



BPDTS Ltd

Providing digital technology
services to DWP



Annual Report & Accounts

2019/20



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Annual Report and Accounts 2019/20

(For the year ended 31 March 2020)

Company registered number: 10344843

Accounts presented to the House of Commons pursuant to Article 6 of the Government Resources and Accounts Act 2000

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The Chair's Foreword

As Chair of the BPDTS Board I am pleased to present the fourth annual report and accounts for 2019/20. BPDTS is a non-departmental public body that provides specialist digital and technology services exclusively to the Department for Work and Pensions (DWP).

The year has formed two parts, the first, where BPDTS grew at the beginning of 2019/20 to meet the increased demand for a wider range of services from our customer, with an increase in staff from 800 on 31st March 2019 to 940 on 31st March 2020. We have continued to benchmark against the wider digital marketplace to seek to provide a competitive reward structure and compelling employee value proposition to help us retain our talented people.

I am pleased to report that BPDTS met the key business plan objectives throughout 2019/20, providing savings in both cost and time for our customer. We have invested in learning and development with a focus on leadership development, enabling our people to enhance their skills and contribute positively to their own personal development supporting our customer in modernising the products and technologies being used.

The second, where we were called up by DWP to support them in IT development projects whilst they responded to the consequential demands that the pandemic placed on them. Like many other public servants, BPDTS responded with a true commitment ensuring that what we did served the public to the best of our ability. We were part of teams that enabled the tracing of 21,000 Vulnerable Citizens for Public Health England and within weeks developed an application for the Pension Credit which allowed people to make claims from their own homes at a time of their choosing.

Additionally, we fast-tracked automated identity verification for Universal Credit, so that the vast number of additional claims being made could be better dealt with. We are proud to support the strategic aims of DWP and to adapt swiftly to the changes required creating secure and intuitive digital services that meet the needs of millions of people. I have been impressed with the dedication, flexibility and resilience of our employees through these unsettled times, adapting to working from home and supporting DWP in addressing new challenges with pace.

On 29th September 2020 the Tailored Review of BPDTS Limited Report and Recommendations was published. All of the recommendations have been accepted by DWP, Cabinet Office and approved by the Secretary of State. This includes the creation of a single, digital function within DWP and the closure of BPDTS as an arm's Length Body, a non-departmental public body and a limited company. The year ahead will be challenging as we transition, and I, along with my fellow Directors, will work with DWP to make the transition as seamless as possible and build a framework for the success of the new function.



Jeremy Moore CB
BPDTS Chair
28 October 2020

Chief Executive's Foreword

I am delighted as Chief Executive of BPDTS to present to you the Annual Report and Accounts for 2019/20 and to set out our plans for 2020/21. I hope you find it interesting.

BPDTS Ltd is a private limited company and we provide digital and technology services to our sole customer, the Department for Work and Pensions (DWP). As part of the DWP family, we are transforming digital experiences of millions of people as they look for work, deal with illness or disability, support children after separation, or plan for retirement.

In particular this year, we have been proud to support DWP in its response to the Covid-19 pandemic, and as keyworkers, we have worked with DWP in maintaining and adapting digital services, delivering critical changes and supporting the infrastructure that enables operational staff to work productively from home. In March, as we moved rapidly out of the digital hubs to largely working from home, we supported people through this uncertain period and focused on wellbeing and building a sense of community through our various networks. Morale has remained high and, together, we have demonstrated our people-centric approach, because it is only through them that we can provide the excellent services that we strive for.

We have spent considerable time and effort this year working to embed a culture that is inclusive and enables our people to give of their best at work. We have focused on listening to their views, involving them in our change initiatives and appreciating the work that they do and the value they bring. I am delighted that, as a result, our people are more engaged than ever and BPDTS is increasingly seen as a place where people can thrive. During 2019/20, the demand for our services has remained high and we have taken on a number of additional services. Service quality has also been excellent, and we have contributed to many of DWP's critical delivery programmes. I would like to thank the Board, Executive Team and all my colleagues for their support in making our fourth year of operation so successful. I am very proud of what we have achieved.

The effect of the pandemic has been particularly deeply felt by BPDTS as we sadly lost our friend and colleague, Pete Dewfall, to the illness in May. We will remember Pete, Head of Digital Service Management and member of the Executive Team, as a strong and charismatic leader driving the organisation forward in delivering excellent front line service support. He was committed to making BPDTS a great place for people to work and his professionalism and tenacity was called upon to lead our initial response to the Covid crisis. I would like to pay tribute to him and his work for the company. He is sadly missed.

