



United Kingdom
Debt Management
Office

Commissioners for the Reduction of the National Debt

Government Annuities Investment Fund

Report and Accounts for the year ended 31 December 2025

19 March 2026

HC 1739



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Presented to Parliament pursuant to Section 67(4) of the Government Annuities Act 1929

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Foreword

The Government Annuities Act 1929 (the Act) consolidated a number of government annuity and insurance funds into the Government Annuities Investment Fund (GAIF), to be operated by the Commissioners for the Reduction of the National Debt (CRND). The Act authorised CRND to grant term annuities, immediate life annuities, deferred annuities, and insurances.

In practice, the grant of deferred annuities was discontinued in 1912 and the grant of term annuities in 1918. The grant of insurances was discontinued in 1929 and the grant of immediate life annuities in 1962. New insurance contracts since 1929 are variations of contracts existing in 1929.

The investments of the GAIF were exhausted in 1936. National Savings and Investments (NS&I) pays out insurance claims and applies yearly to CRND for reimbursement of these amounts by the GAIF, which also pays any management expenses. All payments made by the GAIF are met by receipts from the Consolidated Fund. The only transaction during the year was a payment of £180 in relation to audit expenses (2024: £180), which included £30 of irrecoverable VAT.

As at 31 December 2025, 166 life insurance contracts with an aggregate value payable on the deaths of the insured of £3,614 remained open in the records of NS&I, who administer the contracts for CRND.

Audit arrangements

The GAIF is audited by the Comptroller and Auditor General under agreement with CRND.

Date of authorisation for issue

The date of authorisation for issue is the date on which the Secretary and Comptroller General authorises the accounts for issue. This is interpreted as the date of the Independent Auditor's Report to the Commissioners for the Reduction of the National Debt.

Paul Canty

Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt
16 March 2026

Statement of Secretary and Comptroller General's responsibilities

Section 67 (4) of the Government Annuities Act 1929 requires the Commissioners to prepare an account of all monies paid into the GAIF and of the disposal thereof, and of all contracts for the grant of deferred annuities and insurances charged on the fund made in any calendar year.

The GAIF account is prepared on a cash basis and must properly present the receipts and payments for the year and balances held on 31 December.

The Commissioners have appointed the Secretary and Comptroller General to discharge their statutory responsibilities, a role that is analogous to acting as an Accounting Officer. Therefore the Secretary and Comptroller General has responsibility for preparing the annual accounts and for transmitting these to the Comptroller and Auditor General.

In preparing the accounts, the Secretary and Comptroller General is required to comply with the Government Annuities Act 1929 and has elected to be consistent with certain requirements of the Government Financial Reporting Manual (FReM), and in particular to:

- apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis; and
- confirm that the annual report and accounts as a whole are fair, balanced and understandable, and take personal responsibility for the annual report and accounts and the judgements required for determining they are fair, balanced and understandable.

As the role of the Secretary and Comptroller General is analogous to acting as an Accounting Officer, it is considered that the responsibilities of an Accounting Officer, as set out in Managing Public Money published by HM Treasury, apply to the Secretary and Comptroller General. These include responsibility for the propriety and regularity of the public finances for which the Secretary and Comptroller General is answerable, for keeping proper records, and for safeguarding the GAIF's assets.

Disclosure to auditors

The GAIF is audited by agreement with the Comptroller and Auditor General. The Comptroller and Auditor General audits these accounts and provides opinions to CRND on whether the receipts and payments provide a true and fair view.

As the Secretary and Comptroller General, 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 GAIF'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.

Governance statement

Scope of responsibility

The Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt (CRND) is responsible for ensuring the operation of a sound system of internal control that supports the achievement of CRND's targets, policies and objectives in managing client investment portfolios whilst safeguarding the public funds for which they are accountable, in accordance with the responsibilities assigned to the Secretary and Comptroller General.

CRND is a separate business entity managed within the control framework of the UK Debt Management Office (DMO). While the Secretary and Comptroller General is responsible for CRND's system of internal control, the Accounting Officer of the DMO is responsible for the wider control framework within which CRND is managed. In discharging the control responsibilities, the Secretary and Comptroller General takes assurance on the continued sound maintenance of the wider control framework from the governance statement for the DMO, although it is understood that only reasonable and not absolute assurance can be given that risks have been controlled.

