facilitation time was required for the period between 1 April 2023 and 31 March 2024 as the representatives are currently full time Trade Union officials rather than employees of the GPA.

Parliamentary Accountability and Audit Report

Overview

This section contributes to the GPA's accountability to Parliament and is subject to audit. Regularity of expenditure reports losses and special payments – regularity refers to the principle that all consumption of resources should be made in accordance with the legislation authorising them, any applicable delegated authority and the principles set out in Managing Public Money. Disclosures on fees and charges and remote contingent liabilities are required by Managing Public Money.

In his certificate and report to the House of Commons, the Comptroller and Auditor General provides his opinion on regularity and whether the Remuneration and Staff Report and Parliamentary Accountability Disclosures have been properly prepared and are consistent with the financial statements, and whether the information given in the Performance Report and Accountability Report is consistent with the financial statements. The following sections are subject to audit:

- Regularity of expenditure.
- Fees and Charges.
- Remote Contingent Liabilities.

Regularity of expenditure (audited)

Where they occur, the Statement of Comprehensive Net Income includes losses, such as write-offs of irrecoverable debts and fruitless payments. The Statement of Comprehensive Net Income also includes extra contractual special payments where they occur.

The Statement of Comprehensive Net Income includes constructive losses:

	2023/24	2022/23
Total number of losses	1	2
Total value of losses (£000)	371	1,306

The GPA incurred a constructive loss for sunk costs relating to the cessation of a London building exit project.

The table above includes the below losses over £300,000:

	2023/24	2022/23
Constructive losses incurred on a London building exit project	371	–
Constructive losses incurred on Birmingham 3	–	843
Constructive losses incurred on Newcastle 2	–	463

Fees and charges (audited)

The GPA has been established to support better utilisation of the government estate. As part of its ordinary course of business, the GPA charges fees to other government bodies to recover its costs. Details are included within the operating income analysis in note 2 to the accounts. The charging arrangements for 2023/24 are structured as follows:

- **Landlord Services** – The GPA approach is to let space in accordance with the Rent Setting Policy which is the rate that a client would expect to pay for a property of the same quality for the same term had they sourced that property from the open market. The GPA passes through the costs of Business Rates, head lease service charge, insurance and utility costs for the space occupied and any agreed vacant space, plus a management fee at a set rate per occupation above 200 m^2 and for below 200 m^2.
- **Workplace Services** – The GPA passes through the costs of facilities management and operational security service contracts. The rate of fees to cover GPA management costs is based on the area of space occupied. For Workplace ICT services on hubs the GPA charges using a fixed rate per square metre which varies by property.
- **Portfolio Services** – The GPA charges a flat rate per occupation for managing GPA onboarded clients' assets as a single portfolio.
- **Additional property and project services** – The GPA passes through contract costs with a percentage fee added to cover putting these contracts in place and managing them. The GPA also charges for the time the GPA team spends on this work. There are discounts for clients who have onboarded to recognise that a closer working relationship allows the GPA to plan ahead and avoid extra costs.

GPA's charging policy is subject to ongoing review to ensure cost recovery and compliance with Managing Public Money.

Remote contingent liabilities (audited)

There are no remote contingent liabilities that require disclosure and reporting to HM Treasury in the Annual Report and Accounts (2022/23: nil).

Government Functional Standards

The GPA aims to comply with all applicable functional standards while meeting business needs and priorities. There are senior managers aligned to each applicable function who are responsible for monitoring and improving compliance.

Mark Bourgeois
Chief Executive Officer and Accounting Officer
12 November 2024

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

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

Qualified opinion on financial statements

I certify that I have audited the financial statements of the Government Property Agency for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Government Property Agency's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net 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, except for the effects of the matters described in the Basis of qualified opinion on the financial statements section below, the financial statements:

- give a true and fair view of the state of the Government Property Agency's affairs as at 31 March 2024 and its net expenditure 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.

Qualified opinion on regularity

In my opinion, except for the effects of the matters described in the basis for qualified opinion on regularity sections below, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for qualified opinion on the financial statements

In respect of the Assets Under Construction held by the Agency and related transactions recorded in the financial statements, the evidence available to me was limited as the Agency was unable to provide sufficient evidence of the valuation or classification of Assets Under Construction held at 31 March 2024 and 31 March 2023. Consequently, I was unable to obtain sufficient, appropriate audit evidence to support £28m of the £214m of Assets Under Construction represented in the Agency's Statement of Financial Position at 31 March 2024 and £127m of the £213m at 31 March 2023. In the absence of evidence to support the classification of Assets Under Construction, I am unable to assess the completeness and accuracy of the depreciation, amortisation and impairment in the Agency's Statement of Comprehensive Net Income for the years ended 31 March 2024 and 31 March 2023.

In respect of the Property, Plant and Equipment and Intangible Assets held by the Agency and related transactions recorded in the financial statements, the evidence available to me was limited as the Agency was unable to provide sufficient evidence to support £108m of reclassifications and £27m of impairments from Assets Under Construction for the year ended 31 March 2024 and £22m of reclassifications and £8m of impairments from Assets Under Construction for the year ended 31 March 2023.

Consequently, I was unable to obtain sufficient, appropriate audit evidence to support the classification and consequent valuation of Intangible Assets, IT, Plant and Machinery, and Leasehold Improvements represented in the Agency's Statement of Financial Position at 31 March 2024 and at 31 March 2023. In the absence of evidence to support the classification and consequent valuation of Intangible Assets, IT, Plant and Machinery and Leasehold Improvements, I am unable to assess the completeness and accuracy of the depreciation, amortisation and impairment in the Agency's Statement of Comprehensive Net Income for the years ended 31 March 2024 and 31 March 2023.

Basis for qualified opinion on regularity

The Government Property Agency is required to comply with Cabinet Office spend controls which form part of its framework of authorities. These include controls over commercial spend. During 2023–24, the Government Property Agency incurred spend against a contract for physical site security. It had not obtained Cabinet Office approval of the contract when it was entered into in 2022-23.

Expenditure of £6m, recognised within note 4b of the financial statements, therefore did not have appropriate Cabinet Office approval. I have qualified my regularity opinion as a result.

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 Government Property Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

The going concern basis of accounting for the Government Property Agency 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.

As described in the basis for qualified opinion section of my report, I was unable to obtain sufficient, appropriate audit evidence to support £28m of the £214m of Assets Under Construction represented in the Agency's Statement of Financial Position at 31 March 2024 and £127m of the £213m at 31 March 2023. I was also unable to obtain sufficient, appropriate audit evidence to support the classification and consequent valuation of Intangible Assets, IT, Plant and Machinery, and Leasehold Improvements represented in the Agency's Statement of Financial Position at 31 March 2024 and at 31 March 2023. Consequently, I am unable to assess the completeness and accuracy of the depreciation, amortisation and impairment in the Agency's Statement of Comprehensive Net Income for the years ended 31 March 2024 and 31 March 2023. I have concluded that where the other information refers to these transactions and balances, it may be materially misstated for the same reason.

Opinion on other matters

In my opinion the parts 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

Except for the possible effect of the matter described in the basis for qualified opinion financial statements section of my certificate, in the light of the knowledge and understanding of the Government Property Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

In respect solely of the matters referred to in the basis for qualified opinion on the financial statements section above:

- adequate accounting records have not been kept by the Government Property Agency or returns adequate for my audit have not been received from branches not visited by my staff; and
- I have not received all of the information and explanations I require for my audit.

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

- 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 Government Property Agency 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 and are 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 Government Property Agency'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 Government Property Agency 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 Government Property Agency's accounting policies;
- inquired of management, the Government Property Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Government Property Agency'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 Government Property Agency's controls relating to the Government Property Agency's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money;
- inquired of management, the Government Property Agency'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 and the relevant external specialists, including property valuation experts, 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 Government Property Agency 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 Government Property Agency's framework of authority and other legal and regulatory frameworks in which the Government Property Agency 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 Government Property Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money and the Supply and Appropriation (Main Estimates) Act 2023.

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, the Audit and Risk 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;
- 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; and
- in addressing the risk of fraud in revenue recognition, I tested a sample of property reconciliations, non-rental income and rental income to assess the appropriateness of the recognition of income and accuracy of calculations. I reviewed a sample of accrued income recognised as at 31 March 2024 to assess the reasonableness of management's estimates.

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

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

Other auditor's responsibilities

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.

Gareth Davies
15 November 2024
Comptroller and Auditor General

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

The Report of The Comptroller and Auditor General to The House of Commons

Introduction

1. The Government Property Agency (GPA) delivers property and workplace solutions across government. It is introducing a portfolio-led approach to managing central government general purpose property as a strategic asset. It aims to drive benefits through more efficient and effective use of the estate.
2. This Report sets out why I have limited the scope of my audit opinion over the GPA's Assets Under Construction. It also explains why I have qualified my regularity opinion due to a breach of Cabinet Office spend controls.

Assets under Construction

3. **At 31 March 2024, GPA held £214m of Assets Under Construction on its Statement of Financial Position.** Assets Under Construction is a temporary classification that is used while capital projects are still in progress. Once a project is completed and the assets are available for use, the costs should be transferred to the relevant asset category and depreciated.
4. **GPA has identified that it has not been transferring assets out of Assets Under Construction on a timely basis as projects have been completed.** This means that Assets Under Construction contains balances that should be included in other asset categories. Because the assets should have been depreciated from the date of transfer, asset values will be overstated. Depreciation charges will be understated.
5. **GPA has begun a detailed review of its Assets Under Construction balances.** It is assessing what needs to be transferred to other asset categories and the date from which the assets should be depreciated. GPA's expectation is that the full review will take several months to complete because of the volume and age of the balances involved. This means it has not been finalised in time for this year's audit.

6. **As a result of its review to date, GPA has been able to provide me with evidence that £186m of the Assets Under Construction balance of £214m (£86m of £213m in 2023) relates to capital projects that were ongoing at 31 March 2024** and has been correctly classified in the accounts. GPA's review further identified £95m of costs in Assets Under Construction that related to works which had also been reflected in professional valuations of the relevant buildings. GPA has corrected this and these costs are not included in the Assets Under Construction balance in the accounts.
7. **GPA has not been able to provide me with evidence that the remaining £28m (£127m in 2023) of the Assets Under Construction balance is correctly classified and valued.** This is a material balance and I have limited the scope of my opinion as a result.
8. **In its review to date, GPA identified £165m of costs that had been included in Assets Under Construction, but which it judged related to assets that were in use.** As a result, it reclassified £130m from Assets Under Construction to other asset categories and impaired a further £35m. It calculated these adjustments on the basis of its review to date, which did not include examining individual transactions. It will not be able to substantiate these adjustments fully until it completes its more detailed review.
9. **GPA has not been able to provide me with sufficient evidence that these adjustments are correct.** As a result, I have limited the scope of my opinion in respect of the asset categories of leasehold improvements, intangibles, IT and plant and machinery and the associated depreciation, amortisation and impairment charges.
10. **GPA expects to complete its review and I will test this as part of my audit of the 2024-25 accounts.** The review will cover both the opening and closing balances.

