

The Government Actuary's Department

Annual Report and Resource Accounts 2007-08

(For the year ended 31 March 2008)

Presented pursuant to the GRA Act 2000 c.20. s6

The Government Actuary's Department

**Including the Annual Departmental Report and the
Resource Accounts
2007 – 08
(For the Year Ended 31 March 2008)**

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Annual Report and Resource Accounts: The Government Actuary's Department**Foreword**

This document contains the Annual Report and Resource Accounts of the Government Actuary's Department (GAD) for the year 1 April 2007 to 31 March 2008. These have been prepared in accordance with the guidance set out in HM Treasury's Government Financial Reporting Manual (FRoM) for 2007-08.

The Annual Report contains information consistent with that covered in a directors' report for a public company where relevant for a government department, a management commentary on GAD and a remuneration report. The Resource Accounts show how resources have been used by GAD in delivering its objectives. The Resource Accounts have been prepared by GAD under a direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000.

The Treasury Select Committee agreed that GAD, as a small non-ministerial department, would not produce a 2008 Spring departmental report. The Annual Report includes all the key information normally recorded in the Spring Report.

About the Government Actuary's Department

GAD is an independent actuarial consultancy working within government. It is now primarily a pensions consultancy specialising in advice to the public services in the UK and overseas. GAD has unrivalled experience and expertise in advising the UK public services.

Actuarial practice in the UK has a number of strands but each of these relies on the assessment, analysis and management of different types of risk, primarily financial risk. The main branches of our expertise are:

- pensions
- social insurance
- life insurance
- general insurance

GAD provides assistance with modelling for manpower planning and with other employee benefits, including redundancy packages.

With its public service focus, GAD's main areas of activity in the UK are pensions and social insurance. Internationally, the main activities are social insurance, pension reform and pension and insurance regulation. GAD is also advising on the financing of health care, risk management and strategic investment and asset/liability considerations.

GAD's funding is almost entirely found from the fees we charge to our clients. It has always been, and will remain, important for GAD to be seen as a provider of good value high quality actuarial services to government and public sector bodies around the world. As a non-profit organisation the fees we charge are set only to meet the cost of running the Department.

The success of GAD is dependent on having staff who perform to the highest standards. This applies across the Department: to those who are working with clients, those who are managing our operations and those who are providing support on which others depend. GAD currently employs 96 staff of whom 42 are qualified actuaries.

Our Aims and Objectives for 2007-08

The aim of the Department was:

To provide mainly public sector clients with independent, professional actuarial advice of the highest quality.

To achieve our aim, the Department worked to the following objectives agreed in the Comprehensive Review Settlement of 2007:

Objective 1	Provide actuarial advice to Ministers, Government Departments and other GAD clients in respect of employer-sponsored pension arrangements and other employee benefits; and to provide actuarial advice necessary to underpin Ministerial decision-making on general pensions policy..
Objective 2	Provide the actuarial advice necessary for the regulation and supervision of financial institutions overseas.

This is under review for 2008-09 and subsequent years

Principal Activities**Occupational Pensions**

A reasonable standard of living for the nation's citizens depends on an effective system of occupational and personal pensions' provision. The sums involved are large and have an important bearing on the national economy. Public sector pension costs are a major item of expenditure. Their design must support employment objectives and appropriate costing and financial mechanisms are important in achieving value for money and financial control. They are a significant factor in the private finance initiative, in public/private partnerships and in contracting-out of services. Private pension schemes are governed by complex legislation and regulation, with a high level of actuarial involvement.

GAD has wide ranging experience of occupational pension schemes. It currently gives advice on almost all the public service schemes such as those for the armed forces, teachers and National Health Service. In total GAD's work in this field involves schemes covering over five million members.

Government departments and other public bodies call on GAD for advice relating to pensions. This can be on strategic and policy issues, financing, restructuring, the implications of sponsoring an organisation with its own pension arrangements as well as accounting issues and questions on pension provision for individuals. Such advice usually relates to pension schemes operating in the UK but can include those which the Department maintains for employees overseas or to which the department has some other relationship, for example through the UK membership of a supranational body.

Pension policy, Regulation and Supervision

GAD plays a key role in the operation of employer sponsored pension schemes advising trustees and managers on a wide range of matters, noticeably on scheme financing/funding and related issues. The policy team are a source of expertise for government departments and public bodies requiring an independent actuarial contribution to policy development. The focus of the team however is providing actuarial support to officials in the Department for Work and Pensions (DWP). It also acts as an actuarial adviser to the Pensions Regulator and to the Pension Protection Fund.

In the European policy context, GAD gives input on the actuarial aspects of the government's contribution to the development and negotiation of European Commission initiatives which may impact on private pension schemes. GAD assists DWP in development of the UK contribution to broader international policy discussions e.g. initiatives of the Organisation for Economic Co-operation and Development (OECD) on the supervision of private pensions.

Insurance

GAD's insurance team has been advising insurance supervisors and other clients internationally for over 40 years in the interests of protecting policy holders. The Department delivers effective risk-based supervision in the financial sector with a particular focus on life and general insurance, reinsurance and other risk transfer mechanisms. An important part of GAD's advice is analysis and detailed commentary on various aspects of the work of the actuary in an insurance company. GAD offers a broad range of actuarial services to supervisors ranging from:

- in-depth reviews of insurance companies, analysing regulatory returns and financial statements;
- analyses of business plans submitted for the authorisation of new companies, or for mergers and acquisitions of existing companies;
- the development or upgrading of insurance regulations, and guidance on their interpretation for the insurance industry and the supervisor;
- developing training programmes for supervisors.

Social Security

GAD has been advising the government on social security from its inception and continues to play a key role in establishing sound financial disciplines in this major area of public expenditure, which is a fundamental aspect of the modern state and economy.

The Government Actuary has statutory obligations to report to Parliament with a range of independent reports on the financial impact, both in the short and long-term, of social security legislation. Under the Social Security Administration Act 1992 there is a requirement for the Government Actuary to prepare a report to accompany any Order concerning the annual up-rating of benefits, or changes in contributions, laid before Parliament by the Secretary of State for Work and Pensions. Legislation also demands a five-yearly report on the long-term financial prospects for the National Insurance Fund. The most recent report is the Government Actuary's Quinquennial Review of the National Insurance Fund as at April 2000 published in October 2003 (Cm 6008). An updated Review is in preparation.

GAD also is involved in advising overseas countries of various size and at all levels of economic growth with their social security arrangements. GAD is involved in a broad range of services to social security authorities and these include:

- advice to schemes whether they are pay as you go, fully funded or operating under some other financial scheme;
- demographic projections where suitable projections for a social security scheme are not available and where appropriate, scheme membership projections showing membership by age and sex;
- cash flow projections for many years into the future showing benefit expenditure for each benefit and the expenses of administering the scheme and contribution and other income to the scheme including future investment returns;
- advice on changes to contribution rates, earnings on which contributions are based and how these may or may not change in the future;
- advice on changes to benefit rates and conditions such as changes to retirement ages, contribution conditions for qualifying for lump sums or pensions or the rate of increase in pensions;

- the calculation of “actuarial deficits” of social security schemes and their implications for the scheme;
- advice on the terms and conditions for transfer arrangements between social security and other schemes and arrangements for contracting out of social security schemes if alternative equivalent arrangements are available.

Other Activities

Healthcare

Ageing populations can lead to increasing healthcare costs as well as social security budgets. Some drivers are common to health and social security but other factors are important as well. GAD offers a range of advice on healthcare schemes, including the projection of costs, comparable to that offered to social security schemes.

Long term care

The provision of long term care raises questions of affordability which in turn depend upon the social, cultural and economic background in a country. The design and cost of long term care is another area where GAD provides advice for policy makers faced with tough decisions.

Demography and Statistics

GAD supplies demographic advice to the Office for National Statistics (ONS) and provides National Savings & Investments with a verification of the statistical randomness of the premium bond system. The Department provides the actuarial input for the preparation of the Ogden Tables for use by the courts in personal injury and fatal accident cases.

Other Reports

GAD is a non ministerial department and is no longer required to publish a separate Spring Departmental report. Key targets and plans which would have appeared in the Spring Report for 2008 are now included in this document.

GAD's Annual Report and Accounts is one of a series of Departmental Reports. The following HM Treasury publications are also relevant:

- Main Estimates 2007-08;
- Supplementary Budget information 2007-08;
- Public Expenditure Statistical Analyses 2008 which present the overall Government expenditure outturn figures and plans for 2002-03 to 2010-11
- Spending Review 2007 which presents Government Spending plans for 2008-09 to 2010-11

Readers may also wish to refer to the GAD website for more information on the Department under: www.gad.gov.uk/Publications/General.htm

Management Structure and Governance**Minister**

GAD is one of the Chancellor's Departments. The Economic Secretary to the Treasury had Ministerial responsibility for the Department during the financial year. The post of Economic Secretary was held by Ed Balls MP until 28th June 2007 and thereafter by Kitty Ussher MP. No remuneration is payable by the Department to the Minister and the Department has no Special Advisers.

The position of Government Actuary, the permanent head of the Department, was held by Chris Daykin CB, MA, FIA until his retirement on the 30th September 2007. HM Treasury have appointed Trevor Llanwarne MA, FIA, through open competition to be the next Government Actuary with effect from 1st May 2008. Andrew Johnston MA, FIA, the Deputy Government Actuary, has in the meantime been the acting head of the Department.

The head of UK business (Deputy Government Actuary), the head of overseas business (Chief Actuary), Director of Finance (Grade 7) and Director of Personnel (Grade 7) report to the Government Actuary, who is the Head of Department and Accounting Officer. There were four business units within the UK, two covering public service pensions, one for wider public sector pensions and one for pension policy. Each of these units is headed by a Chief Actuary. The Director of Finance is responsible for finance, information technology and office services and the Director for Personnel is responsible for human resources.

	Number	Pay band (£000s)
Government Actuary	1	145-204
Deputy Government Actuary	1	114-146
Chief Actuaries	8	95-129

The Management Board was chaired by Chris Daykin, until his retirement, and then by Andrew Johnston. The other members of the Management Board during the year were:

David Lewis FIA	Chief Actuary (Head of International Business)*
George Russell MA, FIA	Chief Actuary **
Kevin Down BSc, ACMA	Director of Finance
Simon Bancroft-Rimmer	Director of Personnel
Jan E Smith BA FIDM	Non-Executive Director
Graham J Bartlett FCMA	Non-Executive Director

* David Lewis retired on 23rd January 2008.