It is also the responsibility of the Secretary and Comptroller General to ensure that all CRND fund management activities are conducted with due regard to value for money and operated in line with client instructions. The Secretary and Comptroller General has put arrangements in place to ensure that there is a proper evaluation of the balance of cost and risk in CRND operations.

CRND is committed to the highest standards of corporate governance and is subject to the guidance set out in the Corporate Governance Code for central government departments (the Code) and the principles laid down in that Code:

- Parliamentary accountability;
- The role of the Board;
- Board composition;
- Board effectiveness; and
- Risk management.

CRND does not conduct any part of its business with or through arm's length bodies (ALBs) and therefore CRND has not applied principle six which covers departmental governance arrangements with ALBs.

Advisory Board

The Secretary and Comptroller General was supported during 2025 by the Advisory Board (the Board) which, in addition to the Secretary and Comptroller General, comprised:

- Dame Sue Owen

Non-executive Chair - Dame Sue was a civil servant for 30 years, including 14 years at HM Treasury. Amongst other things, Dame Sue worked on fiscal policy and debt management policy at HM Treasury. Dame Sue has previously held senior roles at the Foreign and Commonwealth Office, Department for International Development and Department for Work and Pensions. Most recently Dame Sue served as the Permanent Secretary at the Department for Digital, Culture Media and Sport, from 2013 to 2019.

Dame Sue has other current roles, including non-executive director at Pantheon International plc and Serco plc.

- Jessica Pulay

DMO Chief Executive and Accounting Officer

- Jim Juffs

Chief Operating Officer

- Paul Canty

Managing Director, Financing Strategy

- Stephen Farrington

Non-executive HM Treasury representative

- Gary Admans (from 17 June 2025)

Non-executive Director - Gary Admans is an experienced financial markets professional and team leader who, after a derivatives-based career in banking, moved to BP p.l.c. where he managed the Capital Markets and Banking Relations team and was a key member of the Treasury Leadership team. Gary worked at BP p.l.c. for 29 years, initially in the Risk Management team managing BP's foreign exchange exposures before moving to the Capital Markets team. Gary joined the Board of Metropolitan Thames Valley Housing in June 2022 where he is the Chair of the Treasury Committee and a member of the Audit and Risk Committee.

- Paul Fisher (until 30 November 2025)

Non-executive Director - During a 26-year career at the Bank of England, Paul Fisher served as a member of the Monetary Policy Committee from 2009 to 2014, the interim Financial Policy Committee from 2011 to 2013 and the PRA Board from 2015 to 2016. Paul has a number of current roles including Chair of the London Bullion Market Association.

- Martin Egan

Non-executive Director - Martin Egan has 37 years of experience in financial markets. Most of Martin's career was spent at BNP Paribas in various roles including Managing Director Global Co-Head Primary and Secondary Credit, Vice Chairman of the Global Markets Client Board, and Chair of BNPP UK Ltd. Martin was also Chair of the Diversity and Inclusion Network at BNPP UK. Earlier in his career Martin held roles at JP Morgan Ltd., UBS Investment Bank and Credit Suisse First Boston. Martin was also the Chair of the Board of the International Capital Market Association from May 2017 to May 2018, and a member of the Board for another five years before that.

The Economic Secretary to HM Treasury, or such other Minister as may be responsible for the UK Debt Management Office, in consultation with the Non-executive Chair of the Advisory Board and the Accounting Officer, appoints non-executive Board members. Non-executive directors have fixed terms defined in their contract of service. All non-executive Board members including the Non-executive Chair will receive an induction on joining and have access to additional information and training where it is considered necessary for the effective discharge of their duties.

One of the roles of the Board is to advise the Secretary and Comptroller General on any key decisions affecting CRND.

An executive sub-committee of the Board generally meets weekly and supports the Secretary and Comptroller General on operational decisions.

The Terms of Reference for the Advisory Board were set out on its formation in June 2022. The Board’s effectiveness was reviewed in November 2024, after the new Accounting Officer was established in the role. Overall, the review found that the Advisory Board had been very effective in fulfilling its responsibilities. The Advisory Board Terms of Reference are due to be reviewed during 2026.

2025 Advisory Board activities

Board meetings were held throughout 2025 and covered regular agenda items, including risk management, staffing and progress against the operational business plan.