Breach of Cabinet Office Spend Controls

11. **As a central government body, the Government Property Agency is required to comply with the Cabinet Office Spend Controls.** These state that all central government organisations, including departments and the bodies they sponsor, must obtain approval from the Cabinet Office when they want to spend money on specified activities. The specified activities include commercial spend on all contracts with a value greater than £20m.
12. **I draw attention to the disclosures that the Government Property Agency has made on pages 62-63 of the Annual Report.** This explains the circumstances which led to the GPA entering into a contract in 2022-23 for physical site security without receiving approval under the Cabinet Office Spend Controls.
13. **In my Report on the 2022-23 accounts, I noted that I had concluded that any expenditure incurred on the contract would be irregular.** However, given that the GPA did not incur any expenditure under the contract in 2022/23, I did not modify my regularity opinion for that year in this respect, while noting there was a significant risk that I would qualify my regularity opinion in future years once there was spend against the contract.
14. **In 2023-24, the GPA has spent £6m against the contract. This spend is irregular and I have qualified my regularity opinion as a result.** Total anticipated spend is £179m excluding VAT over the period of the contract. I do not anticipate qualifying my regularity opinion as a result of this breach in future years. I consider that, while future spend against the contract will be irregular, the irregularity will not be material, as it is due to a breach at the procurement stage which has already been recognised in this year's qualification.

Gareth Davies
15 November 2024
Comptroller and Auditor General

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

Financial Statements

STATEMENT OF COMPREHENSIVE NET INCOME – For the year ended 31 March 2024

	Note	2023/24 £'m	Restated 2022/23 £'m
Operating income	3	(544.0)	(452.9)
Grants	3	(10.0)	(2.3)
Capital Grant-in-Kind	19	(7.9)	(30.4)
Total operating income		**(561.9)**	**(485.6)**
Staff costs	4a	33.5	29.7
Other operating costs	4b	578.5	445.4
Non-cash costs	4c	285.9	141.9
Total operating expenditure		**897.9**	**617.0**
Net operating expenditure/ (income)		**336.0**	**131.4**
Finance income	5	(35.3)	(18.9)
Finance expenditure	5	16.8	8.5
Net expenditure/ (income) for the year		**317.5**	**121.0**
Other comprehensive income			
Net (gain) / loss on revaluation of property, plant and equipment (PPE) & intangible assets	SoCTE	84.9	177.1
Net (gain) / loss on revaluation of right of use assets (ROU)	SoCTE	2.4	–
Total comprehensive net expenditure/ (income) for the year		**404.8**	**298.1**

All income and expenditure relate to continuing operations. The notes on pages 91 to 117 form part of these financial statements. The prior period has been restated to correct IFRS 16, Non-current Assets, and Intangible Assets errors as disclosed in note 23.

STATEMENT OF FINANCIAL POSITION – As at 31 March 2024

	Note	31 March 2024 £'m	Restated 31 March 2023 £'m
Non-current assets			
Property, plant and equipment	6	1,761.4	1,748.9
Right of use assets	7	299.3	277.1
Intangible assets	8	40.9	7.4
Trade and other receivables	10a	149.0	112.5
Lease receivables	10a	746.0	660.5
Total non-current assets		**2,996.6**	**2,806.4**
Current assets			
Assets classified as held for sale	9	1.0	4.6
Trade and other receivables	10a	203.9	139.3
Lease receivables	10a	99.5	111.7
Cash and cash equivalents	11	127.2	67.3
Total current assets		**431.6**	**322.9**
Total assets		**3,428.2**	**3,129.3**
Current liabilities			
Trade and other payables	12	(185.5)	(165.9)
Finance lease element of PFI contract	18	(83.8)	(15.2)
Lease liabilities	13	(165.9)	(115.2)
Provisions	15a	(7.3)	(8.3)
Total current liabilities		**(442.5)**	**(304.6)**
Total assets less current liabilities		**2,985.7**	**2,824.7**
Non-current liabilities			
Finance lease element of PFI contract	18	(615.8)	(445.3)
Lease liabilities	13	(1,017.0)	(896.5)
Provisions	15a	(147.4)	(108.8)
Total non-current liabilities		**(1,780.2)**	**(1,450.6)**
Total assets less current liabilities		**1,205.5**	**1,374.1**
Taxpayers' equity and other reserves			
General fund	SoCTE	597.3	668.8
Revaluation reserve	SoCTE	608.2	705.3
Total equity		**1,205.5**	**1,374.1**

Mark Bourgeois
Chief Executive Officer and Accounting Officer
12 November 2024

The notes on pages 91 to 117 form part of these financial statements. The prior period has been restated to correct IFRS 16, Non-current Assets, and Intangible Assets errors as disclosed in note 23.

STATEMENT OF CASH FLOWS – For the year ended 31 March 2024

	Note	2023/24 £'m	Restated 2022/23 £'m
Cash flows from operating activities			
Net operating (expenditure) / income	SoCNI	(336.0)	(131.4)
Adjustment for non-cash items			
Adjustments for non-cash income	20	(7.9)	(30.4)
Adjustments for non-cash expenditure	20, 15a	308.9	141.9
Movements in working capital			
(Increase)/decrease in trade and other receivables	20	(101.1)	12.8
Movement in IFRS 16 lease receivables	20	133.6	26.3
Increase/(decrease) in trade and other payables	20	19.6	42.5
Movement in capital accruals		(14.9)	(18.0)
Net cash inflow/(outflow) from operating activities		**2.2**	**43.7**
Cash flows from investing activities			
Purchase of property, plant and equipment & intangible assets	6, 8	(303.4)	(210.8)
Proceeds from disposal of PPE	9	4.2	–
Movements from capital accruals		14.9	18.0
Net cash inflow/(outflow) from investing activities		**(284.3)**	**(192.8)**
Cash flows from financing activities			
Cabinet Office funding	SoCTE	450.0	243.0
Capital element of payments in respect of PFI contracts	11	(40.8)	(12.6)
Capital element of payments in respect of leases	11	(85.7)	(77.2)
Interest paid	5	(16.8)	(8.5)
Interest received	5	35.3	18.9
Net cash inflow/(outflow) from financing activities		**342.0**	**163.6**
Net increase/(decrease) in cash in the period			
Net increase/ (decrease) in cash in year		59.9	14.5
Cash and cash equivalents at the beginning of the period	SoFP	67.3	52.8
Cash and cash equivalents at the end of the period		**127.2**	**67.3**

The notes on pages 91 to 117 form part of these financial statements. The prior period has been restated to correct IFRS 16, Non-current Assets, and Intangible Assets errors as disclosed in note 23.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY – For the year ended 31 March 2024

	Note	General Fund £'m	Revaluation Reserve £'m	Total Reserves £'m
Balance at 1 April 2022		**534.0**	**887.6**	**1,421.6**
Opening impact of IFRS 16 adoption		7.3	–	7.3
Cabinet Office funding	SoCF	243.0	–	243.0
Net (expenditure)/income for the year (restated)	SoCNI	(121.0)	–	(121.0)
Non-cash adjustments				
Auditor's remuneration	4c	0.3	–	0.3
Movements in reserves				
Net gain/(loss) on revaluation of PPE (restated)	6	–	(177.1)	(177.1)
Net gain/(loss) on revaluation of right of use assets	7	–	–	–
Transfer between reserves (restated)		5.2	(5.2)	–
Balance at 31 March 2023 (restated)		**668.8**	**705.3**	**1,374.1**
Opening impact of IFRS 16 adoption	1.24b	(214.2)	–	(214.2)
Cabinet Office funding	SoCF	450.0	–	450.0
Net (expenditure)/income for the year	SoCNI	(317.5)	–	(317.5)
Non-cash adjustments				
Auditor's remuneration	4c	0.4	–	0.4
Movements in reserves				
Net gain/(loss) on revaluation of PPE	6	–	(84.9)	(84.9)
Net gain/(loss) on revaluation of right of use assets	7	–	(2.4)	(2.4)
Transfer between reserves		9.8	(9.8)	–
Balance at 31 March 2024		**597.3**	**608.2**	**1,205.5**

The notes on pages 91 to 117 form part of these financial statements. The prior period has been restated to correct IFRS 16, Non-current Assets, and Intangible Assets errors as disclosed in note 23.

Information on reserves

General Fund reserve

The balance of this reserve represents the accumulated surpluses and deficits.

Revaluation reserve

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are reversed in operating expenses. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Notes to the Financial Statements

Statement of accounting policies

1.1 Statement of compliance

These accounts have been prepared under the Government Resources and Accounts Act 2000 and in accordance with the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The accounts have been prepared under an accounts direction issued by HMT. 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 GPA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the GPA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Basis of preparation

These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and right of use Assets. The GPA's accounts, as an Executive Agency of the Cabinet Office, are consolidated within the Cabinet Office Group. The GPA has no subsidiaries.

1.3 Going concern

The accounts for the GPA have been prepared on the basis that the GPA is a going concern.

Parliament has authorised spending for 2024/25 in the Central Government Main Supply Estimates 2024/25 (HC 139). In addition to the receipt of funding from the Cabinet Office, the GPA invoices property costs to the tenant occupiers.

1.4 Judgements and key sources of estimation uncertainty

The preparation of accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Accounting Date and amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the GPA's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the accounts.

a) Transfer of assets from other government departments

The transfer of assets and liabilities to the GPA have been assessed in accordance with the FReM.

Where individual assets have been transferred without a function, these have been transferred at fair value from the date of transfer with an equal and opposite operating Capital Grant-in-Kind (CGiK) to the Statement of Comprehensive Net Income. This treatment aligns with that applied under International Accounting Standard (IAS) 20 Accounting for Government Grants and Disclosure of Government Assistance to assets funded by way of grant, and where assets transferred for nil consideration are considered to be donated assets in kind.

Where individual liabilities have been transferred without a function, these have been transferred at fair value from the date of transfer with an equal and opposite operating loss on acquisition in the Statement of Comprehensive Net Income.

Freehold properties on boarded from other Government entities are subject to valuations by professional valuers following guidance set by RICS and agreed with the transferring department with the transfer being at fair value in accordance with the FReM.

b) IAS 16 treatment for property, plant and equipment

IAS 16 Property, Plant and Equipment has been applied to all of the Property, plant and equipment held by the GPA. Under IAS 16, Property, Plant and Equipment assets are initially measured at cost, subsequently measured using the revaluation model as required under the FReM, and depreciated so that the depreciable amount is allocated on a systematic basis over the useful life.

The prime objective of the GPA is to facilitate the efficient use of government estate assets and these assets are therefore not ordinarily held to generate a return or for capital appreciation. The adoption of IAS 40 Investment Property is therefore not considered appropriate where the dominant use of an asset is occupation by governmental bodies for operational purposes. The budgeting consequences of adopting IAS 16 will be no different than if properties had remained on individual departments' books. On this basis, HMT has agreed to the GPA adopting IAS 16 in these circumstances.

c) GPA as a lessee

The GPA follows IFRS 16 Leases in determining whether an arrangement contains a lease. The GPA makes a judgement about the classification of long-term arrangements as containing a lease based on an evaluation of the terms and conditions of each arrangement, whether the arrangement depends on a specific asset or assets and whether the arrangement conveys a right to use the asset. If the supplier or landlord has substantive substitution rights then the asset is not identified.

For leases of newly constructed building assets, the GPA considers that it has the right to use the asset in situations where it has designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

For arrangements where the GPA is the lessee and the lease is in scope of IFRS 16, the GPA recognises a right of use asset and corresponding lease liability. The GPA determines the fair value of its lease liabilities and its associated right of use assets based on judgements on the appropriate discount rate to use and the applicable lease term.

GPA cannot ordinarily determine the implicit rate of interest inherent within its leases and uses the Government incremental borrowing rate as promulgated by HM Treasury. For leases that commenced or are remeasured on or after 1 January 2024, the HM Treasury discount rate is 4.72%. For leases that commenced or are remeasured during the period 1 January 2023 to 31 December 2023, the HM Treasury discount rate is 3.51%. For leases that commenced or are remeasured during the period 1 April 2022 to 31 December 2022, the HM Treasury discount rate is 0.95%.