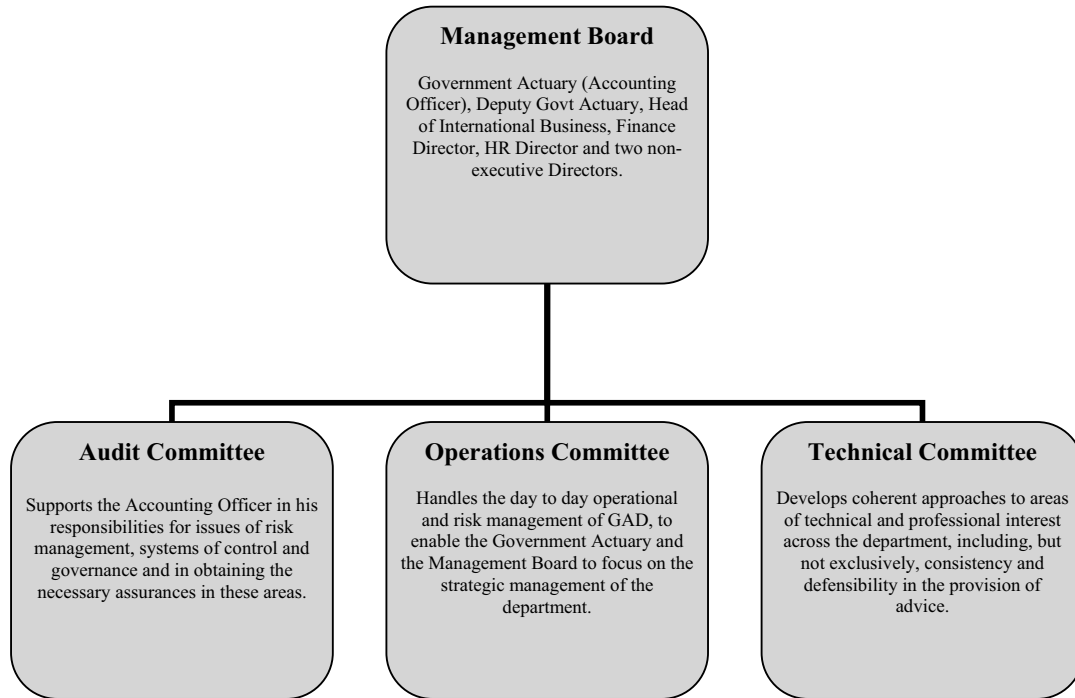
** George Russell was appointed to the Management Board with effect from 1st January 2008

Appointment of the Permanent Head of the Department and the Management Board

Chris Daykin was appointed by the Head of the Home Civil Service in 1989. The appointment was made under the general rules for Senior Civil Service Appointments, and may only be terminated in accordance with the Civil Service Management Code. The Deputy Government Actuary was appointed through promotion routines overseen by the Civil Service Commissioners and automatically has membership of the Management Board. The other executive members of the Management Board were appointed to the Department through open recruitment.

The new Government Actuary, Trevor Llanwarne was recruited by HM Treasury through open competition. His appointment was announced on 22nd October 2007 with the terms and conditions of the Senior Civil Service.

Management structure



Governance

The Management Board meets monthly (normally with the exception of August). The aim of the Board is to advise the Government Actuary and to ensure that the GAD provides its clients with independent advice of the highest quality. It focuses on the overall strategic management of the Department. It ensures that the appropriate management of the risks that face the Department and takes decisions on the key high level issues affecting the Department. Day-to-day operational issues are delegated to the Operations Committee and the Technical Committee, chaired respectively by the Deputy Government Actuary and the Government Actuary. A summary of the terms of reference of the Management Board, the Operations Committee and the Technical Committee is set out below..

There are a number of other Committees, working groups and task forces within GAD, most of which report to the Operations Committee. These all have clear terms of reference.

The Management Board has reviewed the corporate governance within the Department and is satisfied that it is compliant in all material respects with the Code of Practice for Corporate Governance in Central Government Departments.

Audit Committee

GAD's Audit Committee has three posts which are filled by Non-Executive Directors, Graham Bartlett (chairman), Jan Smith plus an independent member, Mike Butler (appointed 17th May 2007). The Government Actuary, Director of Finance, Deputy Government Actuary, the External Auditors and the Internal Auditors are invited to attend the Committee, which normally meets four times a year.

Terms of Reference of Management Board and its key Committees

Management Board

Aim

The aim of the Management Board in 2007-08 was to advise the Government Actuary to ensure that the Government Actuary's Department (GAD) provides mainly public sector clients with independent, professional, actuarial advice of the highest quality on a repayment basis while meeting or exceeding the financial targets set out in our HM Treasury remit as a net regime.

The Management Board is also required to set and maintain realistic Service Delivery Targets and detailed "management targets" for monitoring the performance of the Department.

Responsibilities for 2007-08

- To be the main body responsible for advising the Government Actuary (GA) on the direction, and the management of GAD, subject to any responsibilities which fall directly upon the GA in view of his position as Head of Department and Accounting Officer
- To formulate the financial strategic plans (3 year forward plan) and a business plan (single year plan)
- To deliver the agreed aims of the Department, monitor progress against the strategic plan and Departmental commitments and take appropriate action to ensure that these are achieved

Links to Other Government Departments and Authorities

- The Management Board is responsible to the Government Actuary, who in turn is accountable to the Economic Secretary to the Treasury
- Decisions cannot be taken by the Management Board without agreement from HM Treasury where they
 - Recommend changes to the fees and charges policy
 - Impact on the vote funding requirement (administration resources for repayment activity and the Capital funding requirement)
 - Change the Strategic Direction and thus adjust the ambit of spending for the Department
 - Affect the Service Delivery Agreement targets
- Decisions taken by the Management Board may need to be reported to the Cabinet Office and the Civil Service Commissioners where they affect the working conditions of GAD employees

Audit Committee

Aim

The Accounting Officer has established an Audit Committee to support him in his responsibilities for issues of risk control and governance and associated assurance.

The Audit Committee meets at least four times a year. The Chair of the Audit Committee may convene additional meetings as deemed necessary.

Audit Committee meetings are normally attended by the Accounting Officer, the Finance Director, the Head of Internal Audit, and a representative of External Audit. The Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter. The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

The Accounting Officer (or Board) may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

Responsibilities

The Audit Committee will advise the Accounting Officer (or Board) on

- the strategic processes for risk, control and governance and the Statement on Internal Control;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the corporate governance requirements for the organisation;
- proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services.

Operations Committee**Aim**

The Operations Committee handles the day to day operations of GAD to enable the Government Actuary and the Management Board to focus on the strategic management of the Department.

Responsibilities

- The Operations Committee is responsible for the effective and efficient day to day delivery of GAD's business including all areas of risk management. It functions within the policies and strategies of the Management Board; and the requirements placed upon the Government Actuary as Head of Department and Accounting Officer.
- The Committee has authority to take such decisions as are required in order that the Management Board can focus on strategic and major policy matters issues.
- The Operations Committee coordinates and oversees decisions by executive managers of GAD, ensuring that there is coherence in operational practice across the Department, and that the Departmental implications have been considered before decisions are made. Executive managers are responsible for actions and decisions in accordance with their job descriptions.
- The Business Systems Group, which is the main forum for the users, management, and IT professionals to regularly meet to discuss all aspects of GAD's use of IT, reports to the Operations Committee.
- The Operations Committee is not responsible for the development, content or presentation of professional advice.

Specific responsibilities***Finance***

- Monitor the financial position of the Department throughout the year and authorise necessary actions if there are signs of overspend or shortfall of income.
- Monitor the Department's performance relative to targets agreed with HM Treasury as part of the Spending Review. Identify and oversee the implementation of appropriate actions to improve GAD's performance against those targets.
- Make proposals to the Management Board in February for the fee rates to apply for the following financial year.
- The Finance Director consults the Committee during preparation of the Business Plan and Annual Report and on any returns or reports made to the Treasury and Cabinet Office on the operations of GAD. The Committee monitors compliance on central reporting.

Risk management

- Ensure that the Departmental risk register is maintained, that responsibilities are assigned for monitoring and managing each of the significant risks and that those responsible are held accountable.
- Oversee management's response to internal audit reports and ensure that recommendations of Internal Audit that have been accepted by management are implemented in a timely way.
- Ensure that systems are in place for efficient and effective storage and retrieval of information, to comply with Data Protection Act requirements and with Freedom of Information Act requests and to develop and maintain a modern and efficient structure of paper and electronic records to support business requirements.

Effectiveness and efficiency

- Determine and keep under review the information needs of managers at all levels. Oversee the development of management information delivery for use by managers throughout the Department.
- Determine and keep under review software, organisational and other tools needed by managers at all levels. Oversee the development of suitable tools for use by managers throughout the Department.
- Identify best management practice and oversee the dissemination and delivery of such practice across the Department.
- Identify potential improvements in operational effectiveness and value for money. Allocate responsibility for taking forward and overseeing delivery.
- Ensure that arrangements are in place for the efficient and effective delivery of office services, IT support and facilities management.

Marketing

- Direct the implementation of the marketing strategy approved by the Management Board.
- Ensure that adequate systems are in place for robust control of the tendering process and for pricing new contracts.
- Devise a new client satisfaction survey and oversee the creation of a new client database.

Personnel

- Coordinate manpower planning throughout the Department and approve recruitment plans.
- Oversee Departmental pay policy and ensure that other HR policies are implemented as necessary.
- Oversee GAD's fulfilment of its commitments as an Investor in People.

Technical Committee**Aim**

The Technical Committee develops coherent approaches to areas of technical and professional interest across the Department, including, but not exclusively, consistency and defensibility in the provision of client advice.

Responsibilities

- To consider and promote professional practices in the Department, including the use and management of actuarial techniques, and to identify training needs in this area.
- To consider and recommend baseline actuarial assumptions for use within the Department.
- To produce as required position papers and Technical Committee Notes to be made available across the Department.
- To consider the Department's responses to formal and informal consultation exercises on professional matters.
- To consider how the Department should react to developments affecting its professional role.
- To monitor and take action in support of the Department's compliance with professional requirements, including keeping up-to-date the GAD Actuarial Practice Notes (APNs).
- To consider any generic issues relating to compliance with the Professional Conduct Standards, the Civil Service Management Code and the Board of Actuarial Standards Guidance Notes.
- To monitor and consider the handling of risks to GAD's business which are professional or technical actuarial.
- To identify research priorities and co-ordinate research activities.

Attendance at Management Board meetings in 2007-08

Number of meetings	11
Number of meetings attended by:	
Chris Daykin	5
Andrew Johnston	10
Kevin Down	10
Simon Bancroft-Rimmer	9
David Lewis	7
George Russell	2
Graham Bartlett	10
Jan Smith	10

Attendance at Audit Committee meetings in 2007-08

Number of meetings	5
Number of meetings attended by:	
Graham Bartlett (Chairman) (NED)	4
Jan Smith (NED)	4
Mike Butler (NED)	4
Other Attendees	
(Accounting Officer) ¹	5
(Deputy Government Actuary) ¹	2
(Director of Finance)	5
(Internal Audit)	5
(External Audit)	5

1. From 1 October 2007 the Deputy Government Actuary took over the role of Acting Government Actuary and Accounting Officer

Management Board Members' Remuneration

With the exception of the newly appointed Government Actuary Trevor Llanwarne, none of the Senior Staff listed above are formally members of the Senior Civil Service (SCS). The pay of the outgoing Government Actuary was determined on an annual basis, under agreed arrangements with the Permanent Secretary of HM Treasury, which included informal consultation with some of GAD's major clients. The determination of the pay of the remaining senior staff has been delegated to the Government Actuary and is settled through the annual pay negotiation arrangements for GAD staff.