Board, as well as Audit and Risk Assurance Committee, attendance is outlined in the table below:

	Possible	Actual		
Dame Sue Owen	6	6		
Jessica Pulay	6	6		
Jo Whelan	6	6		
Jim Juffs	6	6		
Paul Canty	6	6		
			Audit and Risk Assurance Committee	
Stephen Farrington	6	5	Possible	Actual
Gary Admans	3	3	2	2
Paul Fisher	6	6	4	4
Martin Egan	6	6	4	4
Rodney Norman	n/a	n/a	4	4

Audit and Risk Assurance Committee

The Secretary and Comptroller General was supported during 2025 by the Audit and Risk Assurance Committee on matters relating to risk, internal control and governance. The Audit and Risk Assurance Committee covers the activities of the DMO, Debt Management Account, PWLB lending facility and CRND. The members of the Audit and Risk Assurance Committee during 2025 were:

- Gary Admans (from 17 June 2025 Chair from 1 December 2025)
- Paul Fisher (Chair until 30 November 2025)
- Martin Egan
- Rodney Norman (until 31 December 2025)

Audit and Risk Assurance Committee member - Rodney was Finance Director of NS&I until 2018. Prior to that Rodney was the Treasury Accountant at HM Treasury. This was preceded by a career in the City where he qualified as a Chartered Accountant with PWC and was Finance Director of the Banking Division of Close Brothers. Rodney is currently a non-executive member of the Audit and Risk Committee of the Army. Rodney has previously been a senior advisor to the Bank of England and a non-executive director of a variety of organisations including the Pension Protection Fund, where he was also a member of its Risk and Audit Committee and chaired the Nominations Committee.

Audit and Risk Assurance Committee meetings are typically attended by the DMO Accounting Officer, the Secretary and Comptroller General, Managing Director of Financing Strategy, the Chief Operating Officer, the Head of Internal Audit, the Head of Finance, the Head of Risk and the National Audit Office.

One of the Audit and Risk Assurance Committee's objectives is to give advice to the Secretary and Comptroller General on:

- The overall processes for risk, control and governance and the governance statement;
- Management assurances and appropriate actions to follow from internal and external audit findings, risk analysis and reporting undertaken;
- The financial control framework and supporting compliance culture;
- Accounting policies and material judgements, the accounts and the annual report and management's letter of representation to the external auditors;
- Whistleblowing arrangements for confidentially raising and investigating concerns over possible improprieties in the conduct of the DMO's business;
- Processes to protect against money laundering, fraud and corruption; and
- The planned activity and results of both internal and external audits.

During the period under review the Audit and Risk Assurance Committee paid particular attention to the following areas:

- Implementation of global Internal Audit standards;
- Cyber security threats and risks and mitigation actions;
- Cyber security response plans and business continuity arrangements;
- Artificial Intelligence (AI) – strategy and governance;
- Project management costings and budgets;
- Personnel and building security risks;
- SWIFT attestation;
- Credit and market risk policies & monitoring;
- Whistleblowing policy;
- High level risks, principal risks and uncertainties;

- Finance processes;
- User access rights and permissions;
- Internal committees structure and effectiveness;
- Payment processes over the Debt Management Account;
- Settlements payments and reconciliations;
- Adherence to previous implemented management actions;
- Civil Service Commissioners recruitment principles.

The Audit and Risk Assurance Committee covers a regular programme of agenda items, together with other current topics, and receives updates from the Internal Audit function and external auditors. The Audit and Risk Assurance Committee met four times during the year to consider its regular agenda.

The Secretary and Comptroller General has also been informed by the following operational committees throughout the period under review:

Fund Management Review Committee

The Fund Management Review Committee monitors CRND activity relating to the performance of the government funds under management, including any reporting on compliance activities undertaken in relation to the funds.

The Fund Management Review Committee met four times in 2025.

Business Delivery Committee

The Business Delivery Committee (BDC) reviews the status of the delivery of DMO's business and work plan as a collective cross-functional body, resolving emerging issues in a timely way, and agreeing priorities to ensure the plan stays on track. The most significant initiatives monitored by the BDC during the year were infrastructure upgrades, the IT strategy and the document management system.

The Business Delivery Committee met regularly (typically weekly) throughout 2025.

Risk Committees

The Secretary and Comptroller General is informed by three risk committees covering credit and market risk, operational risk and risk controls. More detail on the roles, responsibilities and activities of these committees can be found in the sections below.

Risk management and internal control

The Secretary and Comptroller General is responsible for maintaining a sound system of internal control that supports the achievement of CRND's targets, policies and objectives in managing client investment portfolios whilst safeguarding the public funds for which they are accountable, in accordance with the responsibilities assigned to them in the Managing Public Money document.

