Government Actuary's Department

Supplementary Estimate Memorandum 2023-24

1. Overview

1.1 Objectives

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 on actuarial matters.

1.2 Spending controls

GAD's net spending is broken down into four spending totals, for which Parliamentary approval is sought. For GAD, these spending totals are:

- Resource Departmental Expenditure Limit (**Resource DEL**) – a net limit comprising day to day running costs, less income from actuarial services provided.
- Capital Departmental Expenditure Limit (**Capital DEL**) – investment in capital IT equipment and right of use assets on GAD's leases.
- Resource Annually Managed Expenditure Limit (**Resource AME**) – a limit for a provision for a historic injury benefit.
- Capital Annually Managed Expenditure Limit (**Capital AME**) – a limit for capital dilapidation provisions arising on our property leases since the implementation of IFRS 16.

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 compared with last year:

Net spending total amounts sought this year **(Supplementary Estimate 2023-24)**		**Difference (+/-) compared to original budget this year** **(Main Estimate 2023-24)**	**Difference (+/-) compared to final outturn last year** **(Outturn 2022-23)**
Resource DEL	£0.635m	+£0.400m	+£1.445m
Capital DEL	£9.850m	+£0	+£9.683m
Resource AME	£0.030m	+£0	+£0.131m
Capital AME	£0.400m	+£0.030m	+£0.393m

1.4 Key drivers of spending changes since original budget

Resource DEL has increased by £400k since the Main Estimate. GAD was required to settle a dilapidations claim of £1.3m with the landlord when vacating its previous head office, Finlaison House, in June 2023. GAD agreed with HM Treasury during the Main Estimate process that GAD could drawdown up to £1.2m in the Supplementary Estimate to cover the cost of the dilapidations. GAD has been able to cover most of this additional cost through its income; however, it is not possible to cover the full £1.3m without calling upon the HM Treasury guarantee. GAD has therefore requested £400k which is within the £1.2m guarantee that HMT provided in GAD's Main Estimate settlement letter 2023-24.

There is a £30k increase to capital AME compared to the Main Estimate. This is due to the dilapidations provisions at both GAD's Canary Wharf office (10 South Colonnade) and Edinburgh office (Queen Elizabeth House) increasing as a result of increasing building and materials costs.

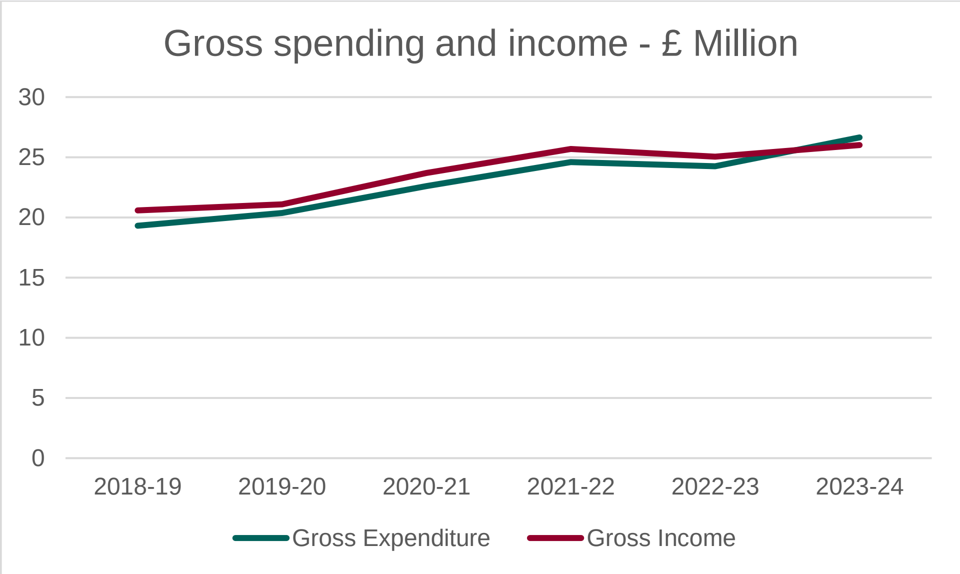
There are no other spending changes since the Main Estimate.

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 five years and plans presented in Estimates for 2023-24.



1.7 Administration costs and efficiency plans

Net spending total amounts sought this year (Supplementary Estimate 2023-24)		Difference (+/-) compared to original budget this year (Main Estimate 2023-24)	Difference (+/-) compared to final outturn last year (Outturn 2022-23)
Resource DEL	£0.635m	+£0.400m	+£1.445m
Capital DEL	£9.850m	+£0	+£9.683m
Resource AME	£0.030m	+£0	+£0.131m
Capital AME	£0.400m	+£0.030m	+£0.393m

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 HM Treasury.

GAD continues to centralise routine analysis and data management within a specialist team (Analytical Solutions) to improve consistency and efficiency. We are also embedding project management and delivery widely within the department for key client assignments.

1.8 Funding: Spending Review and Budgets

RDEL is mainly funded through income generated by GAD from providing actuarial services to other government departments and public sector bodies.