With effect from 1st May 2008 the pay of the new Government Actuary will be agreed under the terms of the Senior Civil Service.

Further details are given in the Remuneration Report on pages 27-29.

The Efficiency Programme

As part of the efficiency programme introduced in 2005, GAD agreed to a 11% reduction in its then resource vote funding (£120K) to be found over the three year period 2005-08. Although considered at the time to be a stretching target GAD was pleased to report that the target was met within the initial timescale. As a service provider of actuarial advice GAD's senior management took the view that looking for savings through a reduction in the staff workforce would not be appropriate to giving a value for money service to its clients. Instead savings were identified through the following initiatives:

- A reallocation of staff and work to the Client Liaison Team enabled fee earning actuaries to spend a higher proportion of their time on chargeable work for clients. This produced savings of £94K
- Sale of corporate services in IT, Finance, Facilities management and payroll to a sub-tenant in Finlaison House. Most of these corporate services have now ceased as the sub-tenant size has increased and now has the in-house expertise to look after its own corporate services
- Savings were made through outsourcing our stationery contract
- Savings were made on the introduction of new pensions valuation software. This software enabled the Department to automate more of its valuation processes hence speeding up its turn around of client work.

The Department operates in competition with other suppliers of actuarial services. This competitive pressure means GAD must operate efficiently in order to win and retain business by providing relevant services to clients. Efficiency and effectiveness are imperatives for the Department.

GAD recently carried out its latest Client Satisfaction Survey. Questionnaires were circulated to a cross section of our clients in February 2008 and the outcome shows that clients are very satisfied with the service provided. A client satisfaction score of 90% was achieved compared to 88% in the previous survey.

Strategy

GAD is now, and has always been, there to provide a service in the public interest. Our long-term viability depends on us making sure we give clients the service they require. A successful consultancy depends on its relationships with clients. Our feedback from clients tells us they want GAD to deliver good quality comprehensive advice quickly, effectively and at a competitive price. Advice must be given in a form which is readily understood, accessible and useable. Clients are becoming ever more demanding and GAD must change to accommodate their needs. Management has made an assessment and identified the following areas whereby improving working practices will improve the level of service the Department will be able to provide its clients. New software has been purchased which will assist management to:

- Improve the monitoring of work from client request through to delivery
- Increase the focus on forward planning
- Improve assessment of individual and team workloads
- Allocate and prioritise work in hand

Resignations and retirements over the past year have caused our staff numbers to decline which has affected our service in some areas. A priority is to improve our staffing at all levels so that GAD can be better placed to meet our client's expectations. Alongside increasing our workforce the Department is restructuring its divisions into smaller more focussed and manageable units aimed at developing and forging closer relations with the client.

Apart from setting targets for our actuarial business units, the Department also sets strategies for the support teams in IT, Human Resource and Finance, which play an essential role in the delivery of our actuarial services through the support they supply. In addition, preparing for the new International Financial Reporting Standards, implementing new data handling and security guidance and the outcome of a full review of the Human Resource function are expected to be key issues for our corporate support services in the coming year.

Management Commentary

Operating Review

The significant change which has taken place in the Department over the last year was the retirement of Chris Daykin who had been Government Actuary and head of the Department for the past 18 years. Trevor Llanwarne (formerly of PricewaterhouseCoopers) has been appointed by H M Treasury to be the new Government Actuary and takes up the position with effect from the 1st May 2008. Andrew Johnston (Deputy Government Actuary) in the meantime has been the acting Government Actuary.

The demand for our services from our UK and overseas clients remains high with the Department delivering to clients a vast range of actuarial advice. Yet, despite running almost continuous recruitment campaigns we have had a recurrent problem in matching resources to this desire for GAD's advice. The Client Satisfaction Survey conducted in February 2008 confirms the importance our customers attach to having GAD as their advisor, with most clients very satisfied with the service standards, quality and reliability of advice and the value for money which GAD provides.

Public sector pensions continues to be GAD's predominant area of activity. In the UK accounting for pensions is becoming ever more demanding. The major accountancy firms and the National Audit Office are focusing on the detail of the assessments of liability we produce for both private and public service arrangements. This close scrutiny puts us under the spotlight and we have put in place policies to ensure that our work is comprehensive and carefully documented, including checking and peer review processes. GAD continues to advise most of the main public service pension schemes and gave extensive pensions policy advice to HM Treasury and advised other government departments and agencies on issues specific to them. Our actuaries advised the trustees and sponsoring employers of a number of funded pension schemes, with advice ranging from completing actuarial valuations to investment strategy and the management and communication of structural changes to schemes. The Department continued to be very closely involved in the implementation of changes to the main public service pension schemes in particular those for the NHS and local government pension schemes

GAD's international business continues to flourish. Considerable volumes of work with regard to insurance supervision advice have been generated by our clients in both Cyprus and Saudi Arabia. The work with Saudi Arabia is currently particularly buoyant. Together with work from other established clients in Bermuda, Channel Islands, Gibraltar and the Falkland Islands, overseas work continues at a very satisfactory level.

Significant resource time has been spent in partnership with H M Treasury and the FSA in preparation of the Government's input to the Parliamentary Ombudsman's enquiry into the prudential regulation of Equitable Life.

GAD also continues to provide regular certification of the randomness of the monthly premium bond draw (ERNIE).

Operating in an increasingly competitive environment means the Department is continuously looking at ways it can improve its service to clients. Work management is critical to the effective competitive operation of GAD. Management commissioned its internal auditors to review all our client work processes and their findings reinforced managements' own assessment that the Department should :

- give a greater emphasis to monitoring client work from client request through to delivery
- improve its focus on forward planning
- improve its assessment of individual and team workloads
- put in place a system for allocating and prioritising work in hand

As part of these improvements a major restructuring of our actuarial divisions into smaller more focused, manageable units has now been put into place and new software (Goldmine) has been purchased for its client database facilities capabilities. This software is currently being trialed but already benefits have been identified which will not only improve the management of client work but will also assist in the Department's marketing strategy and other client related purposes. The Department has also put into place a research team working to support our frontline pensions teams although the focus of the research is restricted to UK pensions.

GAD's business involves handling large amounts of data which sometimes contains personal information about individuals. Following the high profile losses of data by other government departments, GAD reviewed its policies and procedures for the handling of sensitive data in both electronic and paper formats. As a result of the review new procedures were introduced to reduce the risks associated with removable storage media, transmission of data by e-mail and secure destruction of paper records.

Staff were required to attend presentations on GAD's data handling policies and a notice was issued covering sending and receiving electronic data and working on data away from the office. Further notices were issued introducing the new "Protect" protective marking category and the protection of paper records whilst in use and when disposed of.

GAD has not suffered any protected personal data related incidents during 2007-08 or in previous financial years.

Pension benefits of GAD's Management Board members are shown in the Remuneration Report (p27). Information on staff pensions is given in note 1.11 of the annual accounts.

GAD's financial outturn for 2007-08 is reported in different ways. The Resource Accounts show a net operating cost for 2007-08 of £672,000, outturn against estimates of £840,000 (p35) budgetary expenditure of £10,765,000 on resources (p35) and £63,000 on capital (p38). The Table in Note 4 (p43) reconciles these three sets of figures.

The Common Core Tables below (pages 18-22) show GAD's outturn figures and plans on a resource budget basis. Tables 1-5 show expenditure and plans over the period 2002-03 to 2010-11. Table 6 shows staffing figures over the same period.

Resource budget and resource outturn figures for 2006-07 and 2007-08 in the accounts statements differ from the figures in the core tables due to the treatment of losses on disposal of fixed assets. In resource accounts the losses on disposal figure appear in the Operating Cost Statement and on the face of the Part II Schedule in the Main Estimates. However in budgetary terms this is a capital item and so has to be removed from the resource budget to avoid double counting.

Comprehensive Spending Review 07 – Performance Indicators

As part of the SR07 settlement GAD agreed with HM Treasury a new set of performance management indicators covering the three year spending review period 2008-09 to 2010-11. These new targets are set out below with the Department's benchmark values based on GAD's position as at the close of the 2007/08 financial year.

<i>Objective 1 – provide the actuarial advice to Ministers, Government Departments and other GAD clients in respect of employer-sponsored pension arrangements and other employee benefits; and to provide actuarial advice necessary to underpin Ministerial decision making on general pensions policy</i>		
		At March 2007-08 baseline values
Target 1	To maintain the volume of our Central Government business (including the NHS and regulators) and to exceed 1% annual growth in fee income net of fee increases	£5,066K
Target 2	To maintain our business volumes in the wider public sector between 2008-09 and 2010-11	£1,238K
<i>Objective 2 – Provide the actuarial advice necessary for the regulation and supervision of financial institutions overseas</i>		
Target 3	To maintain the volume of business on overseas contracts between 2008-09 and 2010-11	£1,813K
<i>General Objective – as set out in the business strategy: To provide mainly public sector clients with independent, professional, actuarial advice of the highest quality.</i>		
Target 4	To manage our finances within the Spending Review settlement	Target met. The resource accounts show that GAD operated within agreed resource and cash limits agreed with HM Treasury during 2007-08.
Target 5	To produce a revised client survey during 2007-08 which provides an improved qualitative measure of service and in the light of the results, agree targets between 2008-09 and 2010-11	Target met. 2008 client satisfaction survey gave an overall performance marking of 90%.
Target 6	To control overheads by keeping corporate services staff costs below 15% of total staff costs	Target met. Corporate services costs accounted for 12.5% of total staff costs.

Spending Review 2004 Departmental Targets

Like all other government departments, GAD agreed Performance Management Indicators (PMIs) under the Spending Review 2004. These targets have now been superseded by new targets agreed for SR07 but we are pleased to report that GAD met all of its SR04 targets set as shown below.

		At March 2004	At March 2007
Objective 1 – Provide actuarial advice to government departments and other GAD clients in respect of employer – sponsored pension arrangements (particularly the main public service pension schemes) and other employee benefits			
PMI 1	To maintain our existing Central government (CG) client base and grow the number of large CG projects by 3% over the next three years	Our benchmark was 59 UK government projects large enough to bring in income of £10,000 or more in year	Met. We had 78 UK government projects in place matching this criterion
PMI2	To increase our client base in the wider public sector by an additional 5 clients in the next three years	Our benchmark had 93 Wider Public Sector active clients on our books	Met. the number of active Wider Public Sector clients had grown to 134
Objective 2 – Provide the social security projections, demographic analyses and actual advice necessary to underpin ministerial decision-making in social security and pension policy and to provide the actual advice necessary for the regulation and supervision of financial institutions overseas			
PMI3	To maintain the volume of work on overseas contracts involving our Insurance Team over the next three years	Annual income was £410K	Met. The income in 2006-07 was £983K
PMI4	To continue to advise UK pensions regulators and pension policy setters with the retention of our advisory role to DWP, HMT and OPRA (and its successor body).	GAD held these contracts	Met. GAD continued to advise all these policy setters and additionally advises the Pension Protection Fund
General Objectives – set in our Business Strategy – To Provide public sector clients with independent, professional, actuarial advice of the highest quality			
PMI5	To retain high professional standards – to implement a new system of internal peer review with the objective of attaining and maintaining an average rating of 90% or more in peer review assessments on completed major projects each quarter.	Our peer review average rating was 90%	Met. Peer review carried out for all major projects and assessments confirmed that GAD continued to maintain a very high quality rating on all reports issuing from the Department.
PMI6	To manage our finances within targets agreed in the Spending Review and to publish our Annual Report (including Resource Accounts) within the “faster closing” timetable set by HM Treasury	Resource accounts were published in November 2004 – within the timetable agreed by HMT. All targets achieved.	Met. Resource accounts for 2006-07 were managed within agreed targets, presented to audit on time, agreed with NAO and published by the end of July 2007.

