Government Actuary's Department

Main Estimate Memorandum 2025-26

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

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.

Navigating risk | Cutting through complexity

The Government Actuary's Department is proud to be accredited under the Institute and Faculty of Actuaries' Quality Assurance Scheme.
Our website describes the standards we apply.

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 **(Main Estimate 2025-26)**		**Difference (+/-) compared to original budget last year** **(Supplementary Estimate 2024-25)**	**Difference (+/-) compared to final outturn last year** **(Outturn 2024-25)**
Resource DEL	£0.001m	£0.000m	+£0.777m
Capital DEL	£0.600m	+£0.150m	+£0.288m
Resource AME	£0.050m	£0.000m	+£0.053m
Capital AME	£0.000m	-£0.100m	+£0.022m

1.4 Key drivers of spending changes since last year

GAD is expecting slightly higher CDEL as a result of additional space acquired at QEH (Queen Elizabeth House, our Edinburgh Hub), in line with Places for Growth (PfG) strategy, as well as a rent review resulting in a 33% increase in QEH rent.

There was a higher CAME in 2024-25 due to the dismantling clause in GAD's prior office lease which resulted in a capital dilapidations provision. This is not required for 2025-26.

GAD therefore requires a slightly higher capital budgetary cover in 2025-26 than in 2024-25 and no CAME cover.

1.5 Key drivers of change since the Spending Review

Not applicable.

1.6 Reserve claims and spending pressures

Not applicable.

1.7 Funding: Other spending announcements

Not applicable.

1.8 New policies and programmes; ambit changes

Not applicable.

1.9 Administration costs and efficiency plans

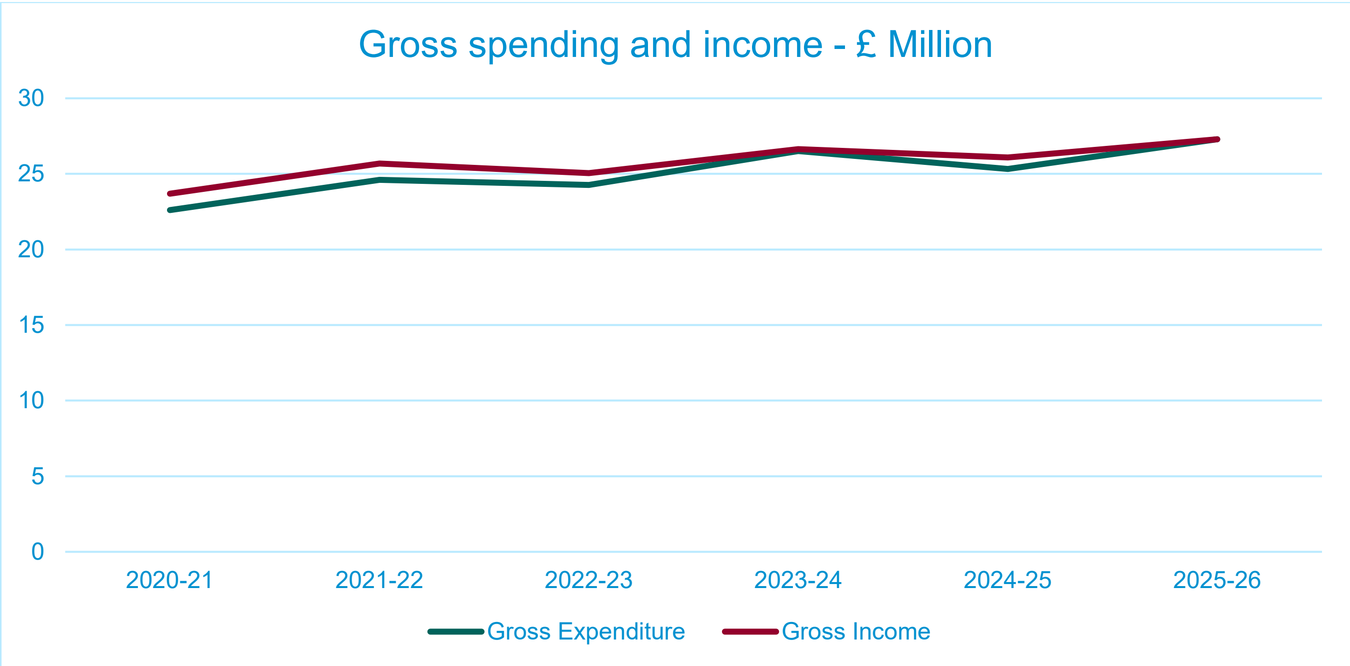
Net Spending total Amounts sought this year (Main Estimate 2025-26)		Difference (+/-) compared to original budget last year (Supplementary Estimate 2024-25)	Difference (+/-) compared to final outturn last year (Outturn 2024-25)
Resource DEL	£0.001m	£0.000m	+£0.777m
Capital DEL	£0.600m	+£0.150m	+£0.288m
Resource AME	£0.050m	£0.000m	+£0.053m
Capital AME	£0.000m	-£0.100m	+£0.022m

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.