CRND is managed within the wider DMO system of internal control which is based upon what the DMO Accounting Officer, with the support of the Board, considers to be appropriate, taking account of the DMO's activities, the materiality of risks inherent in those activities and the relative costs and benefits of implementing

specific controls to mitigate those risks. The DMO's position differs to that of a commercial organisation in that it must always be in a position to transact the underlying business required to meet its remit. As a result, the risks associated with this activity cannot be avoided and the system of internal control can only provide reasonable assurance against failure to achieve aims and objectives.

The Risk and Control Framework

The Board has designed and put in place a formal risk management framework covering all the activities conducted and overseen by the DMO. This framework helps ensure that the DMO Accounting Officer is appropriately informed and advised of any identified risks and also allows the management of risks to be monitored. The risk management framework covers both regular operations and new business initiatives, and evolves as the range and nature of the DMO's activities change. The framework is supported by a clear 'three lines of defence' model:

First line of defence:

Day-to-day management of risk is the responsibility of management staff within business areas. The DMO considers effective risk management to be central to its operations and fosters a risk aware culture in which all members of staff, including Board members, are encouraged to understand and own the risks that are inherent in those operations. In particular, the DMO seeks to promote an environment in which staff feel comfortable to identify new risks and changes in previously identified risks, as well as weaknesses so that these may be assessed and appropriate mitigating actions put in place.

Mitigating actions typically include segregation of duties, staff training, clear lines of management delegation and reporting and robust business continuity arrangements.

Second line of defence:

Oversight of risk is provided by the Board and risk committees, whose role is to provide regular and systematic scrutiny of risk issues which lie within their remit and to support the DMO Accounting Officer in exercising their overall responsibility for risk management.

The DMO considers that the principal risks it faces arise in three broad areas: credit risk, market risk and operational risk. It has established committees to meet regularly to review the changing risk pattern for each of these areas and to set up appropriate responses. The work of these committees is described in more detail below.

Credit and Market Risk Committee

The Credit and Market Risk Committee (CMRC) meets on a regular basis, with more frequent meetings held when required, for example during times of market stress. The CMRC monitors and reviews the management of market, credit, and liquidity risk. The CMRC met eight times during 2025.

Operational Risk Committee

The Operational Risk Committee (ORC) meets regularly to monitor operational risks and to review significant risk issues. The ORC is responsible for reviewing risk incidents identified through the DMO's risk incident reporting process, and for considering whether planned mitigating actions are appropriate. The ORC also reviews and tracks the progress of actions identified by Internal Audit. The ORC's scope includes issues relating to information risk, IT security, business continuity, anti-fraud and key supplier risks.

The ORC has advised the DMO Accounting Officer and the Board, during the year, on significant operational risk concerns, significant risk issues and trends as well as actions to mitigate such risks. This year, the ORC focussed on business continuity, information security, cyber security, physical security and personnel security.

The ORC also reviewed operational resilience and key supplier risks. The operational resilience review focussed on the DMO's ability to prevent, adapt and respond to disruptions to DMO operations. The ORC met seven times during 2025.

Controls Group

The Controls Group meets periodically to review issues affecting the DMO's system of internal control and to analyse material changes to the control environment. The Controls Group recommends actions to management to implement changes where appropriate. The Controls Group consists of representatives from Finance, Risk, Compliance and Internal Audit.

The Controls Group has advised the DMO Accounting Officer, the Board and senior management on any significant risk concerns stemming from the introduction of new business activities as well as risks relating to other change management activities. The Controls Group has also advised the DMO Accounting Officer on suitable mitigating actions where appropriate.

During the year, the Controls Group reviewed key project change proposals including deposit and payment process enhancements, physical security, enhanced reporting of transactions, and the use of technology and tools for efficiencies.

Risk Management Unit

The risk committees are supported by the DMO's Risk Management Unit (RMU) which ensures key risk issues arising from these committees are communicated to the DMO Accounting Officer and senior management on a regular basis, with additional ad-hoc reporting if an emerging issue requires it. The RMU also supports the formal risk reporting processes with defined outputs, including regular detailed risk reports which are reviewed by the Board and senior management.

As well as supporting the risk committee structure, the RMU provides control advice on risks. As part of the second line of defence the RMU is separate from, and independent of, the DMO's trading operations. The RMU conducts risk analysis and provides market, credit and operational risk capability for the DMO.