Core Tables

Table 1: Total Departmental Spending

	£'000								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Resource budget									
<i>Resource DEL</i>									
Government Actuary's Department	-186	822	557	-553	263	655	557	542	528
Total resource budget DEL	-186	822	557	-553	263	655	557	542	528
<i>of which: Near-cash</i>	-420	504	189	-967	-194	231	57	55	54
<i>Resource AME</i>									
Government Actuary's Department	-	91	-	82	50	15	46	46	46
Total resource budget AME	-	91	-	82	50	15	46	46	46
<i>of which: Near-cash</i>									
Total resource budget	-186	913	557	-471	313	670	603	588	574
<i>of which: depreciation</i>	115	267	226	347	370	306	412	402	392
Capital budget									
<i>Capital DEL</i>									
Government Actuary's Department	184	1,506	356	381	178	63	222	217	212
Total capital budget DEL	184	1,506	356	381	178	63	222	217	212
Total capital budget AME	-	-	-	-	-	-	-	-	-
Total capital budget	184	1,506	356	381	178	63	222	217	212
Total departmental spending†									
Government Actuary's Department	-117	2,152	687	-437	121	427	413	403	394
Total departmental spending†	-117	2,152	687	-437	121	427	413	403	394
<i>of which:</i>									
Total DEL	-117	2,152	687	-437	121	427	413	403	394
Total AME	-	-	-	-	-	-	-	-	-

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

Table 2: Resource budget DEL and AME

	£'000								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Resource DEL									
Government Actuary's Department	-186	822	557	-553	263	655	557	542	528
<i>of which:</i>									
Government Actuary's Department	-186	822	557	-553	263	655	557	542	528
Total resource budget DEL	-186	822	557	-553	263	655	557	542	528
<i>of which:</i>									
Near-cash	-420	504	189	-967	-194	231	57	55	54
<i>of which:†</i>									
Pay	4,950	5,440	6,204	7,138	7,142	7,238			
Procurement	-5,370	-4,936	-6,015	-8,105	-7,336	-7,007	-8,797	-8,583	-8,374
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	115	176	226	265	320	291	366	356	346
Resource AME									
Government Actuary's Department	-	91	-	82	50	15	46	46	46
<i>of which:</i>									
Government Actuary's Department	-	91	-	82	50	15	46	46	46
Total resource budget AME	-	91	-	82	50	15	46	46	46
<i>of which:</i>									
Near-cash	-	-	-	-	-	-	-	-	-
<i>of which:†</i>									
Pay	-	-	-	-	-	-	-	-	-
Procurement	-	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	-	91	-	82	50	15	46	46	46
Total resource budget	-186	913	557	-471	313	670	603	588	574

† The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but aren't included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.

Table 3: Capital Budget DEL and AME

	£'000								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Capital DEL									
Government Actuary's Department	184	1,506	356	381	178	63	222	217	212
<i>of which:</i>									
Government Actuary's Department	184	1,506	356	381	178	63	222	217	212
Total capital budget DEL	184	1,506	356	381	178	63	222	217	212
<i>of which:</i>									
Capital expenditure on fixed assets net of sales†	184	1,506	356	381	178	63	222	217	212
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
Net lending to private sector	-	-	-	-	-	-	-	-	-
Capital support to public corporations	-	-	-	-	-	-	-	-	-
Capital support to local authorities††	-	-	-	-	-	-	-	-	-
Capital AME									
Total capital budget AME	-	-	-	-	-	-	-	-	-
Total capital budget	184	1,506	356	381	178	63	222	217	212
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales†	184	1,506	356	381	178	63	222	217	212
Less depreciation†††	115	267	226	347	370	306	412	402	392
Net capital expenditure on tangible fixed assets	69	1,239	130	34	-192	-243	-190	-185	-180

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

††† Included in Resource Budget.

Table 4: Capital Employed

	£'000								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Projected outturn	Plans	Plans	Plans
<i>Assets and Liabilities on the balance sheet at end of year:</i>									
Assets									
Fixed Assets	462	1,710	1,858	1,971	1,829	1,859	1,756	1,675	1,574
<i>of which:</i>									
Intangible	151	139	317	366	231	167	183	193	199
Tangible	311	1,571	1,541	1,605	1,598	1,692	1,573	1,482	1,375
<i>of which:</i>									
Re-Fit of Building	64	1,276	1,210	1,227	1,294	1,453	1,307	1,187	1,061
IT Hardware	128	153	166	214	178	130	144	162	173
Office Furniture	119	142	165	164	126	109	122	133	141
Current assets	3,391	3,008	2,998	4,352	3,768	3,050	3,050	3,050	3,050
Liabilities									
Creditors (< 1 Year)	1,157	690	986	1,815	1,670	801	801	801	801
Creditors (> 1 Year)	-	440	824	1,208	1,439	1,533	1,475	1,380	1,282
Provisions	27	22	14	6	-	-	7	7	6
Total Capital employed	2,669	3,566	3,032	3,294	2,488	2,575	2,523	2,537	2,535

Table 5: Administration Costs

	£'000								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Administration Expenditure									
Paybill	4,950	5,440	6,204	7,138	7,142	7,238			
Other	1,709	2,443	3,080	2,994	3,629	3,510			
Total administration expenditure	6,659	7,883	9,284	10,132	10,771	10,748	13,365	13,039	12,720
Administration income	-6,845	-7,061	-8,727	-10,685	-10,508	-10,093	-12,808	-12,497	-12,192
Total administration budget	-186	822	557	-553	263	655	557	542	528
Analysis by activity									
Government Actuary's Department	-186	822	557	-553	263	655	557	542	528
Total administration budget	-186	822	557	-553	263	655	557	542	528

Table 6: Staff Numbers

	Numbers of Staff employed								
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Estimated Outturn	Plans	Plans	Plans
Summary									
Civil Service Full Time equivalents	99.5	101	106	108	100	100	108	112	115
By Business Area									
Objective 1	66	69	75	78	78	77	78	81	83
Objective 2	33.5	32	31	30	22	23	30	31	32

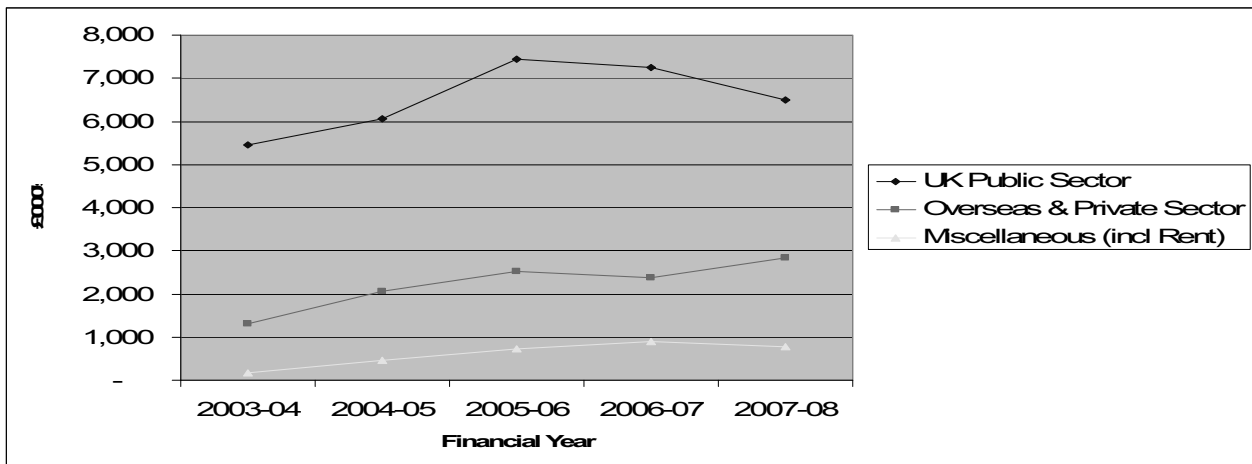
Financial Review

The past year has proved to be challenging. A number of resignations of fee-earners, the continuing work on the enquiry into Equitable Life and some tightening of client's budgets were key factors. It was not possible to keep within our original net resource and net cash limits of £618K and £286K respectively so GAD agreed to take a Spring Supplementary Estimate for £222K under End Year Flexibility arrangements. This increased the resource and cash limits to £840K and £508K respectively. Demand for GAD's services was again high and the Department generated £10.1m of fee income, but this was down on our initial estimate for the year and lower than the sums generated over the past two years: £10.5m (2006-07) and £10.7m (2005-06).

The overall value of sales in 2007-08 was 4% down compared to sales recorded in 2006-07. Work for clients in the UK Public Sector has declined for the second year running but this occurred after experiencing an unprecedented level of demand for our services in 2005-06. The graph below shows that work for the UK Public Sector increased by over 12% between 2004-05 and 2005-06. In 2005 the government entered discussions with unions on the framework of a review of pension provision in the public services. Simultaneous reviews of the main public service pension schemes were launched later that year. Outcomes for the major schemes were implemented by the end of March 2007. There was exceptional demand for GAD to advise on reviews of the NHS, Teachers, Local Government, Armed Forces, Police and Fire pension arrangements. This is reflected in the high levels of income from the UK public sector in 2005-06 and 2006-07. Income levels have now returned to a normal level.

Demand for GAD's services from overseas clients continues to grow and over the past five years the Department has seen growth in sales in this area double.

The miscellaneous sales figures represent mainly rent from sub-tenants and the provision of shared corporate services. Sales in 2007-08 dropped by 13% but this was expected as one of our tenants has now grown larger and has now decided to take back the in-house corporate services previously provided by GAD on a repayment basis.



Average Staff Levels 101 106 108 101 100

Capital investment over the past year was low amounting to just £63K and covered the purchase of software and the normal replacement cycle of IT hardware.

The Client Liaison Team was again very effective at keeping on top of our client debt. However, at the end of the financial year our trade debtor balance had increased by £174K as a result of one of our larger overseas clients delaying their payment.

Cash flow management proved to be challenging in 2007-08. As a repayment department GAD relies on fee income to cover most of its expenditure and efficient debt controls are essential. GAD reported a substantial bank balance (£950K) at the close of 2006-07. This sum had to be returned to the Consolidated Fund under government accounting rules. Until it was surrendered in March, this sum underpinned the Department's bank balance until client receipts earned in 2007-08 started to be received. The amount owed to the Consolidated Fund was almost 10% of total income earned and therefore had to be repaid in instalments to ease cash flow. At the close of the financial year this debt was cleared and GAD's bank balance closed at just over £150K.