The remaining RDEL, CDEL and AME spending is funded through the Spending Review and the Main and Supplementary Estimate process.

1.9 Other funding announcements

Not applicable.

2. Spending and income detail

2.1 Explanations of changes in spending and income

The table below compares GAD's **Resource DEL** for 2023-24 between the Main Estimate and the Supplementary Estimate as follows:

	2023-24 Main Estimate £m	**2023-24 Supplementary Estimate £m**	**Variance £m**	**Commentary**
Resource DEL				
Income	(26.014)	(26.014)	0	No change.
Expenditure	26.249	26.649	(0.400)	GAD was required to settle a dilapidations claim of £1.3m with the landlord when vacating its previous long-term lease in June 2023. GAD has covered most of this additional cost through its income. GAD has requested £400k of the £1.2m guarantee provided by HMT in GAD's Main Estimate settlement letter 2023-24 to manage residual cost pressures as a result of the dilapidations settlement.
Net Resource DEL	**0.235**	**0.635**	**(0.400)**	As above.

The table below compares GAD's **Capital DEL** for 2023-24 between the Main Estimate and the Supplementary Estimate as follows:

	2023-24 Main Estimate £m	2023-24 Supplementary Estimate £m	Variance £m	Commentary
Capital DEL	9.850	9.850	0	No change.

The table below sets out GAD's **Resource AME** for 2023-24 between the Main Estimate and the Supplementary Estimate as follows:

	2023-24 Main Estimate £m	2023-24 Supplementary Estimate £m	Variance £m	Commentary
Resource AME	0.030	0.030	0	No change.

The table below sets out GAD's **Capital AME** for 2023-24 between the Main Estimate and the Supplementary Estimate as follows:

	2023-24 Main Estimate £m	2023-24 Supplementary Estimate £m	Variance £m	Commentary
Capital AME	0.370	0.400	+0.030	The dilapidations provisions at both GAD's Canary Wharf office (10 South Colonnade) and Edinburgh office (Queen Elizabeth House) have increased as a result of increasing buildings and materials costs.

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** **(Supplementary Estimate 2023-24)**		**Difference (+/-) compared to original budget last year** **(Main Estimate 2023-24)**		**Difference (+/-) compared to final outturn last year** **(Outturn 2022-23)**	
		£m	%	£m	%
Depreciation	£0.915m	-£0.600	-40%	-£0.429m	-32%

The decrease in depreciation compared to the Main Estimate 2023-24 is due to GAD requiring less depreciation on the right of use asset for its new London office in Canary Wharf. This is because the original estimate was made prior to the agreement being signed with the Government Property Agency and so was highly uncertain.

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 in the Estimates support all of the objectives set out in 1.1 above.

3.2 Measures of performance against each priority

GAD’s annual business plan sets out the high-level objectives for the year. The business plan is published internally and is not publicly available.

The monthly Management Information packs report performance under the high-level objectives set in the business plan. This is done through a balanced scorecard which is made up of four quadrants: financial, clients, processes, and people, each of which has key performance measures which are agreed as part of the business planning process. The targets for 2023-24 are as follows:

Balanced scorecard KPIs 2023 to 2024

1. Finance	Aim 2023-24
1.1 Break even	£0.0m
1.2 Fee income (net of write-off)	£25.8m
1.3 Expenditure	£26.8m
1.4 Actuarial utilisation	60%
1.5 Resource capacity relative to demand	100%

3. Processes	Aim 2023-24
3.1 Major projects on plan	90%
3.2 AST work as % of total actuarial income	36%
3.3 Proportion of required experts in technical tools	100%
3.4 Proportion of medium / high internal audit recommendations on time	100%
3.5 Estates and IT contracts to meet agreed performance metrics	100%

2. Clients	Aim 2023-24
2.1 New business wins	£10.4m
2.2 Known fee income	£25.8m
2.3 Engagement with top clients	95%
2.4 Promotional footprint	100%
2.5 Business Development budget spent	100%

4. People & Inclusion	Aim 2023-24
4.1 Annualised employee turnover rate	12%
4.2 Recruitment exercises achieving planned intake	90%
4.3 Proportion of L&D metrics on track	85%
4.4 Proportion of D&I metrics on track	85%
4.5 Proportion of resources attributed to contingent labour/agency staff	2%

The performance pack is reviewed by both the Department's Executive Committee and Board.

3.3 Commentary on steps being taken to address performance issues

NAO findings and conclusion from the audit of the 2022-23 Annual Report and Accounts:

The NAO did not identify any material misstatements or issues.

GIAA findings and recommendations:

One final report from the 2023-24 Internal Audit Plan has been issued covering GAD's key financial controls and counter-fraud. This report recommended two low and one medium recommendation all of which have been implemented by GAD.

Four further reports will be completed by the end of the 2023-24 financial year. These cover learning and development, quality assurance, business development, and GAD’s IT service provision.

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 me as Departmental Accounting Officer.

Fiona Dunsire

Accounting Officer

2 February 2024