The identification, monitoring and mitigation of operational risk is facilitated by the RMU via quarterly consultations with heads of business units and functional teams. Significant risk issues are assessed for materiality and probability of occurrence. New risks, and risks to which exposure is increasing, are highlighted and actions are taken to ensure effective management of all risks. The DMO has Senior Risk Owners (SROs) who undertake a cross-functional moderation process to promote better prioritisation of operational risks across the organisation. The RMU maintains a central exception log to record all risk incidents raised, in order to identify control weaknesses and assign actions to improve controls. RMU continued to carry out compliance awareness training to all staff, throughout the year.

Third line of defence:

The DMO's Internal Audit function is the third line of defence and provides the Accounting Officer with independent and objective assurance on the overall effectiveness of the DMO's system of internal control. It does this through a risk based work programme which is presented to and approved by the Audit and Risk Assurance Committee at the start of each year. All audit reviews performed consider the risk and control processes in place of the area under review. If any control weaknesses are identified, management actions are agreed to mitigate the underlying risks. Progress against agreed management actions is monitored on a regular basis to ensure issues highlighted by Internal Audit, as well as any issues raised by the external auditors, and other identified actions to improve the control environment, are managed and progressed within agreed deadlines. The function is independent of the DMO's trading activities and operations and has a direct reporting line to the Accounting Officer as well as the Chair of the Audit and Risk Assurance Committee. The work of Internal Audit includes assessing the effectiveness of both control design and control performance.

With its independence and overall remit, Internal Audit provides a third line of defence against the risks that might prevent the DMO delivering its objectives.

Risk policies and procedures

The DMO's risk policies reflect the high standards and robust requirements which determine the way risks are managed and controlled. The DMO Accounting Officer, with the support of the Board, ensures that policies are regularly reviewed to reflect any changes in the DMO's operations and/or best practice. In 2025, this included policies relating to physical security, spreadsheet control, anti-fraud, personal dealing, whistleblowing, gifts & hospitality and anti-money laundering.

Staff are asked to confirm that they have read and accepted the DMO's rules on personal dealing and the DMO's policy on the use of information systems and technology, and that they are aware of, and will continue to keep up to date with, the DMO's policies on whistleblowing, anti-fraud, anti-money laundering and information security. The DMO ensures that this exercise is undertaken on an annual basis allowing staff to maintain a good level of awareness of the DMO's policies in these areas. All members of staff have job descriptions which include reference to the specific key risks they are expected to manage.

Managers in each business function are responsible for ensuring that the operations within their area are compliant with plans, policies, procedures and legislation.

During 2025, no concerns were raised by staff under the DMO's whistleblowing policy relating to CRND.

Key Developments

Geopolitical conflicts

Risks arise from ongoing geopolitical conflicts. The DMO continued to closely monitor actual and potential effects on activities, markets, counterparties and suppliers.

Cyber security

The DMO continued to work with partners across government to ensure all necessary steps were taken to maintain cyber security defences and also assurances were received from some strategic partners regarding their own arrangements, with details of the assurances put in place to mitigate against any disruption or impact. Internal assessments considered potential accounting or disclosure impacts and any effects through legal and regularity changes.

Budgetary constraints

Risks to effective delivery of the DMO's objectives arise from the constraints associated with pressures on public sector spending. As a result, effective budgetary control continues to be a critical element of financial management of the DMO.

The DMO continues to face particular challenges due to the nature of its role. First, it faces specific additional cost increases for certain third-party services it requires in order to undertake its role in the financial markets. Second, it competes for recruitment of suitably skilled staff with private sector banks and other financial institutions which are not subject to the same remuneration constraints as the DMO. Notwithstanding these exogenous cost pressures, the DMO's core objectives are non-discretionary, so it would be challenging to deprioritise certain objectives in order to reduce costs.

Risk Profile

The Secretary and Comptroller General and the DMO Board believe that the principal risks and uncertainties facing CRND are outlined in the table below together with the key actions taken to manage and mitigate them:

Principal risks and uncertainties

Mitigation and management

IT systems and infrastructure

CRND relies on a number of IT and communications systems to conduct its operations effectively and efficiently.

During the year, the DMO has progressed additional initiatives to further strengthen the resilience and security of its IT network and infrastructure. Strategic roadmap priorities were reviewed and the DMO carried out an internal health-check. The DMO closely follows government Artificial Intelligence (AI) governance frameworks in its everyday use of AI tools. The DMO has in place structured business continuity arrangements to ensure it is able to continue market operations in the event of an internal or external incident that threatens business operations.