The lease term for each lease liability is derived based on an assessment of whether each break and renewal option is reasonably certain to be exercised. This assessment is determined with consideration of the GPA's estate strategy as informed by engagement with clients.

The GPA makes a judgement in determining the fair value of right of use assets for subsequent measurement. Depreciated cost is used as a proxy for fair value in the vast majority of cases. The GPA leases properties for their sub-leasing potential, generally on terms matching the head lease. Where properties are vacant due to refurbishment through the hubs programme, the GPA expects future sub-lease rent to exceed head lease rent to reflect improved condition.

For long leases with peppercorn rents, depreciated cost is assessed to not be an appropriate proxy for fair value. These leases are subject to professional valuation in accordance with current RICS valuation standards.

d) GPA as a lessor

The GPA makes a judgement as to whether a lease should be classified as a finance or operating lease under IFRS 16 based on whether or not the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset.

While other factors are considered, the main criterion is whether the lease term accounts for the majority of the useful economic life of the underlying asset. A lease term in excess of 75% of the expected useful economic life of the underlying asset would typically be assessed as a finance lease, but this could be overridden by assessment of other relevant factors set out under IFRS 16. For example, where the GPA has substantive substitution rights meaning it retains the right to direct the use of the asset.

Where a lease is assessed as a finance lease, the GPA values its associated lease receivable asset using the interest rate implicit in the lease.

The lease term for the lease receivable asset is derived based on an assessment of whether each break and renewal option is reasonably certain to be exercised. This assessment is determined with consideration of the GPA's estate strategy as informed by engagement with clients.

e) Leasehold improvements

Where leasehold improvements have taken place, a review of the head lease and the TOA in relation to the property is undertaken by the GPA. If the majority of the property improvements are to space occupied by a single tenant and the occupant's tenancy is for the life of the head lease then the tenant is deemed to be in receipt of economic benefit and therefore the asset is recognised by the tenant rather than GPA. Where the improvements are deemed to be for the benefit of all tenants and/or the life of those improvements extends past individual tenancies, the GPA recognises the leasehold improvements within property, plant and equipment.

f) Freehold land and building valuations

Freehold land and buildings held by the GPA are shown at fair value as calculated by independent qualified valuation experts. Valuations are based on a number of key assumptions including the market rent for each freehold land and building and an appropriate yield. These are derived based on an analysis of comparable freehold land and building transactions and in accordance with relevant RICS guidance.

Specialised freehold land and buildings are carried at depreciated replacement cost (DRC) to a modern equivalent basis in accordance with the Red Book, adjusted for functional obsolescence. Alternative sites are used in the DRC valuation where appropriate. A freehold land and building is considered specialised if it is rarely, if ever, sold in the market due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.

Valuations are prepared based on level 2 inputs – inputs that can be corroborated by observable market data – as per the IFRS 13 Fair Value Measurement hierarchy of inputs. In preparing these valuations, consideration is given also to some level 3 unobservable inputs; rent free periods and other inducements and interpretation of observable rents and yields which can be applied to the subject freehold land and building.

Freehold land and building valuations are derived from independent professional valuers' estimates of market rental values and expected yields for each freehold land and building. While holding all other assumptions constant, if the average market rental value was 10 per cent higher (lower), the value of the GPA's land and buildings assets would increase (decrease) by £137.2m.

The GPA's net valuation losses for 2023/24 totalled £163.2m (11.5% of net book value).

Approximately 54% of the loss (£88.7m) has been absorbed by the Revaluation Reserve, it being offset against revaluation gains recorded in previous financial years. The remaining 46% (£74.5m) has been expensed.

The two main drivers for current valuation losses are the uncertainty of the impact of wars in the Middle East and Ukraine, and the still relatively high (although falling) interest rates and inflation across the economy. These have continued to dampen demand for leased office space, causing continued downward pressure on real estate values.

g) Expected credit losses

Impairments of trade and other receivables stem from doubtful debt provisions and bad debt write offs. A credit loss is recognised in the SoCNI and a loss allowance is established against specific debts by reference to payment history against settlement terms and the expectancy of future payments. Where the credit risk increased significantly and the risk is no longer considered low the full lifetime expected credit losses are recognised in the SoCNI.

IFRS 9 Financial Instruments requires recognition of 'expected' losses rather than 'incurred' losses.

An allowance for expected credit loss is determined for all financial assets in the context of forecast future economic conditions. IFRS 9 introduces a 3-stage Expected Credit Loss (ECL) impairment model which requires different levels of provision based on relative changes in the credit risk of a debt instrument since its initial recognition.

An adaptation to the FReM allows that balances with core central Government Departments (including their executive agencies) are excluded from recognising stage 1 and stage 2 impairments. ALBs are excluded from this exemption.

Stage 1 – Credit risk has not increased significantly since initial recognition of the asset. Provision is held for an expected credit loss resulting from possible default events over the next 12 months.

Stage 2 – Credit risk has significantly increased since initial recognition of the asset. Provision is held for expected credit losses from possible default events over the expected life of the asset.

Stage 3 – Objective evidence of impairment exists. Provision is held for full impairment.

GPA takes the 'simplified' approach permitted under the standard which eliminates the need to calculate a 12 month ECL and to assess when a significant increase in credit risk has occurred.

GPA estimates ECL by classifying categories of trade and other receivables by risk and applying an impairment based on judgement on expectancy of future payments, historic experience of write-offs and age of the debt.

The GPA has assessed its lease receivables, which are recognised where it acts as a lessor and that lease is a finance lease, for lifetime expected credit losses and in management's view no impairment to these receivables is required. These payments are regularly received without delinquency.

h) Dilapidation provisions

Provisions for dilapidation charges are based on the best estimate of the amount required to settle the obligation following an assessment of risks and uncertainties, terms of legal agreements, and where appropriate, independent professional valuation reports.

A provision is made for estimated costs based on valuations where the likelihood of settlement is material and imminent or via the use of industry standard calculations/methodologies. Where a corresponding receivable is due from the occupier under a sublease, this is calculated on the same basis and also recognised in the SoFP. The GPA considers these recharges to be virtually certain. Any difference from the established liability arising from voids is either recognised in the SoCNI, if the sublease is a finance lease, or capitalised in the SoFP as part of the head lease right of use asset, if the sublease is an operating lease.

Landlord intentions are a significant source of uncertainty when estimating these provisions. The final amount settled can vary significantly depending on a landlord's future intentions for the property and whether they actually serve a dilapidations claim. The GPA assumes that a dilapidation provision is required for each building where relevant unless specifically notified otherwise, hence does not make any allowance in the provision for potential non-claims.

Each individual property dilapidation provision is subject to a desktop valuation every five years. Indexation is applied in the intervening years to report valuations at present value. A physical valuation is obtained within two years of planned building exit.

Dilapidation provisions for each property are reported at present values using current prices. They are indexed each year using the Building Cost Information Service (BCIS) Tender Price Index where physical inspections and desktop valuations are not yet due.

During 2023/24, approximately £83.5m (71.2%) of the total dilapidation provision as at the start of the year was subject to indexation. Therefore each additional 1%

of indexation adds £0.8m to the existing provision. Likewise each 1% reduction in the indexation rate reduces the increase in the provision by £0.8m. The movement in the BCIS Tender Price Index during 2023/24 was an increase of 2.1%.

BCIS indices are produced by the Royal Institute of Chartered Surveyors (RICS), and as such, are seen as an industry standard. The GPA considers these to be most appropriate for maintaining dilapidation provisions at current prices.

In total, desktop valuations accounted for £138.2m (89.4%) of the total dilapidation provision as at 31 March 2024, these being either new desktop valuations or uplifted prior year valuations. These are based mostly on a dilapidation rate of £323/sqm.

The £323/sqm rate is considered to be an average rate for an internal repairing and reinstatement obligation for a typical government building that should allow sufficient provision for the dilapidations claim. The rate includes general strip out of the fit out, making good to ceilings, walls and floors, general repairs, decoration, new floor coverings, reinstatement of building services, updating statutory testing and manuals, contractor's preliminary items, professional fees in connection with the work and an element of contingency. It is varied if the building is more complex, or if a schedule of condition applies to the obligations that clearly shows that the liability is likely to be reduced.

Dilapidation provisions based on desktop exercises will be sensitive to changes in the rate per square metre used within the calculations. Should all desktop valuations have been costed at £323/sqm, a £10 increase/(decrease) in the rate used would result in a corresponding increase/(decrease) of around £4.3m in the provision.

The GPA uses expert property advice to consider alternative dilapidation rates where the default rate of £323/sqm is considered inappropriate for a specific property. For example, a reduced rate of £250/sqm has been applied where Cat B do not need to be reinstated, and higher rates of £500/sqm and £592/sqm used where reinstatements costs are high due to the age of building.

Other variables that can impact on the calculation of forecast dilapidation for a property include the accuracy of floor area measurements and the assessment of property condition. Property listings (Grade I and Grade II) are also considered where buildings have architectural or historical features considered to be of national importance, although the impact of this on dilapidations is minimal.

1.5 Operating segments

Operating segments are based on the main areas of business activity and align with performance reporting. They are evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and in assessing performance. The CODM has been identified as the Accounting Officer supported by the Board.

1.6 Employee benefits

Short-term benefits

Where an employee has rendered service to the GPA during the financial year, the GPA recognises as an expense the undiscounted amount of short-term employee benefits expected to be paid wholly in exchange for that service before 12 months after the end of the reporting period.

Annual leave earned but not taken by year-end is recognised on an accruals basis. Performance non-consolidated payments are recognised when the appraisal process has been finalised.

1.7 Revenue

Revenue is the gross inflow of economic benefits to the GPA which arises from rental income from operating leases, contract income and capital grants.

Rental income from operating leases

Rental income, including fixed rental uplifts, is recognised in accordance with IFRS 16 on a straight-line basis over the term of the lease which is considered to be the date of the lease commencement to the earliest termination date. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Lease incentives, such as rent-free periods and contributions towards tenant costs are recognised evenly over the lease term.

Incentives for the agreement of a new or renewed operating lease given to tenants are recognised as a reduction of the rental income over the lease term, irrespective of the incentive's nature or form, or the timing of payments.

Contract income

Income from contracts outside the scope of IFRS 16 is recognised in accordance with IFRS 15 Revenue from Contracts with Customers. The GPA recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer.

Income has been disaggregated by major service line. The GPA typically satisfies performance obligations as services are rendered. There are no significant financing components of any contracts carried out with cash flows matching the provision of services and a receivable recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the GPA.

Income from Rates, Other Landlord Services and Workplace Services arise from client leases which provide for the recovery of the operating expenses incurred by the GPA as well as management fees based on the GPA charging policy. The non-rental element of the contract is separated from the lease rental element and assessed by reference to the operating costs incurred in relation to each lease and rental space. Clients are invoiced quarterly in advance based on estimated annual budgets. Performance obligations are assumed to be satisfied evenly over the period of the quarterly charge and income recognised on a straight line basis. A contract liability is recognised for income relating to performance obligations which have not yet been satisfied. Within four months of the annual service period ending, the GPA will reconcile estimated annual budget to actual cost of service provision and issue balancing charges or refunds as appropriate.

Additional Property & Project Services, Consultancy Services and Logistics Services contracts tend to be ad hoc and relate to specific goods or services. The transaction price is determined in the contract and is recognised at the point in time when the customer takes possession of the asset. Cash flows match the provision of services and a receivable is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the GPA.

Gainshare income is recognised where the GPA achieves savings on behalf of clients through commercial advisory work such as service charge challenges. The GPA receives a share of savings as set out in client Managed Services Agreements. Income is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the GPA.