After acceptance by the Department of the recommendations of the Tailored Review, colleagues from BPDTS and DWP Digital will be brought together within DWP as a single, digital function from 01 July 2021, and BPDTS will cease to exist as a company. The review recognised that BPDTS has met its objectives and delivered successfully against its core operational and recruitment performance measures. Feedback about the leadership and the calibre of the BPDTS workforce was very positive, recognising our performance and contribution to delivering a more resilient IT technology estate and bringing new capabilities into the Department.

A single, stronger digital function which is greater than the sum of its two parts will better equip the Department to deliver its strategic goals of joined-up customer journeys across digital-first channels. This will make it easier for customers to get the help they need and simpler for colleagues to support them. Work has begun, alongside DWP Digital, to implement the Tailored Review recommendations and I am committed to making the transition a success. In the meantime, we will continue to do what we do best at BPDTS and deliver fantastic services with the best talent.



Loveday Ryder
Chief Executive and Accounting Officer
28 October 2020

01





Strategic Report

Background

BPDTS Ltd is a private limited company, whose sole member is the Secretary of State for Work and Pensions. We were set up in 2016 to provide digital technology services to the DWP.

Our mission is that as part of DWP's family, we create and run secure and intuitive digital services that meet the needs of millions of people.

We work with DWP to design and deliver these services to make a difference to citizens at critical times in their lives as they:

- look for work and do all they can to realise their full potential
- deal with illness or disability
- support children after separation
- plan for, and enjoy a secure retirement.

The Company's employees are public servants who provide a full range of digital technology services to DWP, our sole customer. We've been set up to provide services, where our people are remunerated more flexibly to attract and retain high quality digital, data and technology specialists.

We are unique as a public body because we can deliver at a significant cost advantage over the private sector. We provide a differentiated employment offer, taking advantage of our size, flexibility, gradeless structure and pure technical focus to enable us to attract digital professionals not usually available to the civil service.

Our vision is to take a truly people-centric approach to delivering outstanding digital solutions with DWP.

We believe our people are at the heart of the organisation and attracting and retaining high-calibre digital professionals is key to delivering outstanding services to our customer. Our strategy is to do this by developing talented, innovative people who are empowered to deliver transformational results.

Making this a reality means that the way we work and the organisational culture we grow is as vital as what we do. We are committed to empowering individuals to be the best they can be at work, enabling and supporting them to deliver.

We are an organisation with a distinctive culture. We make the most of the public service ethos we share with the civil service and blend it with the flexibility and opportunities we have as a young and dynamic company, with a dedicated technical focus.

Working together at BPDTS, united in what we're trying to achieve, we support one another to deliver our goals, realise our ambitions, and make our organisation a great place to work.

BPDTS is formally classified as a non-departmental public body. A Master Services Agreement sets out the basis on which BPDTS provides services to DWP and a Framework Agreement sets out how BPDTS should operate as an arm's length body in the public sector. Under these agreements, BPDTS is required to recover its costs in full through charges to DWP. DWP has made working capital available to BPDTS, in the form of repayable cash funding, under a Funding Facility Agreement. Under a Support Services Agreement, DWP provides some services to BPDTS, such as accommodation, for which it charges.

Strategic Report

We are proud of what we have achieved in providing digital technology services to DWP. Our service covers a range of offerings in the professional disciplines of Architecture, Engineering, Data and Analytics, Delivery Management, Product Design and Service Management.

BPDTS services work collaboratively with DWP teams to build, run and maintain many of the digital systems that support DWP's core functions. We have brought positive change, innovation and business improvements, helping to deliver world class service to DWP and its users. We have continued to develop the business plan so that we can be in the best position to support the transition into a single digital function in DWP.

BPDTS identified a number of key areas on which to focus the business in 2019/20:



Capacity

Continuing to enhance our capacity in a wider range of professional digital services



Quality

Actively seeking out opportunities to innovate, and continually improve the services we offer, focusing on delivery excellence, and becoming the supplier of choice for our customer



Capability

Continually supporting our people in their self-development so they're equipped to deliver innovative solutions and service excellence



Efficiency

Cutting out unnecessary bureaucracy and complexity by simplifying how things get done and looking at how else we can deliver services even more efficiently

Each section provides the performance of BPDTS against the key indicators. The organisations performance for 2019/20 was not impacted by Covid-19.