Staff costs continue to remain the largest element of our budget accounting for 67% of total expenditure with the next most significant item being accommodation charges, which account for 19%. Salary costs in 2007-08 amounted to £7.2m but were lower than initially estimated due to difficulties in filling staff vacancies during the first half of the year. Recruiting sufficient staff to meet the demands of the business remains a top priority for the Department in 2008-09. As GAD operates on a full cost recovery basis it is reliant on having a full complement of fee earning staff in order to cover costs.

The Department managed to keep a tight reign on its cash administration costs in 2007-08 with expenditure increasing by just £13K. Areas of expenditure which have seen increases are recruitment, training and IT running costs (see note 8 of the Accounts). Recruitment problems have already been covered earlier in this report. As a long term investment GAD recruits a number of graduates each year to train as actuaries. On average successful students take around five years to qualify and the Department pays for all the costs associated with this training. Over the past year GAD also managed to increase its number of trainees. Computer running cost expenditure increased with the purchase of backup equipment off site as part of our business continuity plan.

Below are set out two summary tables. Table 1 is a reconciliation of resource expenditure between Estimates, Accounts and Budgets which, in GAD's case, all reflect the same figure. Table 2 includes data taken from our accounting schedules and notes contained in these resource accounts:

Table 1 Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	<u>2007-08</u>	<u>2006-07</u>
	£000	£000
Net Resource Outturn	(672)	(396)
Net Operating Cost	(672)	(396)
Resource Budget Outturn	(672)	(396)
Of which		
<i>Departmental Expenditure Limits (DEL)</i>	(657)	(346)
<i>Annually Managed Expenditure (AME)</i>	(15)	(50)

Losses on revaluation are now recorded as AME. Figures for 2006-07 are re-stated for reasons of comparability.

Table 2 Income and Expenditure on a Resource Basis for the year ended 31 March 2008

	<u>2007-08</u>	<u>2006-07</u>
	£000	£000
Expenditure		
Staff costs	7,238	7,136
General administrative costs	3,011	2,998
Movements in work in progress	75	174
Non cash costs	441	596
Total Expenditure	10,765	10,904
Income		
Fees and charges to other government Departments	6,030	6,393
<i>Of Which: Income from sub-tenants</i>	778	895
<i>: Fees and charges to National Insurance Fund</i>	187	190
Fees and charges to the wider public sector and others	4,063	4,115
Total Income	10,093	10,508
Net Operating Cost	672	396
CFER Payable	-	664
Purchase of fixed assets	63	178
Non cash items	(441)	(596)
Adjustment for changes in working capital	134	(421)
Changes in creditors falling due in more than one year	(94)	(231)
Release from Revaluation Reserve	-	4
Use of provision	-	6
Net Cash Requirement for the year	334	-

Payment of Suppliers

The Department adheres to the Better Payment Practice Code. The policy is that all bills should be paid in accordance with credit terms, or where no such terms exist, within 30 days of the receipt of goods or services, or upon the presentation of a valid invoice, whichever is the later. The calculation of payment performance for 2007-08 has been based on continuous monitoring of payments since the start of the year. On this basis 98% of GAD's payments met the policy criteria. The total number of invoices amounted to 1329 of which 26 were paid later than the 30 day target. The equivalent figures for 2005-06 and 2006-07 were 98% and 99.1% respectively. Again no interest payments were made in 2007-08 to suppliers under the Late Payment of Commercial Debts (Interest) Act 1998.

Expenditure on Consultancy and Professional Services

During 2007-08 GAD spent £44,000 on consultancy and professional services. This included advice on meeting security standard ISO 2007 (£12,000), welfare and employment issues (£4,000), and legal advice on various contract issues (£25,000)

Staffing

Recruitment and Turnover

GAD recruited three qualified actuaries and nine trainee actuaries. Six trainee actuaries and three qualified actuaries resigned and two qualified actuaries retired. Five administrative staff were appointed during the year through government trawls. Ten administrative staff left the Department - seven resigned, one left at the end of a contract, one transferred to another government Department and one retired.

The Civil Service Commissioners' Recruitment Compliance Monitoring process confirmed that recruitment which takes place within GAD is carried out on the basis of fair and open competition with selection on merit, and in accordance with the Civil Service Recruitment Code. An onsite audit identified a number of aspects of our processes which required improvement. An action plan has been developed to address these issues during the remainder of 2008.

Staff recruited who took up a post during 2007-08

	Male	Female
Actuaries	2	1
Trainee Actuaries	6	3
Support staff	2	3
Total	10	7

Qualified Actuaries

On 31 March 2008 there were 42 qualified actuaries in post. As in previous years some retired GAD actuaries were used on an ad-hoc consultancy basis on specific projects.

Trainee Actuaries

Nine trainee actuary appointments were made during the year, including those from the 2006-07 Trainee Actuary Open Competition. On 31 March 2008, there were 23 trainee actuaries in post.

Staff in Post as at 31 March 2008

	Staff in Post
Actuaries	42
Trainee Actuaries	23
Support Staff	31
Total	96

Employment Policies**Equal Opportunities and Diversity**

GAD is fully committed to providing equal opportunity for all staff, regardless of colour, nationality, ethnic origin, religion, gender, sexual orientation, age, marital status or trade union affiliation. Our aim is that the Department should reflect a diverse, modern society at all levels and both to bring in and bring on talent. Throughout the year, the GAD management team entered into regular dialogue with the recognised trade union on matters affecting staff.

Disabled Persons

As GAD is committed to providing equal opportunities for all staff, disability is not a bar to recruitment or advancement in the Department. The Department observes good practice in the areas of employment particularly relevant to staff with disabilities and provides all necessary facilities.

Information for Staff and Communications Policy

GAD keeps all members of staff informed of changes in and affecting the Department. We operate an intranet site that is regularly updated with policy and guidance. Regular e-mails, Office Notices and updates of other general Departmental information are also used. There are a number of operating committees under the Management Board to encourage direct staff input into Departmental decision making.

Training and Development

GAD has always recognised that people are its most important resource and that management training and development are key to the Department's continued success. GAD sources training from external suppliers together with internal job training, coaching and mentoring. GAD also sponsors staff taking a number of different professional exams (including actuarial and accountancy disciplines) and operates a staff mentoring scheme for trainees. The training provision includes Continuing Professional Development (CPD) needed by our professional staff, personal development and leadership and programmes of study leading to professional qualifications at appropriate levels. GAD is committed to the principles of Investors in People (IiP) and seeks to develop staff to an appropriate level, so that they can discharge their duties as effectively as possible.

Auditor

The Comptroller and Auditor General is the external auditor for GAD's accounts. The auditor's remuneration in 2007-08 increased to £44,000. (2006-07: £42,000.) No fees were incurred for non-audit work (2006-07: £Nil.)

The Accounting Officer confirms that:

- there is no relevant audit information of which the auditors are unaware;
- he has taken all steps he ought to ensure that they are aware of relevant audit information; and
- he has taken all the steps he ought to establish that the entity's auditors are aware of the information.

Trevor Llanwarne
Government Actuary
Accounting Officer

DATE 01 July 2008

Remuneration Report

Salary and pension entitlements of Management Board Members

Remuneration Policy

The permanent head of the Department to 30th September 2007 was appointed by the Head of the Home Civil Service in 1989. The appointment was made under the general rules for Senior Civil Service Appointments and the appointment may only be terminated in accordance with the Civil Service Management Code. The Deputy Government Actuary was appointed through promotion routines overseen by the Civil Service Commissioners and is automatically a member of the Management Board. The Director of Finance and the Director of Personnel were appointed to the Department through open recruitment competitions.

The pay of the Government Actuary was until the retirement of Chris Daykin on 30th September determined on an annual basis, under agreed arrangements with the Permanent Secretary of HM Treasury, including informal consultation with some of GAD's major clients. The pay for the new Government Actuary (Trevor Llanwarne) who takes up the post with effect from on 1st May 2008 will be determined under the pay and conditions rules as set out for the Senior Civil Service. The determination of the pay of the remaining Senior Staff has been formally delegated to the Government Actuary, and is subject to the annual pay negotiation arrangements for GAD staff.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointments to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may be made in other ways.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach retirement age. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Salary and pension entitlements

No Ministerial Remuneration is paid. The following sections provide details of the remuneration and pension interests of the Board Members. These details are shown in accordance with the 2007-08 Government Financial Reporting Manual (FRM) issued by HM Treasury. These figures have been supplied by Cabinet Office.

In addition to those listed in the table, the Government Actuary's Department has two non-executive directors on the Management Board and an independent member who sits on the audit committee. The NEDs receive no emoluments except for fees of £500 per day of service plus their travelling expenses (see Note 7a for more details).

Salary and pension entitlements

Remuneration and pension benefits of Executive Board members in 2007-08 (This table has been audited).

	Salary including performance pay (ii)	Real increase in pension at age 60 (iii)	Real increase in lump sum at age 60 (iv)	Pension at 31/03/08 (v)	Lump sum at 31/03/08 (vi)	CETV at 31/03/07 (vii) ¹	CETV at 31/03/08 (viii)	Employee contributions and transfers-in (ix)	Real increase in CETV as funded by employer (x)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£	£'000
Chris Daykin ² <i>Government Actuary</i>	95-100 (195-200)	0-2.5	2.5-5	90-95	280-285	2,108	2,217	1,470	26
Andrew Johnston ³ <i>Deputy Government Actuary</i>	150-155	2.5-5	12.5-15	55-60	175-180	971	1,196	5,324	81
George Russell ⁴ <i>Head of Overseas Business</i>	30-35 (115-120)	0-2.5	-	20-25	-	317	353	987	6
David Lewis ⁵ <i>Head of Overseas Business</i>	90-95 (120-125)	0-2.5	2.5-5	20-25	60-65	471	519	1,410	26
Kevin Down <i>Director Finance</i>	50-55	0-2.5	2.5-5	10-15	35-40	142	184	820	15
Simon Bancroft-Rimmer <i>Director of Personnel</i>	45-50	0-2.5	0-2.5	10-15	40-45	170	209	717	8

1. Pension Benefits are calculated by the DWP Pensions Team. Due to certain factors being incorrect in their CETV calculator last year, there may be a slight difference between the final period CETV for 2006/07 and the start of period CETV for 2007/08.
2. Chris Daykin retired 30 September 2007.
3. Andrew Johnston became acting Government Actuary on 1 October 2007.
4. George Russell joined the Management Board on 1 January 2008.
5. David Lewis retired on 23 January 2008.

Salary

'Salary' includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance that is subject to UK taxation. No bonuses were paid to board members during the year.

Benefits in Kind

Benefits in kind refer to any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. No payments of this kind were reported in respect of Board Members in respect of the accounting period.

Cash Equivalent Transfer Value

Columns (vii) and (viii) of the above table show the member's cash equivalent transfer value accrued at the beginning and end of the reporting period.