Capital grants

Capital grant income is recognised where the GPA receives grants from clients to carry out capital investment on their behalf. Income is recognised in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The income is recognised in a pattern equal to the consumption of value of the capital investment created by the grant.

Capital Grant-in-Kind income is the fair value of assets transferred to the GPA for nil consideration. Income is recognised on the date of asset transfer. See note 1.4a.

1.8 Finance income and expenses

Finance income is mainly comprised of interest income on lease receivables.

Finance costs are comprised of interest expense on leases.

Interest income and interest payable is recognised in the Statement of Comprehensive Net Income as it accrues, using the effective interest method.

1.9 Taxation

Some of the activities of the GPA are outside the scope of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. The net amount due from/to HM Revenue and Customs (HMRC) in respect of VAT is included within receivables and payables in the SoFP as appropriate.

The GPA being a Crown body is not subject to corporation, income, stamp duty land tax or capital gains taxes.

1.10 Property, plant and equipment

Property, plant and equipment is recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of revaluation, except for art and antiques which are treated as Heritage Assets which are non-depreciating. Cost comprises the value of the donated asset or the amount of cash paid to acquire the asset and includes any costs necessary to bring the asset into working condition for its intended use. The capitalisation threshold for expenditure on property, plant and equipment is £5,000. Some heritage assets have been transferred to the GPA. The value of these are immaterial and, on this basis, they are neither revalued, depreciated nor indexed.

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the SoCNI, in which case the increase is recognised in the SoCNI.

A revaluation deficit is recognised in the SoCNI, except to the extent of any existing surplus in respect of that asset in the revaluation reserve. Impairment losses that arise from a clear consumption of economic benefit are taken to the SoCNI.

1.11 Depreciation and impairment on property, plant and equipment

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Useful lives and residual values are reviewed annually and, where adjustments are required, these are made prospectively. Asset lives are in the following ranges:

Freehold buildings, including dwellings	2 to 50 years
Leasehold building improvements	10-25 years or remaining lease term if shorter
Information technology and office equipment	2 to 7 years
Plant and machinery	1 to 20 years
Furniture and fittings	2 to 7 years

Assets in the course of construction are not depreciated until the assets are available for use. No depreciation is provided on freehold land and heritage assets since they have unlimited or very long estimated useful lives, nor on non-current assets held for sale which meet IFRS 5 Non-current Assets Held for Resale and Discontinued Operations criteria. Assets continue to depreciate until they are derecognised.

The carrying values of Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If an asset is determined to be impaired, the asset is written down immediately to its recoverable amount.

Where there is no reasonable certainty that the GPA will obtain ownership at the end of the lease – the asset is depreciated over the shorter of the lease term or the life of the asset.

1.12 Revaluation of property, plant and equipment

Land, buildings and dwellings are revalued to fair value every five years using professional valuations prepared in accordance with current Royal Institution of Chartered Surveyors (RICS) valuation standards. Each property is revalued on a rotational basis on a five-year cycle. For interim years, desktop valuations are provided by the independent valuers.

Properties are valued primarily using Existing Use Value (EUV) approach and estimated using the investment method with key inputs and assumptions being the floor areas, estimated market rent and yield.

Leasehold improvements, plant and machinery, IT hardware, and fixtures and fittings assets are all revalued each year using relevant indices including BCIS and ONS indices.

1.13 Donated assets

Donated assets which are held for their service potential are capitalised at current value in existing use.

The value of donated assets is recognised as capital Grant-in-Kind income. Any subsequent revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the SoCNI, in which case the increase is recognised in the SoCNI. A revaluation deficit is recognised in the SoCNI, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

1.14 Intangible assets

Intangible assets are defined as identifiable non monetary assets without physical substance. Intangible assets are measured on initial recognition at cost. The capitalisation threshold for expenditure on intangible assets for the GPA is £5,000.

Following initial recognition, where an active market exists, intangible assets are carried at fair value in the SoFP. Where no active market exists, the GPA uses published indices to assess the depreciated replacement cost. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Development expenditure is recognised as an intangible asset when the GPA can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use; its intention to complete and its ability to use the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; and the ability to measure reliably the expenditure during development.

Research costs are expensed as incurred. Following initial recognition of development expenditure as an asset, where an active market exists, the asset is subsequently measured at fair value. Where no active market exists, the asset is carried at amortised replacement cost, indexed for relevant price increases, as a proxy for fair value.

1.15 Amortisation of intangible assets

Intangible assets are currently assessed to have a finite life of between three and five years and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Assets in the course of construction are not amortised until the assets are brought into use. Externally acquired computer software are amortised over the shorter of the term of the licence and the useful economic life of three to six years.

1.16 Assets classified as held for sale

Assets held for sale are assets where the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For an asset to be classified as held for sale, it must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets; its sale must be highly probable; and it must genuinely be expected to be sold, not abandoned. Items of property, plant and equipment that are classified as held for sale are written down to fair value less costs to sell if lower than their carrying value, and are not depreciated further.

1.17 Leases

The GPA accounts for leases in accordance with IFRS 16 with effect from 1 April 2022.

The GPA as a lessee

For arrangements where the GPA is the lessee and the lease is in scope of IFRS 16, the GPA recognises a right of use asset and corresponding lease liability.

The right of use asset is initially measured at cost, which comprises the present value of unavoidable future lease payments, adjusted for any initial direct costs, prepayments or incentives and an estimate of any repair or restoration costs. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation expenditure is recorded in the SoCNI.

Right of use assets are subsequently measured at fair value, with depreciated cost being used as a proxy for fair value in the vast majority of cases. The GPA leases properties for their sub-leasing potential, generally on terms matching the head lease. Where properties are vacant due to refurbishment through the hub, the GPA expects future sub-lease rent to exceed head lease rent due to reflect improved condition.

For a small portion of leases, depreciated cost is assessed to not be an appropriate proxy for fair value, for example in the case of long leases with peppercorn rents. These leases are subject to professional valuation in accordance with current RICS valuation standards.

Right of use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. The GPA recognises interest on the lease liability as a finance cost in the SoCNI.

The measurement of lease payments excludes any VAT payable, and irrecoverable VAT is expensed at the point it falls due in line with the International Financial Reporting Interpretations Committee (IFRIC) 21 Levies.

The GPA has applied the exemption for short-term leases (less than 12 months) and low value assets. In these cases, the leases are accounted for as short-term leases and the lease payments associated with them are recognised as an expense from short-term leases.

The GPA as a lessor

The GPA classifies its subleases as finance leases or operating leases. A sublease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset. If the sublease does not transfer substantially all the risks and rewards of ownership then the lease is classified as an operating lease.

Where it is determined that as lessor, a finance lease is the appropriate treatment, the right of use asset (or in some cases freehold property asset) has been derecognised in favour of a lease receivable asset, which is amortised in a similar manner to the lease liability but with interest recognised as finance income in the SoCNI. A gain or loss on disposal of the right of use or freehold property asset has been recognised in the SoCNI at the time of the recognition of the lease receivable.

Where it is determined that as lessor, an operating lease is the appropriate treatment, the GPA recognises rental income in the SoCNI on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

1.18 Financial assets

IFRS 9 Financial Instruments reflects the business model in which assets are managed and their cash flow characteristics and contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit and Loss (FVTPL) or net operating expenditure as interpreted by the FReM.

Trade receivables

Trade and other receivables are recognised in line with IFRS 9 initially at fair value and recoverable amount and subsequently measured at amortised cost.

Impairments of trade and other receivables stem from doubtful debt provisions and the write off of bad debt. A credit loss is recognised in the SoCNI and a loss allowance is established against specific debts by reference to payment history against settlement terms and the expectancy of future payments.

1.19 Cash and cash equivalents

Cash in the SoFP comprises cash at bank. The GPA is funded by Parliamentary Funding drawn down through the Cabinet Office as part of the Supply process – GPA has recorded all draw down of Supply from the Cabinet Office department as financing in the Statement of Cash Flows and to the General Fund. Drawdowns are not treated as Income.

1.20 Financial liabilities

Financial liabilities are held at amortised cost. Financial liabilities are derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Trade payables and accruals

Trade payables and accruals are recognised initially at cost, which is deemed to be materially the same as the fair value and subsequently measured at amortised cost.

1.21 Provisions

A provision is recognised when the GPA has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

For dilapidations, a provision is made for estimated costs based on valuations where the likelihood of settlement is material and imminent or via the use of industry standard calculations/methodologies. See note 1.4h.

HMT discount rates for general provisions are applied where appropriate.

1.22 Contingent liabilities and contingent assets

Contingent assets and liabilities are treated in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, where they meet the criteria.

The GPA discloses a contingent asset where it is probable that there will be an inflow of economic benefits from an event whose outcome is uncertain. An estimate of the financial effect is indicated where possible.

1.23 PFI Service concessions

The GPA is party to private finance initiatives (PFIs). The classification of such arrangements as service concession arrangements requires the GPA to determine, based on an evaluation of the terms and conditions of the arrangements, whether it controls the Infrastructure.

The GPA accounts for PFI transactions on a control approach based on the FReM, which uses IFRIC 12 Service Concession Arrangements to inform its treatment. The GPA is considered to control the infrastructure in a public-to-private service concession arrangement if both of the below conditions are satisfied:-

- the GPA controls or regulates the services that the operator must provide using the infrastructure, to whom it must provide them, and at what price, (and)
- the GPA controls any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise.

Where it is determined that such arrangements are not in scope of IFRIC 12, the GPA assesses such arrangements under IFRIC 4 Determining Whether an Arrangement Contains a Lease.

Where it is identified that the arrangement conveys a right to use an asset in return for a payment or series of payments, the lease element is accounted for as either an operating lease or finance lease in accordance with the risk and reward-based approach set out in the section of this note on Leases.

Where it is determined that arrangements are in scope of IFRIC 12, the GPA recognises the infrastructure as a non-current asset.

Where the contract is separable between the service element, the interest charge and the infrastructure asset, the asset is measured as under IFRS16. The assets are measured initially at the present value of the minimum lease payments.

In determining the interest rate implicit in the contract, the GPA applies the risk-free market rate at the time the contract was signed. The rate is not changed unless the infrastructure element or the whole contract is renegotiated. The risk-free rate is determined by reference to the real rate set by HM Treasury.

The nominal rate is then calculated by adjusting this real term rate by the UK inflation rate.

The GPA recognises a liability for the capital value of the contract. That liability does not include the interest charge and service elements, which are expensed annually to the SoCNI.

On initial recognition of Public-Private partnership arrangements or PFI contracts under IFRS, the GPA measures the non-current asset in the same way as other non-current assets of that generic type. A liability is recognised for the capital value of the contract at its fair value at the period end, which will normally be the outstanding liability in respect of the asset (that is, excluding the interest and service elements), discounted by the interest rate implicit in the contract.

Assets are revalued in accordance with the revaluation policy for property, plant and equipment and intangible assets.

Liabilities are measured using the appropriate discount rate. From 2023/24, the GPA records indexation linked payments in PFI financing liabilities in accordance with IFRS 16. The liability is remeasured when there is a change in future capital payments resulting from a change in an index/rate used to determine those payments. The increase in the liability is recorded as a finance expense in the SoCNI. The liability does not include estimated future indexation linked increases.

The PFI financing liability at 1 April 2023 has been remeasured to include the indexation linked changes to capital payments which have taken effect in the cash flows since the PFI arrangement commenced. See note 1.24b.

Revenue received under any revenue sharing provision in the service concession arrangement is recognised when all the conditions set by IFRS 15 Revenue from Contracts with Customers have been satisfied.