Arrangements to support critical operations were in place throughout the year with a core team in the office, support teams working from the disaster recovery site and staff working from home. Assessment of business continuity needs is also a specific requirement for new projects and major business initiatives.

IT and data security

The DMO could be the subject of an external attack on its IT systems and infrastructure. Through its activities the DMO gathers, disseminates and maintains sensitive information including market sensitive information and personal data about staff and market participants. The DMO seeks to ensure the highest standards of data protection and information management.

The DMO, including CRND, continues to work to maintain the required level of protective security covering physical, personnel and information security and is particularly aware of the growing threat posed by cyber security risk. IT and data security risks continued to be a specific area of focus in 2025 and the DMO's IT team have been enhancing the preventative, detective, and response security controls, alongside cyber security awareness training.

Risks to data and information held by the DMO are owned and managed by designated Information Asset Owners in line with the Government Security Policy Framework and the NCSC Cyber Assessment Framework. The DMO has a Senior Information Risk Owner (SIRO) who is responsible for the information risk policy and the assessment of information risks.

The SIRO is a member of the Board and provides advice to Board members on the management of information risks.

In 2025 the DMO continued its multi-year cyber and resilience plan, aligned to the Government Cyber Security Strategy and GovAssure expectations. The Cyber Security team strengthened identity and access management, security monitoring and alerting, vulnerability and patch management, and organisation wide security awareness and training. Monitoring has been upgraded across its infrastructure to improve visibility and response.

The DMO applies Secure by Design principles to change and project delivery, including proportionate threat modelling and assurance before go-live. Due to critical third party and market infrastructures, supplier due diligence and ongoing assurance monitor cyber and operational resilience. The DMO continues to enhance data protection across on premises and cloud environments, including advanced access controls and data loss prevention.

Reliance on third parties

A number of the operational systems and services on which CRND relies are provided or supported by third party suppliers.

To mitigate the risk of failure of a key third party supplier the DMO undertakes regular corporate risk assessments of each key supplier to assess a range of factors including its financial strength and operational capacity, including the reliance on sub-contractors. The DMO has dedicated contract owners who meet regularly with key suppliers and monitor performance against the agreed Service Level Agreements, where appropriate.

The procurement manager and the vendor management group have been working to embed consistent standards of supplier management across account managers by improving visibility of key contracts and sharing best practice. The DMO has introduced enhanced monitoring for critical suppliers (i.e. strategic partners) that focuses on risk and strategic aspects. Scrutinised areas include inherent risks, scenario analysis, assessment of supply chain risks including fourth parties, monitoring and assessing residual risks, and mitigation planning. External consultancy work assisted with the approach.

The DMO sought assurance that its key suppliers and strategic partners follow National Cyber Security Centre (NCSC) guidance on cyber security. This year,

the DMO continued to explore alternative arrangements where over-reliance on particular key suppliers has been identified.

The DMO procurement policies and procedures have been reviewed to ensure alignment with the new procurement legislation that came into force on 24 February 2025 and to ensure it remains up to date with the Government Functional Standard GovS 008: Commercial and Commercial Continuous Improvement Assessment Framework.

The DMO also conducted a review of third-party systems resilience and their business continuity plans. This largely involved capturing information on the impact of issues such as outages and other failures on the part of DMO critical system providers.

Transaction processing

CRND relies on its operational processes to successfully execute a significant number of high value transactions on a daily basis. Reliance on the accurate execution of processes exposes CRND to operational risk arising from process breakdowns and human error.

A key component of CRND's control framework is the segregation of duties to ensure independent checking and reconciliation, and to avoid concentration of key activities or related controls in individuals or small groups of staff. In particular, segregation of duties takes place between front and back-office activities.

All teams, including CRND, have documented procedures for their main activities. Committing the DMO externally is governed by clearly defined authorisation levels.

The RMU conduct regular control and compliance testing of CRND activities, providing the executive sub-committee of the Board with assurance on the effectiveness of operational controls and compliance with relevant Financial Conduct Authority and Prudential Regulation Authority rules in the dealing and settlement areas.

The DMO also maintains a strong audit and control environment which includes a well embedded incident reporting procedure which extends to cover CRND. This promotes the early identification and resolution of risk incidents and provides visibility to the DMO Accounting Officer and Board.