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 cash equivalent transfer value 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 individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries **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 drawn.**

The real increase in the value of the CETV funded by the employer

Column (x) reflects the increase in cash equivalent transfer value effectively funded by the employer. It takes account of the increase in accrued pension due to service during the year and salary increases, and deducts contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) so as to give an estimate of the increase in the value of the CETV funded by the employer during the year. It is calculated using the same market valuation factors for the start and end of the period in order to avoid the distortion that would be caused by factors reflecting the changed market conditions.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium**, or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of the benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. 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' 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 with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his 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% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for 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 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

Further details about the Civil Service Pension arrangements can be found on the website:
www.civilservice-pensions.gov.uk

Trevor Llanwarne

Government Actuary

Accounting Officer

DATE 01 July 2008

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Government Actuary's Department to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Government Actuary's Department and of its net resource outturn, resources applied to objectives, recognised gains and losses 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* 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; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Permanent Head of the Department as Accounting Officer of the Government Actuary's Department. 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 Government Actuary's Department's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

Statement on Internal Control

1. Scope of Responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of Government Actuary's Department's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically, taking into account the size of the Department and the nature of its operations and risks. The system of internal control has been in place in the Government Actuary's Department for the year ended 31 March 2008 and up to the date of approval of the accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The Department has established and maintains a comprehensive risk register. Any risks exceeding the Department's risk appetite are referred to the Management Board for consideration.

4. The risk and control framework

Responsibility for maintaining and reviewing the risk register lies with the Operations Committee, which also oversees the detailed management of risks on behalf of the Management Board.

GAD's risk management strategy and policies have been formally documented. A presentation was made to staff on the Department's approach to risk management and the risk register is available for all staff to refer to on the intranet. A Board Member has been appointed as Risk Improvement Manager and work is ongoing to embed risk management in all day to day activity of the Department.

The Department has established the following processes:

- The Management Board meets 11 times a year to consider the plans and overall strategic direction of the Department
- Strategic aims are considered annually by the Management Board.
- Detailed budgets for expenditure and targets for income are identified during the corporate planning process and then monitored each month through a series of financial reports presented to the Management Board.
- Various working groups report to the Operations Committee, which was chaired by the Deputy Government Actuary (DGA) and by the Director of Finance during the period whilst the DGA was Acting Government Actuary. Professional and technical matters are dealt with by the Technical Committee, chaired by the Government Actuary or the Deputy Government Actuary. There is also an Audit Committee, which reports directly to the Accounting Officer and the Management Board.
- Responsibility for controlling and maintaining the departmental risk register falls within the remit of the Operations Committee, which is also responsible for looking at any items of risk which are a cause for concern. Each risk recorded on the register is owned and managed by a nominated member of staff. Any risks identified as exceeding the agreed risk appetite by the Operations Committee are brought to the attention of the Management Board.
- All new infrastructure projects require a project impact assessment as part of the initiation process and follow the OGC Gateway review process. Major such projects are also subject to a Post Implementation Review to ensure that the Department learns lessons from each implementation.

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by assurances given by the former Government Actuary and the Acting Government Actuary who held the role of Accounting Officer during the second half of 2007/08. Further assurance comes from the work of Internal Audit and the executive managers within the Government Actuary's Department who have responsibility for the development and maintenance of the internal control framework, as well as by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Management Board and the Audit Committee.

The annual report by the Head of Internal Audit gave a substantial assurance on GAD's Risk Management arrangements, but a limited assurance on Governance and Control. This report is supplemented by the formal system of assurance statements that was introduced in 2006/07. This system has been extended during 2007/08 with all Board Members, Chief Actuaries and Heads of Central Service functions providing a signed statement every six months on the controls in place within their area of responsibility.

Due to concerns around the effectiveness of the Personnel function, and following a report from the Office of the Civil Service Commissioners on GAD's recruitment processes that highlighted a number of shortcomings, in February 2008 the Management Board instructed Internal Audit to carry out a fundamental review of the Personnel function.

Drawing on the work of Internal Audit an action plan has been put in place to address the many weaknesses that have been identified and to ensure continuous improvement of the systems in place. The key areas to be improved are the recruitment process, the introduction of a comprehensive staff handbook, improved record keeping, a review of GAD's performance management system and improved management information.

Additional reports are being provided by Internal Audit to improve the implementation of actions agreed in order to meet audit recommendations.

GAD's business involves handling large amounts of data which sometimes contains personal information about individuals. Following the high profile losses of data by other government departments, GAD reviewed its policies and procedures for the handling of sensitive data in both electronic and paper formats. As a result of the review new procedures were introduced to reduce the risks associated with removable storage media, transmission of data by e-mail and secure destruction of paper records.

Staff were required to attend presentations on GAD's data handling policies and a notice was issued covering sending and receiving electronic data and working on data away from the office. Further notices were issued introducing the new "Protect" protective marking category and the protection of paper records whilst in use and when disposed of.

GAD has not suffered any protected personal data related incidents during 2007-08 or in previous financial years.

In addition, the effectiveness of the system of internal control is considered in the following ways:

- Two non-executive Directors sit on the Management Board in line with best practice, and with particular regard to the increasing transparency and rigour of the risk management process.
- The Audit Committee, which consists of the two non-executive Directors and a further independent member, reviews the priorities for risk assessment in the Department and agrees a timetable and yearly plan for Internal Audit.
- Internal Audit acts independently in providing advice to the Accounting Officer and to the Management Board and also makes direct recommendations to representatives on the Management Board if they feel that additional audit activity is required on specific topics.

Senior Management Team Members also contribute to and participate actively in the profession. Up-to-date knowledge of the latest professional developments is shared through the Technical Committee, which reports to the Management Board.

Trevor Llanwarne
Government Actuary,
Accounting Officer

DATE 01 July 2008

Government Actuary's Department**The Certificate and Report of the Comptroller and Auditor General to the House of Commons**

I certify that I have audited the financial statements of the Government Actuary's Department for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the Statement of Operating Costs by Departmental Aim and Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Department has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Department's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Department's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Department's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Department's affairs as at 31 March 2008, and the net cash requirement, net resource outturn, net operating cost, operating costs applied to objectives, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information given within the Annual Report which comprises the management commentary, is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

TJ Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Date: 11 July 2008

Statement of Parliamentary Supply Summary of Resource Outturn 2007-08

	Notes	2007 - 2008					2006-07		
		Estimate		Outturn			<i>Net Total Outturn Compared with the Estimate: Saving / (Excess)</i>	<i>Prior Year Outturn</i>	
		<i>Gross Expenditure</i>	<i>A-in-A</i>	<i>Net Total</i>	<i>Gross Expenditure</i>	<i>A-in-A</i>			<i>Net Total</i>
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Request for Resources 1	2 & 3	13,746	12,906	840	10,765	10,093	672	168	396
Total Resources		13,746	12,906	840	10,765	10,093	672	168	396
Non-operating Cost Appropriated in Aid		-	-	-	-	-	-	-	-

Net Cash Requirement 2007-08

	Notes	2007 - 2008		<i>Outturn (Net Total)</i>	<i>Net Total Outturn Compared with the Estimate: Saving/ (Excess)</i>	<i>2006-07 Prior Year Outturn</i>
		<i>Estimate</i>	£'000			
Net Cash Requirement	4	508		334	174	286

Summary of income payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the Department and is payable to the Consolidated Fund

	Notes	2007-08 Forecast		2007-08 Outturn	
		<i>Income</i>	<i>Receipts</i>	<i>Income</i>	<i>Receipts</i>
		£'000	£'000	£'000	£'000
Income payable to the Consolidated Fund					
Total	5 & 6	-	-	57	57

An explanation of the variances between Estimate Net Cash Requirement / Net total resources and outturn are given in Note 2 and in the Management Commentary.

The notes on pages 40 to 55 form part of these accounts.

Operating Cost Statement

For the year ended 31 March 2008

	Notes	2007-08		2006-07	
		£'000	£'000	£'000	£'000
Administration Costs					
Staff Costs	7	7,238		7,136	
Other administration costs	8	3,452		3,594	
Movement in Work in Progress	12	75		174	
Gross Administration Costs		10,765		10,904	
Operating Income	9	(10,093)		(10,508)	
Net Operating Cost			672		396

Statement of Recognised Gains and Losses

For the Year ended 31 March 2008

	Notes	2007-08	2006-07
		£'000	£'000
Net gain on revaluation of Tangible Fixed Assets	18	261	133
Net gain on re-lifing of Tangible Fixed Assets	18	13	
Total recognised gains and losses for the Financial Year		274	133

The notes on pages 40 to 55 form part of these accounts.

Balance Sheet

As at 31 March 2008

	Notes	31 March 2008		31 March 2007	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	10	1,692		1,598	
Intangible assets	11	167		231	
			1,859		1,829
Current Assets					
Work-in-Progress	12	360		435	
Debtors	13	2,534		2,383	
Cash at bank and in hand	14	156		950	
		3,050		3,768	
Creditors (Amounts falling due within one year)	15	(801)		(1,670)	
Net Current Assets			2,249		2,098
Total Assets less Current Liabilities			4,108		3,927
Creditors (Amounts falling due after one year)	15		(1,533)		(1,439)
Provisions for Liabilities and Charges	16		-		-
			2,575		2,488
Taxpayers' Equity					
General fund	17		2,090		2,277
Revaluation reserve	18		485		211
			2,575		2,488

Trevor Llanwarne
Government Actuary
Accounting Officer

01 July 2008

The notes on pages 40 to 55 form part of these accounts.

Cash Flow Statement

For the year ended 31 March 2008

	Notes	<u>2007-08</u>	<u>2006-07</u>
		£'000	£'000
Net cash inflow/(outflow) from operating activities	19a	(271)	1,186
Capital expenditure and financial investment	19b	(63)	(178)
Financing	19c	<u>(460)</u>	<u>(818)</u>
Increase/(Decrease) in cash in the period	19d	<u>(794)</u>	<u>190</u>

The notes on pages 40 to 55 form part of these accounts.

Statement of Operating Costs by Departmental Aim and Objectives

for the year ended 31 March 2008

	Note	2007-08			2006-07		
		Gross	Income	Net	Gross	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
AIM:							
To provide mainly public sector clients with independent, professional, actuarial advice of the highest quality at a reasonable cost.							
Objective 1							
To provide the actuarial advice to Government Departments and other GAD clients in respect of employer-sponsored pension arrangements (particularly the main pension service schemes) and other employee benefits.	20	7,684	6,765	919	8,048	7,547	501
Objective 2							
To provide the social security projections, demographic analysis and actuarial advice necessary to underpin Ministerial decision-making in social security and pensions policy and provide the actuarial advice necessary for the regulation and supervision of financial institutions.	20	3,081	3,328	(247)	2,856	2,961	(105)
Net Operating Costs	20	10,765	10,093	672	10,904	10,508	396

The notes on pages 40 to 55 form part of these accounts.

NOTES TO THE RESOURCE ACCOUNTS**1. Statement of Accounting Policies**

The financial statements have been prepared in accordance with HM Treasury's Government Financial Reporting Manual (FReM) for 2007-08. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets at their value to the business by reference to their current costs. As allowed in the FReM 2007-08, the Department uses end-year revaluation for modified historic cost accounting purposes.