Capacity



Our business plan priorities for the year were to improve the recruitment process, attract and retain excellent digital professionals and to continue to meet the service demand from our customer.

Over the last year, we increased the range of services we offer and our ability to grow services from within. Our investment in learning and development and our communities of practice drove this uplift. Particular successes included the introduction of site reliability engineering and ability to support a range of new technologies. This helped to build the capability to deliver the services needed, now and in the future.

In refining our recruitment process, we have continued to develop our profile and employee value proposition in the external market and hone the way we identify, attract, and assess digital skills. Our process from 'application to offer' regularly beat our 7-week target and enabled us to compete in a fast-paced recruitment market. DWP feedback on quality of our new capacity was very positive, and we successfully took on several new services, for example, network and infrastructure engineering.

As we completed our growth and switched focus to internal recruitment, we were able to offer many career development opportunities and see our people progress to new roles and levels. We have also been able to use recruitment to improve our diversity and established ourselves as a great employer for women in digital, through, amongst other aspects, targeted mentorship schemes and an active support network.

Our retention rates have been closely monitored as the Digital Group within DWP began an accelerated recruitment campaign. Attrition remains at a manageable level and turnover has enabled significant progression opportunities within the company.

The role of the Practice Leads has remained pivotal, with their specialist technical experience leading our communities of practice in developing and attracting new talent. Practice networks and thought leadership have continued to build the external presence of the company and promote knowledge sharing within.

This approach has been successful, and by the end of 2019/20 the organisation had grown in line with customer demands. BPDTS has continued to be an effective vehicle to attract and retain highly specialist digital and technology talent not readily accessible to the civil service.

Key Objective	Measure(s)	KPI / Target	Position at year end
1. Improve the recruitment process	Number of days between a candidate applying for a role and receiving an offer	Annual average of less than or equal to 35 days from application to offer Tolerance – 1 day	Achieved within tolerance Annual average – 36 days A shift to focus on recruiting internally has been successful
2. Attract high calibre digital professionals	Number of applicants each recruitment campaign has attracted	Annual average of more than or equal to 12 applicants per campaign Tolerance – 1 applicant per campaign	Achieved Annual average – 17 applicants per campaign

3. Retain high calibre digital professionals	Percentage of permanent employees who have resigned	Annual monthly average of less than or equal to 8% permanent resignations	Achieved Annual monthly average - 8%
		Tolerance - 1.99 percentage point	
4. Resource to continue to meet our demands	Gap between number of employees requested by DWP vs. number supplied (Capacity Gap)	End of year supply to be within 5% of demand	Achieved within tolerance End of year position - 8%
		Tolerance - 4.99 percentage points	

Future Plans 20/21

In 2020/21, our focus will shift to further strengthening our relationship with the DWP, in preparation for our transition towards a new single, digital function within DWP as part of the Tailored Review recommendations.

As we work alongside DWP, we want to ensure that we operate in the most seamless and effective manner and work together to co-create our future function to preserve the best features from our distinct operating models.

In this transition period, we plan to review the governance mechanisms to ensure that they reflect the unique relationship between us and facilitate opportunities for closer integration. With our shared vision for exemplary public service, we want to celebrate our successes jointly, and stand shoulder to shoulder with DWP to ensure that we continue to provide excellent digital and technology services.



Quality



Our service delivery performance during 2019/20 has continued to be good, and we're proud of the excellent work our people have delivered and of the new talent we have recruited.

Our company is structured around professional service practices such as architecture and engineering. These have reached maturity and are a key strength in sharing ideas and experience and providing support and development to members. We have also established an in-house agile coaching service that is promoting agile effective practice within teams and coaching individuals and groups.

Feedback from our customers in DWP has been very good and we have seen a consistently positive Net Promoter Score, which indicates that our customers have a positive experience in the relationship and the service provided by BPDS. All feedback has been followed up over the course of the year by capturing and responding to it, both formally and informally.

Overall service performance on the general service obligations, measured by DWP Digital, has improved over the year, and we are consistently achieving target on 96% of these measures. There are two areas where we did not consistently meet the standard – one was a new service recently transitioned from another supplier, and the second reflected a critical, scarce skill set. Plans are in place to address both.