1.24 Changes in accounting policy and disclosures

a) Changes in accounting policies

There have been no changes in accounting policies in 2023/24 other than those described below.

b) New and amended standards adopted

PFI Service concessions

The 2023/24 FReM includes an amendment that indexation linked payments should be included in PFI financing liabilities in accordance with IFRS 16 Leases. The amendment has had an impact on the GPA as PFI unitary payments are annually index linked to the Retail Price Index (RPI) and the GPA held PFI financing liabilities at 31 March 2023 of £460.6m.

The future PFI financing liability has been remeasured at 1 April 2023 to include the indexation linked changes to payments for the capital element which has taken effect in the cash flows since the PFI arrangement commenced. The remeasurement has increased the PFI financing liability at 1 April 2023 to £674.8m, an increase of £214.2m.

The GPA has used a cumulative catch-up approach, where the cumulative effect is recognised as an adjustment to the opening balance of the General Fund. Comparative information is not restated. The PFI financing liability has been subsequently remeasured whenever there has been a change in the cash flows. The increase in the liability has been recorded as a finance expense in the SoCNI.

c) Impending application of newly issued accounting standards not yet effective

The following standards and amendments are expected to be applied in future accounting periods as directed by the Financial Reporting Manual.

IFRS 17 Insurance

IFRS 17 Insurance is expected to be applied in 2025/26. It is not envisaged that this standard will have any impact on the GPA.

d) Changes in presentation and reclassifications

In 2023/24, the GPA has revised its accounts unit of measure from thousands to millions, presented to 1 decimal place. Prior year comparatives have been converted to ensure comparability across years.

2. Segmental analysis

In accordance with IFRS 8 Operating segments, the GPA is required to report financial and descriptive information about its operating segments. These are components about which separate financial information is available. Financial information is required to be reported on the same basis as is used internally by the GPA decision makers. These are the Board and the Chief Executive Officer who evaluate performance regularly using operating segments. The GPA summarises its activities into three main segments as set out below.

Investment

Investment comprises the Capital Projects directorate which is responsible for delivering GPA's office development and optimisation programme through investment in a transformed, sustainable and value for money office estate for civil servants.

Operate

Operate comprises the Property and Workplace Services directorates. The Property directorate manages our property portfolio, in association with the Property Partner, while the Workplace Services Directorate supports customers in moving to and using our workplaces.

Support

Support comprises the Client Solutions, Chief Operating Officer and Finance Directorates. Client Solutions leads all client-related and business development activity. Chief Operating Officer coordinates performance and provides support in commercial, legal, data and technology, security, HR and marketing and communications. Finance is responsible for the GPA stakeholder financial reporting and planning, financial transaction processing and the financial control framework.

There are no significant transactions between the segments and where costs relate to more than one segment they are apportioned appropriately with reference to the underlying substance of the transaction.

Table 2a presents resource expenditure, which is reported to the Board by segment. Table 2b reconciles this total to the SoCNI, which also includes Annually Managed Expenditure (AME) and SoCNI expenditure which counts towards capital for budgeting purposes. The Board does not receive a SoFP analysed by operating segment and therefore such an analysis is not presented here.

2a Total net resource expenditure as reported to the Board in 2023/24

	Gross expenditure £'m	Income £'m	2023/24 Net £'m
Investment	92.4	(78.0)	14.4
Operate	493.0	(499.0)	(6.0)
Support	34.7	(2.3)	32.4
Total	**620.1**	**(579.3)**	**40.8**

2b Reconciliation between operating segments and SoCNI in 2023/24

	Gross expenditure £'m	Income £'m	2023/24 Net £'m
Total net expenditure by operating segment as reported to the Board	620.1	(579.3)	40.8
Capital Grant-in-Kind	–	(7.9)	(7.9)
Capital income and expenditure	8.7	(10.0)	(1.3)
PFI onboarding liability transfer	65.7	–	65.7
Depreciation, amortisation and impairment	100.4	–	100.4
Accounting treatment of provisions and AME impairments	119.8	–	119.8
Total net expenditure per SoCNI	**914.7**	**(597.2)**	**317.5**

2c Total net resource expenditure as reported to the Board in 2022/23

	Restated		
	Gross expenditure £'m	Income £'m	2022/23 Net £'m
Investment	48.3	(25.1)	23.2
Operate	397.5	(438.1)	(40.6)
Support	31.2	(8.6)	22.6
Total	**477.0**	**(471.8)**	**5.2**

2d Reconciliation between operating segments and SoCNI in 2022/23

	Restated		
	Gross expenditure £'m	Income £'m	2022/23 Net £'m
Total net expenditure by operating segment as reported to the Board	477.0	(471.8)	5.2
Capital Grant-in-Kind	–	(30.4)	(30.4)
Capital income and expenditure	6.6	(2.3)	4.3
PFI onboarding liability transfer	(20.0)	–	(20.0)
Depreciation, amortisation and impairment	71.6	–	71.6
Accounting treatment of provisions and AME impairments	90.3	–	90.3
Total net expenditure per SoCNI	**625.5**	**(504.5)**	**121.0**

Major Customers

The GPA's largest customers, excluding Capital Grant-in-kind, are the Ministry of Defence (MoD), the Cabinet Office, and the Home Office. Income from the Ministry of Defence totalled £73.0m (2022/23: 16.7m), the Cabinet Office totalled £69.3m (2022/23: 59.1m), and the Home Office totalled £67.1m (2022/23: £43.9m) for the period ended 31 March 2024 and is reported in the Operate segment. Other major customers of the GPA are: Ministry of Housing, Communities and Local Government (MHCLG), Department for Energy Security and Net Zero (DESNZ) and Department for Science, Innovation and Technology (DSIT), Department of Health and Social Care (DSHC), Department for Education (DFE), Crown Prosecution Service (CPS), Foreign, and Commonwealth & Development Office (FCDO), Department for Business and Trade (DBT), and Ministry of Justice (MOJ).

3. Operating income

	Note	2023/24 £'m	Restated 2022/23 £'m
Rental income		163.1	135.6
Revenue from contracts with customers			
Rates income		93.5	71.5
Other landlord services income		103.2	106.3
Workplace services income		76.3	72.0
Management fee income		11.8	10.8
Additional property & project services		95.7	44.8
Logistics services		1.6	5.6
Consultancy services		0.3	(0.6)
Gainshare income		(1.5)	6.9
Total operating income		**544.0**	**452.9**
Capital grants			
Capital grant income (recharges)		10.0	2.3
Capital Grant-in-Kind transfers of assets from other government departments	19	7.9	30.4
Total		**561.9**	**485.6**

4a. Staff expenditure

	Note	2023/24 £'m	2022/23 £'m
Wages & salaries*		22.5	18.3
Agency staff		12.4	9.8
Untaken annual leave		(0.1)	0.2
Other pension costs		5.5	4.7
Social security costs		2.6	2.2
Apprenticeship levy		0.1	0.1
Inward secondments		1.5	2.1
Staff engaged in capital projects**		(11.0)	(7.7)
Total		**33.5**	**29.7**

* Further detail is available in the Remuneration and Staff Report.

** The capitalisation of staff engaged in capital projects and contractor costs is based on time spent directly attributable to capital projects. Staff may be full-time dedicated to a project or their time part-apportioned to a project.

4b. Operating expenditure

	Note	2023/24 £'m	Restated 2022/23 £'m
Landlord Services			
Rent		44.0	26.9
Rates		100.3	74.8
Head lease service charge		36.7	23.0
Insurance		1.0	1.7
Utilities		23.5	14.4
PFI service charge		72.3	91.4
PFI interest charges		56.4	46.2
Other property related costs		23.1	10.2
Workplace Services			
Fixed FM		38.6	39.5
Variable FM		22.1	15.1
Operational security		15.2	11.7
Workplace ICT		5.4	3.8
Workplace projects		15.8	18.8
Fixture & fittings		0.1	0.1
Whitehall Systems Heating		4.9	5.5
Other Operating Expenditure			
Professional services		92.8	41.1
Other staff-related costs		1.8	1.7
IT costs		9.8	4.2
Supplies and services		1.0	0.7
Logistics expenditure		1.5	5.5
Travel, subsistence and hospitality		1.7	1.2
Consultancy		1.8	1.3
Capital grant expenditure		8.7	6.6
Total		**578.5**	**445.4**

4c. Non-cash expenditure

	Note	2023/24 £'m	Restated 2022/23 £'m
Depreciation – property, plant and equipment	6	68.0	45.1
Depreciation – right of use assets	7	32.3	26.0
Non-cash PFI adjustments		65.7	(20.0)
Movement in provisions	15	0.3	(0.1)
Auditor's remuneration	SoCTE	0.4	0.3
Amortisation	8	0.1	0.4
Impairment – property, plant and equipment	6	106.6	95.4
Impairment – right of use assets	7	5.6	0.1
Impairment – intangible assets	8	1.0	–
Change in provision for expected credit losses	10b	2.5	(2.7)
Gain/Loss on disposal of property, plant and equipment	6	(0.6)	–
Loss on remeasurement of lease liability-IFRS 16		4.0	(2.8)
Total		**285.9**	**141.9**
Total expenditure		**897.9**	**617.0**

Auditor's remuneration

The costs of the audit performed by the National Audit Office on behalf of the Comptroller and Auditor General are recognised as a non-cash charge. During the year, GPA did not purchase any non-audit services. The cost comprises £440,000 (2022/23: £295,000) for the audit of the GPA Annual Report and Accounts.

5. Finance income and costs

	Note	2023/24 £'m	Restated 2022/23 £'m
Finance Income			
Interest on leases		35.3	18.9
		35.3	**18.9**
Finance Costs			
Interest on obligations under leases		16.8	8.5
		16.8	**8.5**

6. Property, plant and equipment

Carrying amount	Land £'m	Buildings excl. Dwellings £'m	Dwellings £'m	IT £'m	Plant & Machinery £'m	Leasehold Improvements £'m	Furniture & Fittings £'m	Heritage Assets £'m	Asset under Construction £'m	Total £'m
Cost or valuation										
At 1 April 2023	640.5	723.1	7.3	15.8	10.6	198.0	14.7	0.1	208.7	1,818.8
Additions	5.5	–	–	–	–	–	–	–	263.2	268.7
Disposals	–	–	–	–	–	(1.1)	–	–	–	(1.1)
Impairment	(3.8)	(70.7)	–	–	–	(6.5)	–	–	(28.2)	(109.2)
Reclassifications	–	64.0	–	16.1	10.7	130.4	5.9	–	(231.8)	(4.7)
Asset transfer from other government bodies	–	3.9	–	–	–	3.9	0.1	–	–	7.9
Transfer to assets held for sale	–	–	–	–	–	–	–	–	–	–
Revaluations	(55.2)	(62.6)	0.2	(0.1)	(0.3)	5.9	(0.6)	–	–	(112.7)
As at 31 March 2024	**587.0**	**657.7**	**7.5**	**31.8**	**21.0**	**330.6**	**20.1**	**0.1**	**211.9**	**1,867.7**
Depreciation										
At 1 April 2023	–	–	0.2	5.5	2.3	56.0	5.9	–	–	69.9
Charged in year	–	28.5	0.2	3.5	1.4	31.7	2.7	–	–	68.0
Disposals	–	–	–	–	–	(1.1)	–	–	–	(1.1)
Impairment	–	–	–	–	–	(2.7)	–	–	–	(2.7)
CGIK transfer assets out of GPA	–	–	–	–	–	–	–	–	–	–
Revaluations	–	(28.5)	(0.4)	–	–	1.3	(0.2)	–	–	(27.8)
As at 31 March 2024	**–**	**–**	**–**	**9.0**	**3.7**	**85.2**	**8.4**	**–**	**–**	**106.3**
Carrying amount										
Net book value at 31 March 2023	640.5	723.1	7.1	10.3	8.3	142.0	8.8	0.1	208.7	1,748.9
Net book value at 31 March 2024	**587.0**	**657.7**	**7.5**	**22.8**	**17.3**	**245.4**	**11.7**	**0.1**	**211.9**	**1,761.4**
Asset financing										
Owned	587.0	454.8	7.5	22.8	17.3	245.4	11.7	0.1	211.9	1,558.5
PFI and other service concession arrangements	–	202.9	–	–	–	–	–	–	–	202.9
Net book value at 31 March 2024	**587.0**	**657.7**	**7.5**	**22.8**	**17.3**	**245.4**	**11.7**	**0.1**	**211.9**	**1,761.4**

Valuations of land and buildings are completed by Jones Lang LaSalle Ltd, in accordance with the RICS Appraisal and Valuation Manual and the FReM. The most recent valuations were carried out on 31 March 2024. Indexation is applied to all other classifications of property, plant and equipment, as well as for intangible assets.