1.2 Intangible Fixed Assets***Computer software***

Computer software and its associated consultancy costs having a minimum value of £1,000 are capitalised. The cost of such software is amortised over its expected useful life. Computer software valuations are based on the Department's estimate of their current valuation, taking into account appropriate indices.

1.3 Tangible Fixed Assets***Fitting out costs - Leasehold Property***

The Department moved into new leasehold premises on 24 July 2003. The fit-out costs were capitalised in the financial year 2003-04 and will be amortised over an effective life of 20 years from 24 June 2004 – being the date of practical completion of the property.

Computer Equipment and Office Furniture

Computer Equipment and Office Furniture valuations are based on the Department's estimate of their current valuation, taking into account appropriate indices. The minimum level for capitalisation of fixed assets is £1,000. Similar assets purchased in the same month will be grouped for the purpose of assessing whether they meet the capitalisation threshold.

1.4 Depreciation

Depreciation is provided at rates calculated to write off the valuation of tangible and intangible fixed assets by equal instalments over their estimated useful lives. Depreciation periods adopted are as follows:

<i>Computer – Printers and Servers</i>	<i>4 years</i>
<i>Computer – Other Hardware</i>	<i>3 years</i>
<i>Computer - Software small packages</i>	<i>4 years</i>
<i>Major software packages</i>	<i>8 years</i>
<i>Actuarial Valuation software</i>	<i>4 years</i>
<i>Office Furniture</i>	<i>10 years</i>
<i>Enhancements to Finlaison House</i>	<i>10 years</i>
<i>Fit-out costs for Finlaison House</i>	<i>20 years</i>

Some individual software packages are depreciated on a longer or shorter life span – dictated by the expected useful life of the system. Items that have a determinable lifespan (such as software licences) will have a lifespan equal to that of the licence itself. Some recent minor enhancements to the building are depreciated over ten years.

1.5 Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the time of the transaction. All currency gains or losses are taken to the Income and Expenditure account. Assets and liabilities at the year-end are translated at rates ruling at the Balance Sheet date. Gains and losses are recorded under Other Costs.

1.6 Leases

GAD has an operating lease in respect of its Finlaison House premises. GAD's commitments are disclosed in note 22. There are no finance leases.

1.7 Work-in-Progress

Work-in-Progress is valued at the lower of cost (including appropriate overheads, multiplied by the number of rechargeable hours booked through the time recording system and not already charged to clients) or recoverable value. Information as to the value of work-in-progress is collected through the accounts system. Work is generally billed monthly, or in some cases on completion or at agreed break-points and therefore the work in progress total is the value of incomplete work outstanding at 31 March 2008.

1.8 Operating Income

Operating income is shown net of value added tax and comprises receipts from actuarial services provided, together with income from the sub-letting of spare accommodation in our leasehold property.

1.9 Administration Expenditure

Administration costs reflect the costs of running GAD, as defined under the Administration Cost Control Regime.

1.10 Capital Charge

A non-cash charge, reflecting the cost of capital utilised by GAD, is included in operating costs and calculated as 3.5 per cent on all assets less liabilities, except for -

- cash balances held within the Paymaster General's Bank account, where the charge is nil; and
- for accounts payable to the Consolidated Fund where the credit is at a nil rate.

1.11 Pensions

The majority of past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefits schemes are unfunded and are non-contributory except in respect of dependents' benefits. Liability for payment of future benefits is a charge on the PCSPS. The pension charge shown as an expense at note 7a is the employer contribution for accruing pensions liability.

1.12 Early Departure Costs

GAD is required to meet the additional cost of benefits beyond the normal PCSPS benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and is binding on the Department. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the Paymaster General's account at the Bank of England for the credit of the Civil Superannuation Vote. The amount provided is shown net of any such payments. In accordance with the FReM, future provisions have been discounted on an annual basis.

1.13 Value Added Tax

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

2. Analysis of Net Resource Outturn

	2007-08						Estimate		2006-07
	Outturn						Net Total	Net Total outurn compared with Estimate	Prior Year Outturn
	Administration	Other Current	Grants	Gross Resource Expenditure	A in A	Net Total			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Request for resources 1									
Providing an actuarial consultancy service	10,765	-	-	10,765	10,093	672	840	168	396
Resource Outturn	10,765	-	-	10,765	10,093	672	840	168	396

The Total Resource Requirement differs from the estimate as GAD's expenditure was lower, relative to income, than planned. The Net Cash Requirement differed from the estimate due to efficiency gains and increased income. Detailed explanations of the variances are given in the Operating and Financial Review.

3. Reconciliation of outturn to net operating cost and against Administration Budget

(a) Reconciliation of net resource outturn to net operating cost

	2007-08			2006-07
	Outturn	Supply Estimate	Outturn Compared with estimate	Prior Year Outturn
	£'000	£'000	£'000	£'000
Net Resource Outturn	672	840	168	396
Net operating cost	672	840	168	396

(b) Outturn against Administration Budget

	2007-08		2006-07
	Budget	Outturn	Prior Year Outturn
	£'000	£'000	£'000
Gross Administration Budget	13,746	10,765	10,904
Income allowable against the Administration Budget	(12,906)	(10,093)	(10,508)
Net outturn against final Administration Budget	840	672	396

4. Reconciliation of Resources to cash requirement

	Notes	2007-08		Net Total outturn compared with estimate: saving/ (excess)
		Estimate £'000	Outturn £'000	
Resource Outturn		840	672	168
Capital				
Acquisition of Fixed Assets	10,11	228	63	165
Investments		-	-	-
Non Operating A-in A				
Proceeds of Fixed Assets Disposals		-	-	
Accruals Adjustments				
Non Cash Items	8	(567)	(441)	(126)
Changes in Working Capital other than Cash		-	134	(134)
Changes in creditors falling due after one year	15	-	(94)	94
Use of Provision	16	7	-	7
Net Cash Requirement		508	334	174

5. Analysis of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the Department and is payable to the Consolidated Fund.

	Forecast 2007-08		Outturn 2007-08	
	Income £'000	Receipts £'000	Income £'000	Receipts £'000
Excess Cash surrenderable to the Consolidated Fund	-	-	57	57
Other Non-operating Income and receipts not classified as A-in-A	-	-	-	-
Total income payable to the Consolidated Fund	-	-	57	57

6. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	2007-08 £'000	2006-07 £'000
Operating income	10,093	10,508
Income authorised to be appropriated in Aid	(10,093)	(10,508)
Operating income payable to the Consolidated Fund	-	-

7. Staff Numbers and related costs

a) Staff costs comprise:

	2007-08		2006-07	
	Permanently employed staff	Non- Executive Directors	Total	Prior Year Outturn
	£'000	£'000	£'000	£'000
Wages and Salaries	5,446	11*	5,457	5,385
Social Security Costs	530	-	530	528
Other Pension Costs	1,251	-	1,251	1,223
Total	7,227	11	7,238	7,136

* G Bartlett £4.7K

* Ms J Smith £6.3K

More details on remuneration policy can be found in the Remuneration Report.

For 2007-08, contributions of £1,251,038 (2006-07: £1,222,530) were paid to the PCSPS at rates prescribed by the Treasury on the advice of the Scheme Actuary. These rates were in the range of 17.1 - 25.5 per cent (2006-07 same rates) of pensionable pay, according to salary level.

b) Average Number of persons employed

The average number of whole-time equivalent persons employed (including senior management), during the year was as follows:

Objectives	2007-08	2006-07
1. To provide the actuarial advice to government departments and other GAD clients in respect of employer-sponsored pension arrangements (particularly the main pension service schemes) and other employee benefits.	77	80
2. To provide the social security projections, demographic analysis and actuarial advice necessary to underpin Ministerial decision-making in social security and pensions policy.	23	21
Total	100	101

8. Non-staff administration costs

	2007-08	2006-07
	<u>£'000</u>	<u>£'000</u>
Rates and building service costs	648	651
Rent of building	1,433	1,414
Photocopying	23	18
Consultancy	44	105
Agency and other temporary staff costs	38	18
Internal Audit Fees	18	11
Recruitment	118	99
Travel, subsistence and hospitality	137	126
Training	122	119
Subscriptions	81	63
Computer running costs	205	182
Telecommunications	59	54
Stationery and publications	57	82
Machinery of Government - Contribution to administration costs	-	(3)
Other costs	<u>28</u>	<u>59</u>
	3,011	2,998
Non cash items:		
Depreciation and amortisation of fixed assets	291	320
Loss on revaluation of fixed assets	15	50
Loss on disposal of fixed assets	2	83
Cost of capital charge	89	101
Auditor's remuneration	<u>44</u>	<u>42</u>
	441	596
Total	<u>3,452</u>	<u>3,594</u>

9. Operating Income

The Department has a small net resource requirement to cover "core" activities which cannot be ascribed to specific clients. The "core" activities relate to miscellaneous work for ministers.

	2007-08		2006-07	
	Appropriated in Aid	Payable to the Consolidated Fund	Total Income	Total Income
	£'000	£'000	£'000	£'000
Operating income analysed by classification and activity, is as follows:				
Administration Income				
Receipts from other government departments				
	6,030	-	6,030	6,393
<i>of which Receipts from :</i>				
<i>Sub Tenants</i>	778	-	778	895
<i>National Insurance Fund</i>	187	-	187	190
Receipts from the wider public sector and overseas clients				
	4,063	-	4,063	4,115
Total	10,093	-	10,093	10,508

10. Tangible Fixed Assets

	Office Furniture and Equipment	Computer Equipment	Leasehold Building	Total 2007-08
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2007	282	345	1,587	2,214
Additions	2	33	-	35
Disposals	(3)	(12)	-	(15)
Revaluation of re-lifed assets	-	13	-	13
Revaluation	8	(11)	314	311
At 31 March 2008	289	368	1,901	2,558
Depreciation				
At 1 April 2007	156	167	293	616
Charged in year	23	86	97	206
Disposals	(2)	(11)	-	(13)
Revaluation	3	(4)	58	57
At 31 March 2008	180	238	448	866
Net Book Value at 31 March 2008	109	130	1,453	1,692
Net book value at 31 March 2007	126	178	1,294	1,598
Asset financing:				
Owned	109	130	1,453	1,692

Several items that had been fully depreciated and treated as disposed assets, but are still in use, have been re-introduced into the fixed asset register and have hence been revalued.

11. Intangible Fixed Assets

	Computer Software
	<u>£'000</u>
Cost or Valuation	
At 1 April 2007	480
Additions	28
Disposals	(25)
Revaluation	(14)
At 31 March 2008	<u>469</u>
Amortisation	
At 1 April 2007	249
Charged in year	84
Disposals	(25)
Revaluation	(6)
At 31 March 2008	<u>302</u>
Net Book Value at 31 March 2008	<u>167</u>
Net book value at 31 March 2007	<u>231</u>

12. Work in Progress

	2007-08	2006-07
	<u>£'000</u>	<u>£'000</u>
Value of time worked but not billed	<u>360</u>	<u>435</u>

13. Debtors

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
Trade debtors (i)	2,353	2,179
Trade Debtors in respect of machinery of government transfer to the Office for National Statistics	-	18
Deposits and advances	29	39
Prepayments	143	137
Other Debtors	9	10
Total (ii)	<u>2,534</u>	<u>2,383</u>

(i) Trade debtors are shown net of a provision for bad debts of £24,000. Bad debt provision was reviewed but no change was considered necessary

(ii) There were no debtors falling due in more than one year.