Balancing the sometimes competing needs of the business versus the individual, where assignment and personal development needs do not match up, has been a challenge. The Partnership Lead roles, introduced this year, have helped to bridge the challenge to ensure, in keeping with our culture, people are supported to manage their career progression alongside their delivery priorities.

Our Innovate scheme for improvement ideas has continued and an innovation strategy was published, encouraging a supportive environment to help people think of new ways of working and try new products and technologies. Our thought leadership has continued through external blogs and attendance at conferences and networking events to share our knowledge and experience.

Key Objective	Measure(s)	KPI / Target	Position at year end
1. Mature service capability*	Percentage of practices assessed as 'maturing' level or beyond	End of year position of 100% of practices assessed as 'maturing' level or beyond	Achieved 100% of practices assessed as 'maturing' or beyond
2. Enhance service assurance	Customer Satisfaction score from the quarterly Customer Satisfaction Survey	Annual Customer Satisfaction average greater than or equal to 3 out of 5 Tolerance – 1.49 points	Achieved Annual average – 3.65 Partnership Leads have recently been appointed and will be supporting improving survey response rates.

*Building Successful Communities of Practice – Emily Webber

3. Enhance service assurance	Net Promoter Score from the quarterly Customer Satisfaction Survey	Annual Net Promoter Score greater than or equal to 10 (out of a possible score of 100) Tolerance – 4 points	Achieved Annual score – 26 Score comprised of 4 surveys with a progressive downward trend and low survey response rates. Partnership Leads have recently been appointed and will be supporting improving survey response rates
4. Improve innovation and thought leadership	Number of innovation ideas in progress	Annual monthly average of greater than or equal to 10 ideas in progress Tolerance – 1 innovation idea	Achieved Annual monthly average – 88 Delivered via the Innovate scheme and with increased external thought leadership

Future Plans 20/21

During 2020/21, we will continue to mature our service capability, working on improving consistency and codifying a best practice approach in each area. This will provide a foundation for service assurance, offering advice and support to DWP and addressing any divergent practice, where needed.

Our practice model has brought many advantages in supporting communities of interest and providing a network for development support. Our organisation now needs to benefit from more consistency and collaboration between practices, and across lines of business to ensure that we are not operating in silos and working as a team rather than individual operators. We will also continue to collaborate with DWP's practice network to combine efforts and share learning, where we can.

Our in-house agile coaching service will continue to offer advice and support to teams, and we have identified the adoption of the latest version of the globally recognised service management standard, compatible with agile (ITIL 4), as being the biggest opportunity for improvement this year.

Another aspect of our focus on service quality is to embed the Partnership Leads into DWP senior teams for each line of business. Through this, we aim to gain a greater insight into DWP's future priorities and provide a focal point for BPPTS services that can channel feedback, respond to issues and help to meet new or changing service needs.

We recognise that there is likely to be a further Spending Review in the coming year, and we will work with DWP to ensure that our services and approach are adapted to meet any emerging transformational plans.

Finally, we aim to be in a position to offer high-quality advice and thought leadership to DWP in support of its strategic decision-making. We aim to continue to foster a supportive environment in which all employees can contribute to everyday innovation ideas and, as such, contribute to the continual improvement of DWP's offerings to citizens. We also want to encourage more of our experts to become thought leaders through attendance at conferences, industry, and networking events and sharing their learning within the company.

Capability



Over the last 12 months, we have continued to invest heavily in development and build a culture that encourages learning at every level, in every setting. We have seen some success with this, with learning and development being one of the major positives from our employee engagement survey results. Our communities of practice have led the work in this area, with a varied programme of events and knowledge sharing. Our new training platform has offered a wide variety of training opportunities, alongside investment in the skills needed to support the introduction of new technologies in the systems that we run.

Our commitment to uplifting skills and supporting our people as they transition from legacy systems to new technologies has seen some notable successes. Many people have learned new skills, moved between practices or disciplines, and embarked on new careers within the company. We have also offered over 50 apprenticeships within the company to help people to boost their skills and follow their aspirations. Our mentoring scheme has continued to prosper, with over 50% of senior employees mentoring others to help them succeed. We also established a specialist mentor training scheme aimed specifically at women to improve our diversity at this level.