Enhancements to compliance monitoring controls over transaction processing has been a continued focus, to provide assurance over controls standards. During the year, compliance refresher training was provided to staff, with targeted sessions for conduct

risk mitigation in certain roles. There were also further enhanced controls implemented for oversight of market interactions.

People risk

The DMO, including CRND, relies on maintaining a sufficiently skilled workforce at all levels of the organisation in order to operate effectively and efficiently, ensuring delivery of its strategic objectives.

The DMO is exposed to an increased risk of operational failure if it is unable to compete for, and retain, sufficiently skilled staff over time. Competition for skilled staff is generally against employers from the private financial services sector who have historically offered higher remuneration packages that are not subject to public sector remuneration controls.

DMO recruitment activity helps ensure that individuals with the appropriate level of skill and experience are appointed at all levels within the organisation. This helps mitigate the level of human error which could result in process failures.

The DMO follows the Civil Service Commission's recruitment principles and selection process to ensure vacancies are filled on merit on the basis of fair and open competition.

Challenges with recruitment and retention were again identified this year and were reviewed by the Advisory Board. These include pay, length of time to hire and staff turnover, particularly in more junior roles. The DMO is taking action to target these areas and seeing signs of greater stability in the workforce.

The DMO has a formal performance appraisal process and all staff are given clear and achievable objectives. Progress is reviewed against these regularly.

The DMO's training and development activity is designed to help ensure that staff have the right skills to meet its objectives. Induction training is provided to all new employees.

Staff are encouraged to engage in activities which promote development and the DMO provides regular training opportunities and support for professional studies to enhance the skills base of its employees. The DMO also provides cross-training for different roles to help improve staffing flexibility and reduce turnover pressure. Teams are encouraged to ensure cross-skilling of staff to support resilience. Succession planning activities continued to identify key person risks and mitigations, with a focus on establishing deputies to provide resilience.

Salaries are benchmarked annually to equivalent private sector pay levels to keep management aware of any significant disparities that are developing. The DMO has a policy to recognise those staff who have performed well in their roles through the payment of one-off non-consolidated performance related

awards. Any awards are assessed annually by the DMO Performance Review Team. They are determined by individual performance and criteria associated with the DMO's performance management process, which are also aligned to the policy for public sector pay.

Risks to DMO staff are considered by an internal security group and include safety and physical, cyber and personnel security. This includes activity within the physical building and external factors.

Risks arising from DMO staff are also considered. As well as risks resulting from under-skilled or under resourced teams, the DMO considers insider risk, both intentional and accidental. Addressing the threat of insider risk requires a multi-disciplinary approach encompassing cyber security, human resources, line management and robust risk controls.

In addition, the DMO has continued to benchmark personnel security to identify the level of competence and areas for development. The DMO will continue to increase its security culture, building on screening and monitoring of the workforce, insider risk assessment and management, investigation and disciplinary processes.

A Staff Council has met regularly throughout the year and enabled an open exchange of ideas and views between management and staff representatives. Staff Council discussed changes to policies including sickness absence and family policies. This has been an effective conduit for wider communication and consultation with all staff.

On an annual basis all DMO staff are given the opportunity to take part in the Civil Service People survey. Any issues raised via this route, with suggested mitigating action if required, are considered by the Accounting Officer and the Board.

The organisation continues to place emphasis on undertaking key person risk analysis for succession planning. This includes awareness of the age profile of the DMO workforce. This year, HR organised management development training to support the development of future managers.

The DMO is committed to inclusivity. The DMO has signed up to the Women in Finance charter and is a disability confident employer.

Review of effectiveness

I have reviewed the effectiveness of the system of internal control and confirm that an ongoing process designed to identify, evaluate and prioritise risks to the achievement of CRND's aims and objectives has been in place throughout 2025. This review included an assessment of any material risk and control issues identified and reported during the relevant period.

I took over as Secretary and Comptroller General from 5 February 2026. Jo Whelan was Secretary and Comptroller General from 1 January 2025 to 4 February 2026. I am writing this statement reflecting on the work the DMO has undertaken during 2025 and with due regard to the transfer of Secretary and Comptroller General responsibilities after this period. My review has been informed by the advice of the risk committees, of which I was a member throughout 2025, the work of the internal auditors and the executive managers within the DMO, who have been delegated responsibility for the development and maintenance of the internal control framework. It has also been informed by comments made by the external auditors in their management letter and other relevant reports. I have also received assurances from my predecessor, Jo Whelan.