6. Property, plant and equipment (restated) (continued)

Carrying amount	Land £'m	Buildings excl. Dwellings £'m	Dwellings £'m	IT £'m	Plant & Machinery £'m	Leasehold Improvements £'m	Furniture & Fittings £'m	Heritage Assets £'m	Asset under Construction £'m	Total £'m
Cost or valuation										
At 1 April 2022	865.7	815.9	7.5	11.0	9.7	130.2	12.5	0.1	110.3	1,962.9
Effect of adoption of IFRS 16	–	(42.1)	–	–	–	–	–	–	–	(42.1)
Revised 1 April 2022	865.7	773.8	7.5	11.0	9.7	130.2	12.5	0.1	110.3	1,920.8
Additions	–	–	–	–	–	–	–	–	205.6	205.6
Disposals	–	–	–	–	–	–	–	–	–	–
Impairment	(6.6)	(72.1)	–	–	–	–	–	–	(16.7)	(95.4)
Reclassifications	–	42.1	–	3.7	–	43.5	1.2	–	(90.6)	(0.1)
Asset transfer from other government bodies	4.1	13.5	–	–	–	12.6	–	–	0.1	30.3
Transfer to assets held for sale	(1.2)	(2.7)	–	–	–	–	–	–	–	(3.9)
Revaluations	(221.5)	(31.5)	(0.2)	1.1	0.9	11.7	1.0	–	–	(238.5)
As at 31 March 2023	**640.5**	**723.1**	**7.3**	**15.8**	**10.6**	**198.0**	**14.7**	**0.1**	**208.7**	**1,818.8**
Depreciation										
At 1 April 2022	–	40.4	0.2	3.4	1.3	37.5	3.7	–	–	86.5
Charged in year	–	25.0	0.2	1.8	0.9	15.3	1.9	–	–	45.1
Disposals	–	–	–	–	–	–	–	–	–	–
Impairments	–	–	–	–	–	–	–	–	–	–
CGIK transfer of assets out of GPA	–	(0.3)	–	–	–	–	–	–	–	(0.3)
Revaluations	–	(65.1)	(0.2)	0.3	0.1	3.2	0.3	–	–	(61.4)
At 31 March 2023	–	**–**	**0.2**	**5.5**	**2.3**	**56.0**	**5.9**	–	–	**69.9**
Carrying amount										
Net book value at 31 March 2022	865.7	775.5	7.3	7.6	8.4	92.7	8.8	0.1	110.3	1,876.4
Net book value at 31 March 2023	**640.5**	**723.1**	**7.1**	**10.3**	**8.3**	**142.0**	**8.8**	**0.1**	**208.7**	**1,748.9**
Asset financing										
Owned	640.5	508.9	7.1	10.3	8.3	142.0	8.8	0.1	208.7	1,534.7
PFI and other service concession arrangements	–	214.2	–	–	–	–	–	–	–	214.2
Net book value at 31 March 2023	**640.5**	**723.1**	**7.1**	**10.3**	**8.3**	**142.0**	**8.8**	**0.1**	**208.7**	**1,748.9**

7. Right of use assets

	Buildings £'m
Cost or valuation	
At 1 April 2023	301.8
Additions	270.5
Disposals	(212.7)
Revaluations	(3.7)
Impairment	(5.6)
Reclassifications	4.7
As at 31 March 2024	**355.0**
Depreciation	
Accumulated Depreciation as at 1 April 2023	24.7
Charged in year	32.3
Revaluations	(1.3)
As at 31 March 2024	**55.7**
Carrying amount	
Net book value at 31 March 2023	277.1
Net book value at 31 March 2024	**299.3**

	Restated Buildings £'m
Cost or valuation	
At 1 April 2022	–
Effect of adoption of IFRS 16	367.6
Revised 1 April 2022	367.6
Additions	551.6
Disposals	(616.0)
Revaluations	(1.3)
Impairment	(0.1)
As at 31 March 2023	**301.8**
Depreciation	
Accumulated Depreciation as at 1 April 2022	–
Effect of adoption of IFRS 16	–
Revised 1 April 2022	–
Charged in year	26.0
Revaluations	(1.3)
As at 31 March 2023	**24.7**
Carrying amount	
Net book value at 31 March 2022	–
Net book value at 31 March 2023	**277.1**

Lease expenses recognised in the SoCNI

	2023/24	Restated 2022/23
Interest on Leases	16.8	8.5
Depreciation – right of use assets	32.3	26.1
Irrecoverable VAT on rent expenditure	43.7	26.9
Rent expenditure on short-term leases	0.3	0.3
Total lease expenses	**93.1**	**61.8**

8. Intangible assets

	Software licences £'m	Assets under Construction £'m	Total £'m
Cost or valuation			
At 1 April 2023	3.9	4.0	7.9
Additions	–	34.7	34.7
Impairment	–	(1.0)	(1.0)
Reclassifications	35.8	(35.8)	–
As at 31 March 2024	**39.7**	**1.9**	**41.6**
Amortisation			
At 1 April 2023	0.6	–	0.6
Charged in year	0.1	–	0.1
As at 31 March 2024	**0.7**	–	**0.7**
Carrying amount			
Net book value at 31 March 2023	3.3	4.0	7.3
As at 31 March 2024	**39.0**	1.9	**40.9**
Asset financing:			
Owned	39.0	1.9	40.9
As at 31 March 2024	**39.0**	1.9	**40.9**

	Restated Software licenses £'m	Restated Assets under construction £'m	Restated Total £'m
Cost or valuation			
At 1 April 2022	0.8	1.9	2.7
Additions	–	5.2	5.2
Reclassifications	3.1	(3.0)	0.1
As at 31 March 2023	**3.9**	**4.1**	**8.0**
Amortisation			
At 1 April 2022	0.2	–	0.2
Charged in year	0.4	–	0.4
As at 31 March 2023	**0.6**	–	**0.6**
Carrying amount			
Net book value at 31 March 2022	0.6	1.9	2.5
As at 31 March 2023	**3.3**	4.1	**7.4**
Asset financing:			
Owned	3.3	4.1	7.4
As at 31 March 2023	**3.3**	4.1	**7.4**

9. Assets held for sale

	Note	31 March 2024 £'m	31 March 2023 £'m
Balance at 1 April 2023		4.6	1.0
Disposal		(3.6)	–
Transfer from property, plant and equipment	6	–	3.6
Balance at 31 March 2024		**1.0**	**4.6**

The asset held for sale is a surplus freehold property. The property is available for sale in its present condition, is being actively marketed and is expected to be disposed of within twelve months of the reporting date. This asset was held as an asset for sale on 31 March 2021, but the sale did not complete within 12 months as had been previously expected. Its value has been adjusted as at 31 March 2024 in line with the latest expectation on sale proceeds.

In April 2023, the GPA completed the sale of the freehold property at Peterborough, Aragon Court generating proceeds of £4.2m.

10a. Trade and other receivables

	Note	31 March 2024 £'m	Restated 31 March 2023 £'m
Amounts falling due within one year			
Trade and other receivables		58.6	52.1
Prepayments		29.0	18.9
Lease incentive receivables		1.1	0.3
Lease receivables IFRS 16		99.5	111.7
Accrued income		108.0	63.9
Amounts from OGDs to offset GPA provisions		7.2	4.1
Total receivables within one year		**303.4**	**251.0**
Amounts falling due after one year			
Amounts from OGDs to offset GPA provisions		143.4	109.3
Lease incentive receivables		5.6	3.2
Lease receivables IFRS 16		746.0	660.5
Total receivables after one year		**895.0**	**773.0**
Total receivables		**1,198.4**	**1,024.0**

Trade receivables in respect of contracts with customers amounted to £42.9m (2022/23: £36.0m).

Accrued income in respect of contracts with customers amounted to £83.6m (2022/23: £54.2m).

Trade Receivables are non-interest bearing and generally on 30 days' terms and are shown net of a provision for impairment. Included in trade receivables is a provision for impairment of £5.1m (2022/23: £2.6m) taken against receivables which are assessed annually for likelihood of recoverability and expected credit losses. See note 10b.

10b. Provision for expected credit losses

	31 March 2024 £'m	31 March 2023 £'m
At 1 April 2023	(2.6)	(5.2)
Provided in the year	(7.6)	(1.7)
Not required written back	5.1	4.3
As at 31 March 2024	**(5.1)**	**(2.6)**

An allowance for expected credit loss is determined by reference to payment history against settlement terms. The GPA has a policy of internally reviewing aged debt using specific criteria for write-off. Trade receivables are non-interest bearing and are generally on 30 days terms and are shown net of a provision for impairment. Movements in the provision for impairment of receivables is as above.

10c. Lease receivables IFRS 16

The GPA received finance lease income from finance lease contracts in which they act as a lessor through the balance sheet against a lease receivable held. The following sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

Lease income received as a lessor 31 March 2024 Lease receivables maturity analysis	31 March 2024 £'m	Restated 31 March 2023 £'m
Less than one year	99.5	111.7
One to Two Years	144.5	96.7
Two to Three Years	124.0	86.0
Three to Four Years	117.5	78.7
Four to Five Years	100.1	75.0
More than Five Years	596.9	372.4
Discount	(337.0)	(48.3)
	845.5	**772.2**

10d. Operating leases

During 2023/24 the GPA received £163.1m (2022/23: £135.6m) of lease income (including service charges) from operating lease contracts in which they act as a lessor. The following sets out a maturity analysis of lease payments to be received after the reporting date. This excludes service charges which are dependent on usage.

Operating leases with clients	31 March 2024 £'m	Restated 31 March 2023 £'m
Less than one year	3.4	6.1
One to Two Years	10.8	10.8
Two to Three Years	13.0	16.5
Three to Four Years	12.1	17.9
Four to Five Years	0.6	15.2
More than Five Years	1,354.1	1,449.4
Total operating leases with clients	**1,394.0**	**1,515.9**

The GPA has 592 sub-leases as at 31 March 2024. The range of end dates for remaining sub leases are between April 2024 and June 2110. The average remaining sub lease term is 7.2 years. The GPA has recognised £35.3m finance income from sub-leasing right of use assets. See note 5.