We prioritised leadership training, building the capability of our people to lead effectively, whatever their role. We have trained 19 trainers and have begun rollout to all employees. This, in parallel with our investment in agile coaching across the organisation, has begun to transform the way we work and to bring about the culture change we wanted. Supporting our people to be the best they can be is at the heart of what we want to achieve as an organisation and our success has been reflected in another increase in our employee engagement index this year.

Key Objective	Measure(s)	KPI / Target	Position at year end
1. Assess capability	Produce an organisational learning strategy	Organisational learning strategy issued.	Achieved Available on the BPDS intranet
2. Grow capability	Time spent on learning and development activities	Average of greater than or equal to 5 days per person per year Tolerance – 0.24 days	Achieved Annual average: 9 days per person Includes technical e-learning through new learning platform and leadership training which has been invested in
3. Grow capability	Utilisation of apprenticeship levy	Launch an internal apprenticeship programme by year end	Achieved 46 internal apprentices were on board as of year end
4. Nurture capability building	a. % of people being mentored b. Scope of mentoring programme	% of people being mentored is higher than 18/19 (10%) Scope of mentoring programme to be widened to include external mentors	Achieved 29% of the company mentoring or being mentored A coaching for women scheme was established as part of the diversity offer A mentoring scheme has been established with an external provider

5. Positive and healthy working environment	Employee Engagement Index	Annual survey index greater than or equal to 50 Tolerance – 1 point	Achieved Index of 55 in annual engagement survey
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Future Plans 20/21

Over 2020/21, we will continue with our commitment to develop talent and build a learning organisation. Being curious, acquiring new skills, and sharing them with others will be part of the way we work. We will also continue to focus on our leadership and how well we're developing others, actively seeking feedback and continually improving our techniques.

We want capability building to be accessible and relevant to all, so we will continue to review innovative and fresh approaches to providing learning and development opportunities. We will look at the interventions we procure and ensure we are making opportunities available to all through our diversity and inclusion strategy. As we support our people through the Covid-19 pandemic, we will focus on wellbeing and other initiatives to provide guidance and help to people as they adapt to new ways of working and the inherent challenges.

We know that career mobility is a real priority for people, so to enhance this, we need better clarity around our existing skills landscape. Moving forward, we have procured a more robust, enterprise solution to provide us with management information on skills gaps and to help drive decisions around the Learning and Development strategy and training investment. People need the ability to see the full job catalogue for the organisation and validate their skills against it to see career mobility opportunities. A pilot is completed, and rollout is planned.

This year we also plan to align more of our roles with, for example, the Digital, Data and Technology framework, which will make it easier to identify training plans and facilitate future skilling.

Apprenticeships continue to be of great importance, and we have found it challenging, like many employees, to recruit and retain some premium skills in the buoyant digital market. This year we will continue to look for premium skills that can be better grown than recruited and develop apprenticeships to enable us to build the scarce capability needed in niche areas.

We plan to develop better training for our managers in supporting their people even more effectively, as we roll out a framework focused on regular career conversations and development coaching, rather than bi-annual objective box-ticking. The supportive role of the manager is key to its success.

We plan to complete the rollout of the Personal Leadership Programme, although this will depend on our ability to hold face-to-face training. Nonetheless, we will focus on sustaining the new ways of working through remote working, to embed a culture of outstanding leadership at every level. This means that we expect everyone to take responsibility for leading those over whom they have influence, while developing others to lead.

Finally, we want to provide training to improve consultancy/communication skills and to develop a better career development path for our experts, so they can add even more value and continue to grow their influence, leadership and skills. Options for completing this training online, rather than face-to-face are being pursued.

These initiatives sit alongside our continued commitment to ensure the BPDS culture is naturally inclusive and truly enables people to develop their talents and better serve the public.



Efficiency

By ensuring the organisation and our business systems are streamlined and fit for purpose, we can keep our overheads low, retaining our value for money – freeing up time for people to do their jobs. The cost of our support functions is in line with or below public sector benchmarks. At the same time, we have ensured that we meet the normal statutory requirements of any employer and public sector organisation.

Last year, we continued our drive for value for money and increased capacity in BPDTS, enabling DWP to make even greater cash savings from reducing levels of contingent labour.

We also improved the robustness of our approach to risk management to prevent unforeseen issues and costs occurring. The board has agreed a risk appetite framework for the organisation determining the tolerances against which strategic risks are regularly reviewed. We introduced a number of new systems designed to improve control, such as a new time-sheeting system, a new intranet and a new corporate records management solution. Through a major change programme with DWP, we also exited expensive legacy contracts for technology equipment provision.

