Estimates Memorandum

for the 2019-20 Supplementary Estimate

for the Government Actuary's Department

1. Overview

1.1 Objectives

GAD is the Government Actuary's Department. GAD is a non-ministerial department which provides actuarial and specialist analysis, advice and assurance to clients in both the public sector (UK and overseas) and the private sector where this is consistent with government policy and does not impair our ability to serve the UK government. GAD has unrivalled experience and expertise in advising the UK public service.

1.2 Spending controls

GAD's net spending is broken down into three spending totals, for which Parliament's approval is sought. These are as follows:

- Resource Departmental Expenditure Limit (**Resource DEL**) - a net limit comprising day to day running costs, less income from actuarial services provided and income from sub-letting of spare accommodation in our leasehold property.

- Capital Departmental Expenditure Limit (**Capital DEL**) – investment in capital IT equipment and leasehold improvements

- Resource Annually Managed Expenditure Limit for provisions for liabilities (**Resource AME**) – a net limit for dilapidation provisions in relation to the lease for Finlaison House (GAD's HQ).

In addition, Parliament votes a net cash requirement, designed to cover the elements of the above budgets which require GAD to pay out cash in year.

1.3 Comparison of net spending totals sought

The table below shows how the net spending totals sought for GAD compares with last year:

Net Spending total Amounts sought this year		**Compared to original budget for 2019-20 (Main Estimate)**	**Compared to final outturn for 2018-19**
Resource DEL	+£0.002m	+£0.001m	-£1.276m
Capital DEL	+£0.2m	+£0	£0.226m
Resource AME	+£0.141m	+£0	-£1.480m

1.4 Key drivers of spending changes since original budget

There is a move of £35,000 from non-ringfenced to ringfenced RDEL. This is due a higher depreciation charge expected as a result of a different mix of assets (with different useful lives) to those that we had originally forecast for.

A notional £1,000 increase to RDEL has also been applied in order to allow Parliament to vote on a change in control total.

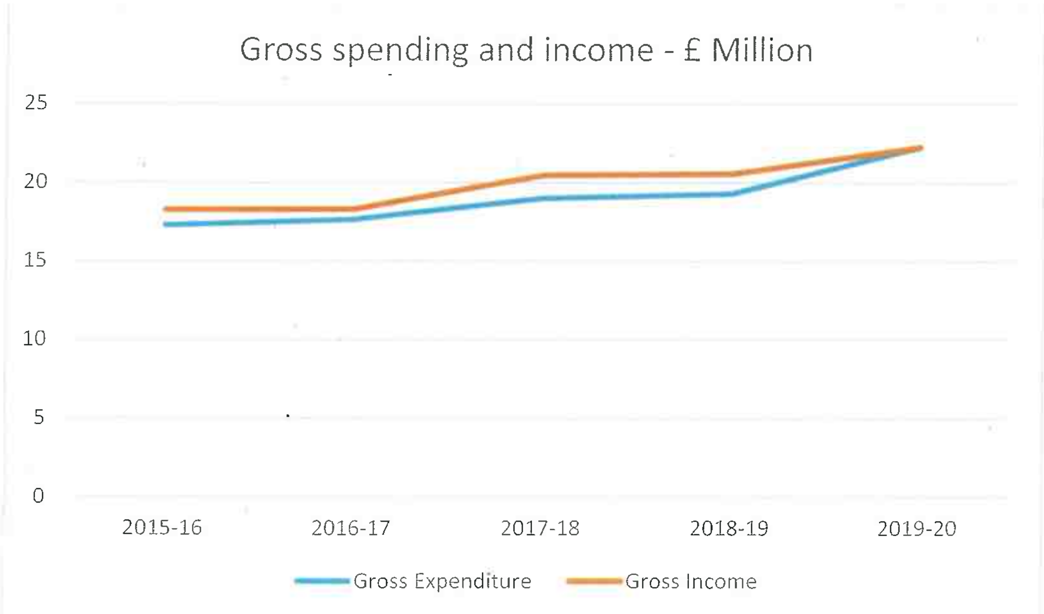
There are no other spending changes since the original budget.