11a. Cash and cash equivalents

	31 March 2024 £'m	31 March 2023 £'m
Balance at 1 April 2023	67.3	52.8
Net change in cash and cash equivalent balances	59.9	14.5
Balance at 31 March 2024	**127.2**	**67.3**
The following balances were held at:		
Government Banking Service	127.2	67.3
Balance at 31 March 2024	**127.2**	**67.3**
The balance is held for use in respect of:		
Government Property Agency	127.2	67.3
Balance at 31 March 2024	**127.2**	**67.3**

11b. Reconciliation of liabilities arising from financing activities

	Restated 2022/23 £'m	Cash flows £'m	Non-cash changes £'m	2023/24 £'m
Lease liabilities	1,011.7	(85.7)	256.9	1,182.9
PFI liabilities	460.5	(40.8)	279.9	699.6
Total liabilities from financing activities	**1,472.2**	**(126.5)**	**536.8**	**1,882.5**

12. Trade and other payables

	31 March 2024 £'m	31 March 2023 £'m
Amounts falling due within one year		
Deferred income	18.7	19.2
Other payables	3.2	8.2
Trade payables	29.4	22.9
Accruals	131.7	112.7
Other taxation and social security	1.7	2.0
Accrual for untaken annual leave	0.8	0.9
Total payables within one year	**185.5**	**165.9**
Total payables	**185.5**	**165.9**

12. Trade and other payables (continued)

Trade payables in respect of contracts with customers amounted to £26.0m (2022/23: £7.9m).

13. Lease liabilities

	31 March 2024 £'m	Restated 31 March 2023 £'m
Current		
Lease liabilities	165.9	115.2
Non Current		
Lease liabilities	1,017.0	896.5
Total lease liabilities	**1,182.9**	**1,011.7**

31 March 2024 Lease liabilities maturity analysis

	31 March 2024 £'m	Restated 31 March 2023 £'m
Less than one year	165.9	115.2
One to Two Years	123.0	116.8
Two to Three Years	114.9	107.1
Three to Four Years	111.0	101.1
Four to Five Years	101.6	95.2
More than Five Years	749.0	568.5
Discount	(182.5)	(92.2)
	1,182.9	**1,011.7**

The GPA has leases for buildings. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the SoFP as a right of use asset and a lease liability. The nature of the GPA's activities, both as a freeholder and as a lessee, is that of managing properties to let to clients within central government.

GPA has 221 finance head leases as at 31 March 2024. The range of end dates for remaining head leases are between April 2024 and March 2074. The average remaining head lease term is 8.5 years.

The GPA manages the liquidity risk inherent in the maturity analysis through entering into agreements which transfer substantially all of the risk and rewards through formal sub-leasing to clients. The GPA also seeks to match terms for the assets and liabilities, when entering into arrangements which creates finance lease receivables, with those of the head lease.

The GPA is committed to lease hub buildings which are under construction. The leases will commence when the construction reaches practical completion.

14. Financial instruments

The GPA is not exposed to significant financial risk factors arising from financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change by the risks facing the entity in undertaking its activities.

Fair value of financial instruments

The fair value of the financial instruments is equivalent to the carrying amount disclosed in the SoFP, Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, and trade and other payables. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

Credit risk

Credit risk is the risk that a third party will default on its obligations causing the GPA to incur a loss.

In general, exposure to credit risk arises from cash held by banks and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amounts in the SoFP.

The GPA's cash assets are held within the Government Banking Service only and are therefore not exposed to significant credit risk.

Other government funded entities make up 99% of the GPA's receivables and it has been assessed these are low risk due to being government funded. However, where there is doubt over the recoverability of debt, the GPA will recognise a provision for impairment of trade receivables.

Liquidity risk

Liquidity risk is the risk that the GPA will encounter difficulty in raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding. The GPA mostly manages liquidity risk by continuously monitoring forecast cash flow requirements and reporting these to the Cabinet Office.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The GPA's transactions are all undertaken in sterling so it is not exposed to foreign exchange risk. The GPA holds only cash balances and does not have any borrowings and as such operating cash flows are independent of changes in market interest rates.

The GPA is exposed to movements in the property market as the GPA's assets consist predominantly of land and buildings. The GPA is not exposed to significant market risk in relation to rents because rent costs are passed through to clients. The risks associated with vacant space and onboarded shortfalls are mitigated in a number of ways:

- where a client's lease term is less than the head lease term, the GPA charges a rent premium to offset the void liability.
- clients are obliged to provide at least 1 year's notice of termination which provides the opportunity to relet.
- clients remain liable for the void cost as part of their occupation agreement if they exit early.
- clients transferring properties to the GPA remain liable for voids and shortfalls until the earlier of:
  - the date the space is re-let.
  - the date that is three years after the date of the property transfer or the date the next Spending Review period expires (31 March 2025), whichever is the later.
  - the date that the GPA disposes of the transferred property.

The GPA retains some of the risks for hubs and Whitehall Campus. The GPA expects to have a small level of vacant space during 2024/25. The expected vacant space mainly relates to properties where there is ongoing major transformation and refurbishment works which will deliver long term savings for the GPA and its clients.

15a. Provisions

	Dilapidations 31 March 2024 £'m	Total 31 March 2023 £'m
Balance at 1 April 2023	117.2	99.2
Provided in the year	68.6	32.1
Provisions not required written back	(8.1)	(14.2)
Provisions utilised in the year	(23.0)	–
Balance at 31 March 2024	**154.7**	**117.1**
Analysis of expected timings of discounted flows		
Not later than one year:	7.3	8.3
Later than one year but not later than five years:	42.6	26.0
Later than five years:	104.8	82.8
Balance at 31 March 2024	**154.7**	**117.1**

Receivable recognised in respect of provisions

	31 March 2024 £'m	31 March 2023 £'m
Balance at 1 April 2023	113.4	95.4
Provided in the year	66.5	33.0
Provisions not required written back	(29.3)	(15.0)
Received in the year	–	–
Balance at 31 March 2024	**150.6**	**113.4**

The calculation of the GPA's provision for property dilapidations is mostly based on estimated rates per square metre of floor space. These rates reflect historic settlements of dilapidations on expired occupations of similar properties. Detailed physical inspections are carried out where leases are close to expiry. This method of measurement produces a direct correlation between total floor space and the provision. Hence, assuming all other assumptions remain constant, a 10 per cent increase (or decrease) in floor space will result in approximately 10 percent increase (or decrease) in the provision (£15.5m).

15b. Reconciliation of provisions movement to the SOCNI

	31 March 2024 £'m	31 March 2023 £'m
Provided in the year	68.6	32.1
Provisions utilised in the year	(23.0)	–
Provisions not required written back	(8.1)	(14.2)
Provisions re-charged to clients	(37.2)	(18.0)
Net movement in provisions during the year	**0.3**	**(0.1)**

16. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not included in these financial statements is as follows:

	31 March 2024 £'m	31 March 2023 £'m
Property, plant and equipment	105.9	383.3
Total capital commitments	**105.9**	**383.3**

The GPA has entered into non-cancellable contracts (which are not leases or PFI contracts) for capital goods and services. The commitments relate to property modernisation and IT projects.

As at 31 March 2024 the £105.9m is made up of the following material contracts: £61.9m in relation to new build construction work, £7.5m in relation to construction fit outs, £5m for design and build construction contracts and £4.2m for the design to supplement workplace projects contracts.

17. Other financial commitments

Commitments relate to facilities management in buildings owned or leased by the GPA. This excludes financial commitments generated where the GPA is acting as agent for an asset owner. The asset owner will record the financial commitment.

The classifications in the other financial commitments note have been revised to disclose the analysis of contracts later than five years as per the FReM.

	31 March 2024 £'m	Restated 31 March 2023 £'m
Not later than one year	83.4	168.1
Later than one year and not later than five years	201.8	104.7
Later than five years	0.8	11.3
Total other financial commitments	**286.0**	**284.1**

Facilities Management charges, where relating to properties occupied by clients, are recharged as appropriate to the underlying clients.

As at 31 March 2024 the £286.0m is made up of the following material contracts: £150.2m in relation facilities management and £72.5m with our Operational Security provider.

18a. On-balance sheet (SoFP) PFI contracts and other service concession arrangements

Property	Onboarded date	Original contract start date	Duration (years)	Description
London, 2 Marsham Street	01/08/2021	March 2002	29	PFI contract covering construction and maintenance of 2 Marsham Street. The contract is for 29 years, expiring in 2032. At the end of the concession period (2032) GPA, will pay the lower of £137.5m (residual value) or the adjusted open market value to acquire the long lease.
London, 1 Horse Guards Road	01/10/2021	March 2000	35	PFI contract covering refurbishment and maintenance of 1HGR. Initial contract with HMT and PFI provider was signed in March 2000 for a 35 year term.
London, 100 Parliament Street	01/10/2021	January 2005	32	PFI contract covering refurbishment and maintenance of 100 Parliament Street. Initial contract with HMRC and PFI provider was signed in January 2005 for a 32 year term.

18b. Commitments under PFI and other service concession contracts

Details of the imputed finance lease charges under PFI service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2024 £'m	31 March 2023 £'m
Rentals due not later than one year	86.8	50.0
Rentals due later than one year but not later than five years	349.6	195.0
Rentals due later than five years	641.3	514.7
	1,077.7	**759.7**
Less interest element	(378.1)	(299.2)
Present value of obligations	**699.6**	**460.5**

The present value of liabilities under service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2024 £'m	31 March 2023 £'m
Rentals due not later than one year	83.8	15.2
Rentals due later than one year and not later than five years	277.4	67.4
Rentals due later than five years	338.4	377.9
Present value of obligations	**699.6**	**460.5**

Details of the minimum service charge under service concession arrangements recognised on the SoFP are given in the table below for each of the following periods:

	31 March 2024 £'m	31 March 2023 £'m
Not later than one year	44.0	55.2
Later than one year but not later than five years	176.5	220.9
Later than five years	235.1	362.3
Total service element	**455.6**	**638.4**

Future commitments are estimates based on assumptions, using the best information available.

18c. Charge to the consolidated statement of comprehensive net income

The total amount charged in the SoCNI in respect of on-balance sheet (SoFP) PFI and other service concession arrangements transactions was £128.7m for the period to 31 March 2024 (31 March 2023: £137.6m). Of this total the fixed and variable service charge element was £38.8m (2022/23 (restated): £47.5m) and the interest charges were £56.4m (2022/23: £46.1m). The remaining balance relates to non-contract specific costs.

19. Asset and liability transfers

	Note	31 March 2024 £'m	31 March 2023 £'m
Statement of Financial Position Increase in Non-current assets			
Home Office		–	5.9
Department for Environment, Food & Rural Affairs (DEFRA)		–	0.1
National Health Service (NHS BSA)		–	4.6
Ministry of Justice (MoJ)		–	6.7
Driving Vehicle Standards Agency (DVSA)		–	2.5
Maritime and Coastguard Agency (MCA)		–	10.6
Department of Work and Pensions (DWP)		4.0	–
Office for National Statistics (ONS)		3.9	–
Total increase in non-current assets	**6**	**7.9**	**30.4**
Recognition of these non-current assets is fully supported by Capital Grant-in-Kind Income recognised in the SoCNI			
Statement of Comprehensive Net Income			
Capital Grant-in-Kind Income	3	(7.9)	(30.4)
Total Capital Grant-in-Kind Income		**(7.9)**	**(30.4)**
Transfer of revaluations reserves through General Reserves			
General Fund	SoCTE	–	1.4
Revaluation Reserve	SoCTE	–	(1.4)
		–	**–**

During the year the GPA was donated assets to the gross value of £7,850,000 (2022/23: £30,421,000) before liabilities. No restrictions have been placed on these assets by the donors.