We have focused on building an organisational culture that mirrors the best from the private sector tech companies and combines it with our public service ethos. Retention of the best talent in a competitive market is key to providing a high quality service and keeping costs low for DWP.

Key Objective	Measure(s)	KPI / Target	Position at year end
1. Ensure effective financial control	Number of overdue audit actions	No overdue audit actions	Not met Achieved 8 months out of 12 At the end of the year there were no overdue actions.
2. Improve organisational efficiency	Proportion of spend on overheads	Overhead spend less than or equal to 9% Tolerance – 2.9 percentage points	Achieved Year-end position – 9%
3. Improve organisational efficiency	Percentage of time utilised for customer work	Utilisation rate greater than or equal to 90% Tolerance – 1.99 percentage points	Achieved Annual average – 92.9%
4. Streamline business processes	a. Implement enhancements to the expenses systems b. Implement a new corporate document management system c. Implement a new intranet	Systems/ changes implemented by year end	a. Achieved b. Achieved c. Achieved

Future Plans 20/21

In 2020/21, we will look for areas where we need to support people better to enable them to work more effectively.

As the company has more than doubled in headcount, we need to grow our control systems proportionately to ensure we can adequately assure the performance of suppliers, robustness of systems and quality of execution of the core financial and people processes. Consequently, there are a number of governance areas that are being further strengthened with the addition of more specialist capability in finance, HR, commercial and IT.

Our drive to streamline process continues and this year we will focus on the people policies and the HR business partner model, to ensure the right levels of advice and guidance are available to support the business effectively.

Our new performance management framework will ensure there is a regular, two-way conversation between a manager and their team focusing on feedback, coaching, relationship building, career development and flexible but stretching objectives, rather than a bi-annual box-ticking exercise.

Finally, we plan to review our remuneration pay strategy and approach to ensure it continues to remain competitive in the market and that the governance and controls are working appropriately. There have been changes in the government's Digital, Data and Technology pay frameworks and in DWP Digital's approach; a review of alignment and potential improvements is timely.



Financial Outturn

The revenue outturn for our third full year of running was £73.5m. This was significantly higher than outturn for the previous reporting year 2018/19 (£51.8m) due to the increased headcount and associated costs. During the year, BPDTS' capacity levels stabilised which reflected the business cementing its place as a critical supplier of services to the wider digital transformation of the DWP.

The company operates on a full cost recovery basis, facilitated by monthly billing cycles with DWP. All goods and services chargeable by DWP to BPDTS are billed on a quarterly basis. The total outstanding loan value from DWP was £10m as at 31 March 2020. No additional loans have been granted in 2019/20. The loan is to provide the necessary funding to allow BPDTS to cover its working capital commitments. BPDTS Ltd will cease trading on 30th June 2021 and the financial statements have been prepared on a basis other than that of a going concern basis (see note 15).

The costs set out in this annual report relate to operating BPDTS and the assets owned and used by BPDTS to deliver its services.



£73.5m

Summary

In summary, the company performance in 2019/20 has been successful, meeting the performance targets and key milestones and continuing to deliver the services our customer needs within budget.

The biggest challenge for 2020/21 is to adapt to the new ways of working necessitated by the response to the coronavirus pandemic. Despite the changes, we want to ensure that our focus on people and their wellbeing, combined with a real sense of purpose in supporting DWP through difficult economic times, will continue to build a strong and positive company culture. Our ambition is to keep BPDTS services at a high level of quality, remain innovative, and continue to deliver value for money.

The programme to implement the Tailored Review recommendations will be established during 2020/21 to develop a single, stronger digital organisation which will better equip DWP to deliver its strategic goals of joined-up customer journeys across digital-first channels. I am confident that BPDTS employees will play a significant part in ensuring the success of the transition.