As part of GAD's 2030 Strategy, GAD continues to identify initiatives to unlock value in its core work through reducing the cost of its BAU activities such that the capacity can be redirected towards making more impact on policy work across the public sector. We continue to deliver efficiencies though centralising routine analysis and data management within a specialist team (Analytical Solutions) to improve consistency and efficiency.

1.10 Spending trends

The chart below shows overall resource RDEL spending and income trends for the last five years and plans presented in Estimates for 2025-26.



2. Spending and income detail

2.1 Explanations of changes in spending and income

The table below compares GAD's **Resource DEL** for the 2025-26 Main Estimate and the 2024-25 Supplementary Estimate as follows:

	2025-26 Main Estimate £m	2024-25 Supplementary Estimate £m	Variance £m	Commentary
Resource DEL				
Income	-27.290	-26.150	-1.140	Increase due to a aligning demand forecasts to new strategy and wider government priorities.
Expenditure	27.291	26.151	+1.140	Cost base has been adjusted to support the expected income and allow productivity gains.
Net Resource DEL	**0.001**	**0.001**	**0.000**	

The table below compares GAD's **Capital DEL** for the 2025-26 Main Estimate and the 2024-25 Supplementary Estimate as follows:

	2025-26 Main Estimate £m	2024-25 Supplementary Estimate £m	Variance £m	Commentary
Capital DEL	0.600	0.450	+0.150	CDEL spend is higher than previous year due to additional space acquired at QEH, consistent with the PfG strategy, as well as a rent review resulting in a 33% increase in QEH rent.

The table below sets out GAD's **Resource AME** for the 2025-26 Main Estimate and the 2024-25 Supplementary Estimate as follows:

	2025-26 Main Estimate £m	**2024-25 Supplementary Estimate £m**	**Variance £m**	**Commentary**
Resource AME Provisions	0.050	0.050	0.000	RAME spend is for a historic injury provision.

The table below sets out GAD's **Capital AME** for the 2025-26 Main Estimate and the 2024-25 Supplementary Estimate as follows:

	2025-26 Main Estimate £m	**2024-25 Supplementary Estimate £m**	**Variance £m**	**Commentary**
Capital AME	0.000	0.100	-0.100	There was a higher CAME in 2024-25 due to the dismantling clause in GAD's prior office lease which resulted in a capital dilapidations provision. This is not required for 2025-26.

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** **(Main Estimate 2025-26)**		**Difference (+/-) compared to budget last year** **(Supplementary Estimate 2024-25)**		**Difference (+/-) compared to final outturn last year** **(Outturn 2024-25)**	
		£m	%	£m	%
Depreciation	£0.689m	-£0.011m	-2%	+£0.030m	+5%

Depreciation has reduced compared to last year as the total of GAD's non right of use assets (e.g. monitors) will be fully depreciated by end of June 2025.

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 three key areas: 1. Growth and expansion, 2. Efficiencies and Innovation, and 3. People, Culture and Change, each of which has key performance measures which are agreed as part of the business planning process. The targets for 2025-26 are as follows:

	2025-26 KPIs
1. Growth and expansion	1.1 Deliver £6m of income for Policy and Assurance
	1.2 Deliver £21m of income for Pensions and Provisioning
2. Efficiencies and Innovation	2.1 No more than 2% growth in workforce over the year, compared to 2024-25 baseline
	2.2 20% reduction to the cost of repeated pensions and provisioning work, compared to prior baseline
3. People, Culture and Change	3.1 Break-even financial position
	3.2 Employee engagement target of +2% (compared to baseline) measured through quarterly pulse surveys

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 2023-24 audit of Annual Report and Accounts:

The NAO did not identify any material misstatements or issues.

GIAA findings and recommendations:

The GIAA have issued five final reports from the 2024-25 audit programme. The reports cover GAD's key engagements including Finance Systems, HR Systems, Actuarial Operations, Business Continuity and Use of AI.

These reports have recommended a number of 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 me as Departmental Accounting Officer.

Fiona Dunsire

Accounting Officer

15 May 2025