1.5 New policies and programmes; ambit changes

Not applicable.

1.6 Spending and income trends

The chart below shows overall resource Del spending and income trends for the last four years and plans presented in Estimates for 2019-20.



1.7 Administration costs and efficiency plans

Net Spending total **Amounts sought this year**		**Compared to original budget for 2019-20 (Main Estimate)**	**Compared to final outturn for 2018-19**
Resource DEL	+£0.002 m	+£0.001m	-£1.276m
Capital DEL	+£0.2 m	+£0	£0.226m
Resource AME	+£0.141 m	+£0	-£1.480m

All resource DEL is within the administration costs limit. GAD has outsourced its payroll function to a specialist provider and has transferred its IT function to another government agency.

1.8 Funding: Spending Review and Budgets

As in Spending Review

1.9 Other funding announcements

Not applicable.

2. Spending detail

2.1 Explanations of changes in spending and income

The table below compares GAD's **Resource DEL** for 2019-20 between Main Estimate and the Supplementary Estimate as follows:

Financial Year 2019-20	**2019-20 Main Estimate £m**	**2019-20 Supplementary Estimate £m**	**Variance £m**	**Commentary**
Resource DEL				
Gross Income				
Actuarial Income	(20.823)	(20.823)	0	
Rental Income	(1.441)	(1.441)	0	
Total Gross Income	**(22.264)**	**(22.264)**	0	
Gross Expenditure				
Total Gross Expenditure	**22.265**	**22.266**	**0.001**	Token increase in RDEL to enable Parliament to vote on the supplementary estimates
Net Del Resource	**0.001**	**0.002**	**0.001**	

The table below compares GAD's **Capital DEL** for 2019-20 between Main Estimate and the Supplementary Estimate as follows:

Financial Year 2019-20	**2019-20 Main Estimate £m**	**2019-20 Supplementary Estimate £m**	**Variance £m**	**Commentary**
Capital DEL	0.200	0.200	0	

The table below sets out GAD's **Resource AME** for 2019-20 between Main Estimate and the Supplementary Estimate as follows:

Financial Year 2019-20	2019-20 Main Estimate £m	2019-20 Supplementary Estimate £m	Variance £m	Commentary
Resource AME Provisions	0.141	0.141	0	

2.2 Restructuring

Not applicable.

2.3 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets.

Ring fenced budgets Amounts sought this year		Compared to original budget for the 2019-20 (Main Estimate)		Compared to final outturn for 2018-19	
		£m	%	£m	%
Depreciation	£0.385m	£0.35m	10%	£0.336m	15%

2.4 Changes to contingent liabilities

Not applicable.

3. Priorities and performance

3.1 How spending relates to objectives

GAD's administration costs support all of its objectives. Hence all the Expenditure under subheads A, B and C in the Estimates support all of the objectives set out in 1.1 above.

3.2 Measures of performance against each priority

A key element of the Department's governance framework is the monthly management information pack which includes financial and performance information. The latter includes a balanced scorecard made up of four quadrants: financial, clients, processes and people, each of which has five key performance measures, the targets for which are agreed as part of the business planning process. The performance pack is reviewed by both the Department's Executive Committee and Management Board. We are of course happy to discuss detail if required.

3.3 Commentary on steps being taken to address performance issues

NAO findings and conclusion from 2018-19 Audit of Annual Report and Accounts:

The NAO did not identify any material misstatements or issues.

GIAA findings and recommendations:

Two final reports from the 2019/20 Internal Audit Plan have been issued, covering the new HR and Payroll system, and Actuarial Assurance Map validation.

These reports have recommended a number of medium and low priority actions which GAD management have accepted and are in the process of implementing.

3.4 Major projects

Not applicable.

4. Other information

4.1 Additional specific information required by the select committee

Not applicable.

5. Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit website.
The information in this Estimates Memorandum has been approved by myself as Departmental Accounting Officer.

Martin Clarke
Accounting Officer
29 January 2020