In my role as Secretary and Comptroller General, I have received advice from the Advisory Board and the Audit and Risk Assurance Committee on the implications of the results of my review.

In 2025, no ministerial directions were given and no material conflicts of interest have been noted by the Board or Audit and Risk Assurance Committee members in the Register of Interests.

In my opinion, CRND's system of internal control was effective throughout the financial year and remains so on the date I sign this statement.

Paul Canty

Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt
16 March 2026

Independent Audit Report of the Comptroller and Auditor General to the Commissioners for the Reduction of the National Debt and the Houses of Parliament

Opinion on financial statements

I report that I have audited the financial statements of the Government Annuities Investment Fund for the year ended 31 December 2025 under the Government Annuities Act 1929. The financial statements comprise the Receipts and Payments, the Statement of Balances and the Statement of Activity. The financial reporting framework that has been applied in the preparation of the financial statements is section 67(4) of the Government Annuities Act 1929.

In my opinion, the financial statements:

- properly present the Government Annuities Investment Fund's receipts and payments for the year ended 31 December 2025; and
- have been properly prepared in accordance with the Government Annuities Act 1929.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Government Annuities Investment Fund 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 Annuities Investment Fund'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 Annuities Investment Fund'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 Secretary and Comptroller General with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Foreword, Statement of Secretary and Comptroller General's responsibilities and Governance Statement, but does not include the financial statements nor my auditor's report. The Secretary and Comptroller General 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 report, I do not express any form of assurance conclusion thereon.

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- The information given in the Foreword, Statement of Secretary and Comptroller General's responsibilities and Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Government Annuities Investment Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword, Statement of Secretary and Comptroller General's Responsibilities or Governance Statement.

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

- Adequate accounting records have not been kept by the Government Annuities Investment Fund or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements are 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 Commissioners and the Secretary and Comptroller General for the financial statements

As explained more fully in the Statement of Secretary and Comptroller General's Responsibilities, the Commissioners for the Reduction of the National Debt have appointed the Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt to discharge the responsibilities as Accounting Officer. They are 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 Annuities Investment Fund 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 statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury made under the Government Annuities Act 1929;
- assessing the Government Annuities Investment Fund'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 Commissioners and the Secretary and Comptroller General anticipate that the services provided by the Government Annuities Investment Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements.

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 report 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 Annuities Investment Fund's accounting policies.
- inquired of management the Commissioners for the Reduction of the National Debt's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Government Annuities Investment Fund'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 Annuities Investment Fund's controls relating to the Government Annuities Investment Fund's compliance with the Government Annuities Act

1929 and Managing Public Money;

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

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

I obtained an understanding of the Government Annuities Investment Fund's framework of authority and other legal and regulatory frameworks in which the Government Annuities Investment Fund 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 Annuities Investment Fund. The key laws and regulations I considered in this context included the Government Annuities Act 1929 and Managing Public Money.

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 Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments 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

Comptroller and Auditor General

17 March 2026

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

Accounts of the Government Annuities Investment Fund

Receipts and Payments

For the year ended 31 December 2025

	2025 £	2024 £
Cash receipts		
From the Consolidated Fund	180	180
Cash payments		
Expenses	180	180
Excess of receipts over payments	-	-

Statement of balances

There were no assets or liabilities at 31 December 2025 or 31 December 2024.

Statement of activity

For the year ended 31 December 2025

	Number	Amount £
Payments made on contracts		
Deferred annuities	-	-
Insurances	-	-
New contracts entered into		
Deferred annuities	-	-
Insurances	-	-
Current contracts at the end of the year		
Deferred annuities	-	-
Insurances	166	3,614
	166	3,614

The following information is given in accordance with the Act.

The premiums charged for annuities and insurances were calculated on the below basis:

Interest

2½% per annum, except for deferred annuities granted by the Commissioners for the Reduction of the National Debt under the Government Annuities Act 1929, in which case the rate depended upon the price of the public funds on the date the annuity was purchased.

Mortality

Deferred annuities: Table as set out in Parliamentary Paper No. 8 of 1884.

Insurances: Mortality of healthy males insured with life insurance companies as shown in the table published by the Institute of Actuaries in 1872.

Paul Canty

Secretary and Comptroller General to the Commissioners for the Reduction of the National Debt
16 March 2026

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