Debtors - Intra Government Balances

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
Balance with Central Government Bodies	1,117	1,154
Balance with NHS Trusts	56	37
Balance with local authorities	2	-
<i>Sub-total intra-government balances</i>	<i>1,175</i>	<i>1,191</i>
Balance with bodies external to government	1,359	1,192
Total	<u>2,534</u>	<u>2,383</u>

14. Cash at Bank and In Hand

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
Balance at 1 April	950	760
Net change in cash balances	(794)	190
Balance at 31 March	<u>156</u>	<u>950</u>

The following balances at 31 March 2008/2007 were held at:

Office of H M Paymaster General plus cash in hand	156	950
	<u>156</u>	<u>950</u>

The balance at the 31 March 2008/2007 comprises:

Amounts issued from the Consolidated Fund for supply but not spent at year end.	-	286
Other amounts due to the Consolidated Fund	156	664
Total	<u>156</u>	<u>950</u>

The Office of HM Paymaster General provides a current account banking service. During the year, the Department held a commercial bank account and a small amount of cash in hand (at year end this was £290.98).

The balance of funds held in the commercial bank account on 31 March 2008 was £8,837.85 and this represents third party deposits (refer to Note 25 for further information).

The balance of funds held in the HM Paymaster General account on 31 March 2008 was £156,200.52.

15. Creditors

	2007-08	2006-07
	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year		
VAT payable	514	556
Trade creditors	3	16
Accommodation Creditor	89	87
Accruals	39	43
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund		
-receivable (i)	-	18
Consolidated Fund Creditor for cash unspent at year end	<u>156</u>	<u>950</u>
	801	1,670
Amounts falling due in more than one year		
Accommodation Creditor	<u>1,533</u>	<u>1,439</u>
	2,334	3,109

(i) Creditors in 2006-07 included a balance of £18,000 due from the Office for National Statistics resulting from the Machinery of Government transfer which was paid in 2007-08 to the Consolidated Fund upon receipt (refer Notes 13 and 15).

Creditors - Intra Government Balances

(including Amounts falling due in more than one year)	2007-08	2006-07
	<u>£'000</u>	<u>£'000</u>
Balance with Central Government Bodies	681	1,535
Balance with bodies external to government	<u>1,653</u>	<u>1,574</u>
	2,334	3,109

GAD has an agreement with HM Revenue and Customs (to pay over only that VAT on invoices paid by clients and to exclude VAT due to them on invoices issued but unpaid by clients).

16. Provision for Liabilities and Charges

The Department's provision for liabilities and charges comprised a provision for early retirement costs as follows:

	2007-08	2006-07
	<u>£'000</u>	<u>£'000</u>
Balance at 1 April	-	6
Increase in provision	-	-
Payments made in year	-	(6)
Balance at 31 March	<u>-</u>	<u>-</u>

The Department meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.2 per cent in real terms. The provision was fully utilised in 2006-07.

17. General Fund

The General Fund represents the total net assets less liabilities of the Department, to the extent that the total is not represented by other reserves.

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
General Fund at 1 April	2,277	3,212
Prior Period Adjustment	-	-
	<u>2,277</u>	<u>3,212</u>
Net Parliamentary Funding		
Drawn Down	222	286
Deemed Supply	286	-
Supply Creditor - current year	(156)	(950)
Excess Cash surrenderable to the Consolidated Fund	-	-
CFER Creditor	-	(18)
Net Transfer from Operating Activities		
Net Operating Cost	(672)	(396)
Other CFER	-	-
Non Cash Charges (See Note 8)		
Cost of capital charge	89	101
Audit fee	44	42
Net Increase / (Decrease) in General Fund	<u>(187)</u>	<u>(935)</u>
General Fund at 31 March	<u>2,090</u>	<u>2,277</u>

18. Revaluation Reserve

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
Balance as at 1 April	211	82
Arising from revaluation during the year	261	133
Arising from re-lifting of tangible fixed assets	13	-
Arising on disposals during through the year	-	(4)
Balance At 31 March	<u>485</u>	<u>211</u>

The Revaluation Reserve reflects the unrealised elements of the cumulative balance of indexation and revaluation adjustments.

19. Notes to the Cash Flow Statement

a. Reconciliation of operating cost to operating cash flows

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
Net Operating Cost	672	396
Restatement adjustment	-	-
Adjustments for non-cash transactions	(441)	(596)
Release from Revaluation Reserve	-	4
Increase/(Decrease) in Work in Progress	(75)	(174)
Increase/(Decrease) in Debtors	152	(600)
Decrease/(Increase) in Creditors	57	9
Decrease/(Increase) in Creditors falling due in more than one year	(94)	(231)
Adjustments for use of Provision	-	6
Net cash (inflow)/outflow from operating activities	271	(1,186)

b. Analysis of Capital Expenditure and Financial Investment

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
Tangible Fixed Assets additions	35	106
Intangible Fixed Assets additions	28	72
Total Additions	63	178

c. Analysis of Financing

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
From the Consolidated Fund (Supply): current year	508	286
Cash surrender of prior year's unspent supply	(950)	(1104)
Cash surrender of prior year debtor resulting from a machinery government transfer	(18)	-
Net Financing	(460)	(818)

d. Reconciliation of net cash requirement to increase/ (decrease) in cash

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
Net Cash Requirement for the year (see Statement of Parliamentary Supply)	334	-
From the Consolidated Fund (Supply): current year	(508)	(286)
Receipt of Prior Year debtor resulting from a machinery of government transfer	18	(344)
Cash surrender of prior year's unspent supply	950	1,104
Amounts due to the Consolidated Fund received and not paid over	-	(664)
(Increase)/Decrease in Cash	794	(190)

20. Notes to the Operating Cost Statement by Departmental Objectives

a. Current Expenditure has been allocated as follows:

	<u>2007-08</u>	<u>2006-07</u>
	£'000	£'000
Objective One	7,684	8,048
Objective Two	3,081	2,856
Total	<u>10,765</u>	<u>10,904</u>

b. Capital employed by Departmental Objectives has been allocated as follows:

	<u>31 March 2008</u>	<u>31 March 2007</u>
	£'000	£'000
Objective One	1,838	1,836
Objective Two	737	652
Total	<u>2,575</u>	<u>2,488</u>

Administration costs have been allocated to objectives, wherever possible, in accordance with the Department's normal management accounting policies, or have been allocated on the basis of staff numbers attributed to objectives. GAD's capital is employed exclusively for administration purposes: its distribution between objectives is treated in exactly the same way as the related gross administration cost.

21. Capital Commitments

The Departments' capital commitments at 31 March 2008 were £Nil (2006-07: £Nil)

22. Commitments under operating leases

a) Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below.

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Land and Buildings		
Lease expiring in more than five years	1,454,990	1,419,450

b) Other Commitments

	<u>2007-08</u>	<u>2006-07</u>
	£	£
Software	-	8,000

23. Financial Instruments

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the nature of its activities, trading with other government Departments and the way in which it is financed, GAD is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. The Department has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Department in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been omitted from the currency profile.

Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. GAD is not therefore exposed to significant liquidity risks.

Interest rate risk

The Department's financial assets and liabilities are not exposed to interest rate risks.

Interest rate profile

The following two tables show the interest rate and currency profiles of the Department's financial liabilities and assets.

Table 1 - Financial liabilities (i)

	Total	Floating-rate financial liabilities	Fixed-rate financial liabilities	Non-interest bearing financial liabilities	Fixed-rate financial liabilities		Non-interest bearing financial liabilities
					Weighted-average interest rate	Weighted-average period for which rate is fixed	Weighted-average period until maturity
	£'000	£'000	£'000	£'000	%	Years	Years
At							
31 March 2008:							
Sterling	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Gross financial liabilities	-	-	-	-	-	-	-

Note (i) The Department's provision was completely utilised in 2007-08.

Table 2 - Financial assets

	Total £'000	Floating- rate financial assets £'000	Fixed-rate financial assets £'000	Non-interest bearing financial assets (i) £'000	Fixed-rate financial assets		Non-interest bearing financial assets
					Weighted- average interest rate %	Weighted- average period for which rate is fixed Years	Weighted- average period until maturity Years
At 31 March 2008:							
Sterling	156	-	-	156	-	-	Note (i)
Other	-	-	-	-	-	-	-
Gross financial assets	156	-	-	156	-	-	-

(i) The Department's non-interest bearing financial assets comprise cash at bank and in hand of £156,200.52

Foreign currency risk

Fees payable in foreign currency amounted to 10.8 % of total turnover in 2007-08. The policy on foreign currency receipts is to account for them at the conversion value on receipt, accepting fluctuations in currency movements and not hedging against these movements. Foreign currency expenditure is minor.

Fair values

Set out below is a comparison by category of book values and fair values of the Department's financial assets and liabilities as at 31 March 2008.

Table 3 - Fair Values

	Book value	Fair value (i)	Basis of fair Valuation
	£'000	£'000	
At 31 March 2008			
Primary financial instruments:			
Financial assets:			
Cash at bank	156	156	Note (i)
Financial liabilities:			
Provisions	-	-	Note (ii)

Note (i) Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 3.5% a year in real terms.

Note (ii) The Department's provision was completely utilised in 2007-08

24. Related Party Transactions

GAD has had a significant number of transactions with government departments and other central government bodies. Major clients using the Department's services included the Department for Work and Pensions, the Cabinet Office, the Ministry of Defence, the Home Office, HM Treasury, HM Revenue & Customs and the Department for Education and Skills.

A summary of Operating Income from Government and non-government bodies is shown at Note 6. Note that receipts from other government departments include rent and Facilities Management charges received from the Commission for Social Care Inspection (CSCI) and the Human Tissue Authority (HTA) as sub-tenants of the property of Finlaison House. The HTA also paid GAD for IT, Finance and other services. In 2007-08 the total net income from these sub-tenants was some £778,000.

Details of balances outstanding with other government departments are shown in the Debtors and Creditors Notes 13 and 15.

None of the Management Board Members, key managerial staff or other related parties has undertaken any material transactions with GAD during the year.

25. Third Party Assets

	<u>2007-08</u>
	<u>£'000</u>
Opening balance at 1 April 2007	11
Net receipts (payments)	(2)
Closing balance at 31 March 2008	<u>9</u>

The Department has a custodial role to ensure the safekeeping of client deposits. As at 31 March 2008, these amounted in total to £8,837.85 (31 March 2007: £11,348.39.) An analysis of the movements on these accounts is shown in the table above.

26. Entities within the Departmental Boundary

No entities, other than GAD itself, fall within the Departmental Boundary.

27. Events after the Balance Sheet Date

On 1 May 2008, Trevor Llanwarne took up the position of the Government Actuary.

28. Date of Authorisation of Accounts

This set of financial statements is due to be authorised on the day that it is laid before Parliament 17 July 2008.



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