20. Cash flows reconciliations

	Note	2024 £'m	Restated 2023 £'m
Capital Grant-in-Kind asset transfer	3 & 19	(7.9)	(30.4)
Total Non-cash income		**(7.9)**	**(30.4)**

	Note	2024 £'m	2023 £'m
Movement in short term receivable	10a	(59.0)	(4.1)
Movement in long term receivable	10a	(2.4)	32.3
Movement in lease receivable		133.6	26.3
Non-cash movement in dilapidation provisions recharged to tenants (ST & LT)	15a	(37.2)	(18.0)
Non-cash movement on trade receivables	10b	(2.5)	2.6
Change in trade and other receivables		**32.5**	**39.1**
Movement in short term payables	12	19.6	37.6
Movement in long term payables	12	–	4.9
Change in trade and other payables		**19.6**	**42.5**
Depreciation and amortisation	6,7, & 8	100.4	71.5
Provisions	15a	0.3	(0.1)
Other non-cash	4c	3.4	(2.7)
External auditor's remuneration	4c	0.4	0.3
Non-cash movements from PFI's	18	65.7	(20.0)
Non-cash movement of impairment – PPE	4c	106.6	95.4
Non-cash movement of impairment – ROU	4c	5.6	0.1
Non-cash movement of impairment – Intangible assets	4c	1.0	–
Non-cash movement of impairment – trade receivables	4c	2.5	(2.6)
Total non-cash expenditure		**285.9**	**141.9**

21. Related party transactions

The GPA is an executive agency of and sponsored by the Cabinet Office which is regarded as a related party. During the year, GPA has had material transactions with the Cabinet Office and other entities for which the Cabinet Office is regarded as the parent Department including Crown Commercial Services.

In addition, GPA has received transferred assets, rental income and non-rental income from onboarded clients. Assets have been transferred from the Department of Work and Pensions and the Office for National Statistics. The most significant income has been received from the Home Office, the Cabinet Office, Ministry of Defence (MoD), Department for Energy Security and Net Zero (DESNZ) and Department for Science, Innovation and Technology (DSIT), Ministry of Housing, Communities and Local Government (MHCLG), Department of Health and Social Care (DSHC), Crown Prosecution Service (CPS), Department for Transport (DfE) and Foreign, and Commonwealth & Development Office (FCDO).

No guarantees were given or received from any of the outstanding balances.

Details of remuneration for Board members can be found in the Remuneration Report section of the Accountability Report. Non-Executive and Executive Board members must declare to the Accounting Officer and Board any personal or business interest which may, or may be perceived to, influence their judgement as a Board member.

As referred to in the Directors' report, the GPA holds a register of interests for Board members and each interest is assessed to determine whether this represents a conflict. During the year no Board member, key manager or other related parties, other than those mentioned, have undertaken any material transactions with the GPA.

Pat Ritchie is a Board member of Homes England from March 2022. Homes England is a client of the GPA within the government boundary.

Rob Razzell, who is a non-executive director of GPA, is a Board member of UK Government Investments Ltd, which is a supplier to GPA within the government boundary.

Jane Hamilton, who is a non-executive director of GPA, is Chair of the Board of NHS Property Services Ltd. NHS Property Services Ltd is a client of GPA within the government boundary.

A close relative of Jane Hamilton is a Board member of the Crown Estate, which is a supplier to GPA outside the government boundary. Total expenditure with the Crown Estate in the year amounted to £0.4m with a total payable balance as at 31 March 2024 of nil. At 31 March 2024 the GPA held lease liabilities with the Crown Estate of £1.6m.

22. Events after the reporting date

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue by the Accounting Officer. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

As at the date of the Audit Certificate and Report, there were no reportable events to disclose.

23. Prior period restatement

During 2023/24 the GPA has identified three material prior year (2022/23) IFRS 16 errors affecting right of use assets, lease liabilities, lease incentive receivables, lease receivables and the associated disclosure notes. The GPA has also identified material prior year (2022/23) errors in the classification of non-current assets between assets under construction, buildings, leasehold improvements and intangible assets.

The nature of the period errors are as follows:

- During 2022/23 a head lease was surrendered and a new head lease granted with a revised rent and an extended lease term. The right of use asset and lease liability were not remeasured in line with this modification.
- During 2022/23 a sub-lease was modified to extend the lease term which should have resulted in the GPA reclassifying from an operating lease to a finance lease. The impact is that right of use assets and lease incentive receivables would have been derecognised in favour of a lease receivable asset.
- During 2022/23 a Memorandum of Understanding (MoU) was agreed between the GPA and HMRC which resulted in the GPA's agreements for occupation of HMRC properties being outside the scope of IFRS 16 though they continued to be accounted for as within the scope The impact is that the associated right of use assets, lease liabilities and lease receivable assets are derecognised and rental income and expenditure recognised as incurred.
- The GPA continued to record material amounts of building enhancement expenditure within assets under construction after the date the assets became available for use. The impact is that assets under construction are overstated and depreciation, revaluation and impairment of buildings and leasehold improvements are understated. In addition, intangible assets were understated due to additions being classified as property, plant and equipment.

The comparative amounts for 2022/23 in the financial statements and notes to the accounts have been restated to correct the errors as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The impact of the restatement on the 2022/23 financial statements is as follows:

23. Prior period restatement (continued)

Impact to the Statement of comprehensive net income

	Note	Per Signed Accounts 2023 2022/23 £'m	IFRS16 Adjustments £'m	Assets under construction Adjustments £'m	Restated 2022/23 £'m
Operating income	3	(452.6)	(0.3)	–	(452.9)
Grants	3	(2.3)	–	–	(2.3)
Capital Grant-in-Kind	19	(30.4)	–	–	(30.4)
Total operating income		**(485.3)**	**(0.3)**	**–**	**(485.6)**
Staff costs	4a	29.7	–	–	29.7
Other operating costs	4b	442.1	3.0	0.3	445.4
Non-cash costs	4c	111.7	(7.2)	37.4	141.9
Total operating expenditure		**583.5**	**(4.2)**	**37.7**	**617.0**
Net operating expenditure/ (income)		**98.2**	**(4.5)**	**37.7**	**131.4**
Finance income	5	(19.9)	1.0	–	(18.9)
Finance expenditure	5	8.5	–	–	8.5
Net expenditure/ (income) for the year		**86.8**	**(3.5)**	**37.7**	**121.0**
Other comprehensive income					
Net (gain) / loss on revaluation of property, plant and equipment (PPE) & intangible assets	SoCTE	162.1	–	15.0	177.1
Total comprehensive net expenditure/ (income) for the year		**248.9**	**(3.5)**	**52.7**	**298.1**

23. Prior period restatement (continued)

Impact to the Statement of financial position

	Note	Per Signed Accounts 2023 31 March 2023 £'m	IFRS16 Adjustments £'m	Assets under construction Adjustments £'m	Restated 31 March 2023 £'m
Non-current assets					
Property, plant and equipment	6	1,804.8	–	(55.9)	1,748.9
Right of use assets	7	331.9	(54.8)	–	277.1
Intangible assets	8	4.2	–	3.2	7.4
Trade and other receivables	10a	132.7	(20.2)	–	112.5
Lease receivables	10a	573.6	86.9	–	660.5
Total non-current assets		**2,847.2**	**11.9**	**(52.7)**	**2,806.4**
Current assets					
Assets classified as held for sale	9	4.6	–	–	4.6
Trade and other receivables	10a	141.3	(2.0)	–	139.3
Lease receivables	10a	104.5	7.2	–	111.7
Cash and cash equivalents	11	67.3	–	–	67.3
Total current assets		**317.7**	**5.2**	**–**	**322.9**
Total assets		**3,164.9**	**17.1**	**(52.7)**	**3,129.3**
Current liabilities					
Trade and other payables	12	(166.1)	0.2	–	(165.9)
Finance lease element of PFI contract	18b	(15.2)	–	–	(15.2)
Lease liabilities	13	(120.5)	5.3	–	(115.2)
Provisions	15a	(8.3)	–	–	(8.3)
Total current liabilities		**(310.1)**	**5.5**	**–**	**(304.6)**
Total assets less current liabilities		**2,854.8**	**22.6**	**(52.7)**	**2,824.7**
Non-current liabilities					
Finance lease element of PFI contract	18b	(445.3)	–	–	(445.3)
Lease liabilities	13	(877.4)	(19.1)	–	(896.5)
Provisions	15a	(108.8)	–	–	(108.8)
Total non-current liabilities		**(1,431.5)**	**(19.1)**	**–**	**(1,450.6)**
Total assets less liabilities		**1,423.3**	**3.5**	**(52.7)**	**1,374.1**
Taxpayers' equity and other reserves					
General fund	SoCTE	703.0	3.5	(37.7)	668.8
Revaluation reserve	SoCTE	720.3	–	(15.0)	705.3
Total equity		**1,423.3**	**3.5**	**(52.7)**	**1,374.1**

23. Prior period restatement (continued)

Impact to the Statement of cash flows

	Note	Per Signed Accounts 2023 2022/23 £'m	IFRS16 Adjustments £'m	Assets under construction Adjustments £'m	Restated 2022/23 £'m
Cash flows from operating activities					
Net operating income	SoCNI	(98.2)	4.5	(37.7)	(131.4)
Adjustment for non-cash items					
Adjustments for non-cash income	20	(30.4)	–	–	(30.4)
Adjustments for non-cash expenditure	20	111.7	(7.2)	37.4	141.9
Movements in working capital					
(Increase)/decrease in trade and other receivables	20	8.4	4.4	–	12.8
Movement in IFRS 16 lease receivables	20	30.5	(4.2)	–	26.3
Increase/(decrease) in trade and other payables	20	42.5	–	–	42.5
Movement in capital accruals		(18.0)	–	–	(18.0)
Net cash inflow / (outflow) from operating activities		**46.5**	**(2.5)**	**(0.3)**	**43.7**
Cash flows from investing activities					
Purchase of property, plant and equipment & intangible assets	6, 8	(211.1)	–	0.3	(210.8)
Movements from capital accruals		18.0	–	–	18.0
Net cash inflow / (outflow) from investing activities		**(193.1)**	**–**	**0.3**	**(192.8)**
Cash flows from financing activities					
Cabinet Office funding	SoCTE	243.0	–	–	243.0
Capital element of payments in respect of PFI contracts		(12.6)	–	–	(12.6)
Capital element of payments in respect of Leases		(80.7)	3.5	–	(77.2)
Interest paid	5	(8.5)	–	–	(8.5)
Interest received	5	19.9	(1.0)	–	18.9
Net cash inflow / (outflow) from financing activities		**161.1**	**2.5**	**–**	**163.6**
Net increase/(decrease) in cash in the period					
Net increase/ (decrease) in cash in year		14.5	–	–	14.5
Cash and cash equivalents at the beginning of the period		52.8	–	–	52.8
Cash and cash equivalents at the end of the period	**SoFP**	**67.3**	**–**	**–**	**67.3**

23. Prior period restatement (continued)

Impact to the Statement of changes in taxpayers' equity

	Note	Per Signed Accounts 2023 Total Reserves £'m	IFRS16 Adjustments £'m	Assets under construction Adjustments £'m	Restated 2022/23 £'m
Balance at 1 April 2022		**1,421.6**	**–**	**–**	**1,421.6**
Opening impact of IFRS 16 adoption		7.3	–	–	7.3
Cabinet Office funding	SoCF	243.0	–	–	243.0
Net (expenditure)/income for the year (restated)	SoCNI	(86.8)	3.5	(37.7)	(121.0)
Non-cash adjustments					
Auditor's remuneration	4c	0.3	–	–	0.3
Movements in reserves					
Net gain/(loss) on revaluation of PPE	6	(162.1)	–	(15.0)	(177.1)
Balance at 31 March 2023 (restated)		**1,423.3**	**3.5**	**(52.7)**	**1,374.1**

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