Loveday Ryder
Chief Executive and Accounting Officer
28 October 2020



02





Directors' Report

Directors' report

The Directors of BPDTS 2019/20

Name	Role/Position	Date Appointed and Term
Loveday Ryder	Chief Executive & Accounting Officer	Appointed on 22 Jan 2018 for 18 months and further extended until 31 Jan 2021
Mal Singh	Chief Finance Officer	Appointed on 1 April 2019 for 2 years
Jeremy Moore CB	Chair & Non-Executive Director	Appointed on 1 Jan 2019 for 5 years Chair of Board from 01 Jan 2019
Valerie Gordon-Walker	Non-Executive Director	Appointed on 1 Jan 2019 for 5 years Chair of Remuneration Committee from 1 Apr 2019
Ian Wilson	Non-Executive Director	Appointed on 1 Jun 2018 for 5 years Chair of Audit, Risk & Assurance Committee from 18 Oct 2018
Katie Kapernaros	Non-Executive Director	From 1 Feb 2019 for 3 years
John Osmond OBE	Non-Executive Director	From 1 Feb 2019 for 3 years

Independent members

Name	Role/Position	Date Appointed and Term
Debbie Alder	Independent Member of Remuneration Committee	Appointed on 1 April 2019 without a specified term as Independent member of Remuneration Committee
Paul Greening	Independent Member of Audit, Risk and Assurance Committee	Appointed on 8 Jan 2020 for 5 years as an independent member of ARAC

The Directors present their annual report on the affairs of BPDTS, together with the financial statements and auditor's report for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the Companies Act 2006 and, as appropriate, the Government Financial Reporting Manual (FRM) and other guidance issued by HM Treasury and the Secretary of State for Work and Pensions where the disclosure requirements of these go beyond the requirements of the Companies Act 2006.

In accordance with the International Financial Reporting Standards as adopted by the EU (Adopted IFRSs) and the guidance from the International Financial Reporting Interpretations Committee, the financial statements have been prepared and approved by the Directors. The Governance statement and the Remuneration and staff report following this section form part of this report.

Principal activities

BPDTS Ltd is a private company as defined by the Companies Act 2006, limited by guarantee, with the reference number 10344843.

BPDTS was incorporated on 24 August 2016, with the principal objective to deliver information technology and security services to DWP. BPDTS services are required to support DWP's mission and objectives and its statutory functions and other responsibilities, in accordance with DWP's priorities and in compliance with its governance arrangements.

The most important events have been the delivery of milestones in the 2019/20 Business Plan and the announcement of the Tailored Review.

Going concern basis

In accordance with their responsibilities, the Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

During the reporting period, BPDTS' expenditure was £73.5m, matched by income of £73.5m from DWP. Expenditure and income match because BPDTS is required, under agreements with DWP, to operate on a full cost recovery basis, without making a profit. As at 31 March 2020, BPDTS had assets less current liabilities of £10m, predominantly in the form of cash and debtors.

BPDTS Ltd is reliant on income from DWP, its sole customer. Under the Master Services Agreement between BPDTS Ltd and DWP, the agreement can be terminated by DWP with six months' notice.

On 29th September 2020 the Tailored Review of BPDTS Limited Report and Recommendations was published. All of the recommendations have been accepted by DWP, Cabinet Office and approved by the Secretary of State. This includes the creation of a single, digital function within DWP and the closure of BPDTS as an arm's Length Body, a non-departmental public body and a limited company.

BPDTS Ltd will cease trading on 30th June 2021 and the financial statements have been prepared on a basis other than that of a going concern (see note 15).

Dividends

BPDTS Ltd is a private company limited by guarantee; it has no share capital and therefore does not pay dividends.

Information security

The Directors recognise their responsibilities under the UK Data Protection Act 2018, which received Royal Assent on 23 May 2018 and the enforcement period for General Data Protection Regulations (GDPR) which came into force on the 25 May 2018. We ensure that personal and commercial information is protected against internal and external threats, loss or misuse. Our policy is to self-refer all significant data incidents to the Information Commissioners' Office (ICO) and we work closely with the ICO and our partner agency to further improve our systems and learn lessons. In 2019/20 one incident was referred to the ICO under the Data Protection Act/GDPR. There was no further action required following further internal investigation and ICO were satisfied with our conclusions. All investigations resulted in re-affirming standing processes and ensuring that both managers and staff were aware of their responsibilities.

Subsequent changes are reviewed on an ongoing basis to ensure they comply with DWP's security standards, and with the standards defined in ISO27001. The same standards are being used in service agreements with suppliers.

The Head of Governance is a member of the DWP Arm's Length Body Security and Data Protection Forum, where good practice and lessons learned are shared. This forum provides BPDTS with access to key security leads in DWP where any issues can be discussed and supports the harmonising of processes whilst retaining the independence of a limited company.

BPDTS employees also complete the mandatory information assurance training provided by DWP which covers key areas of data security ensuring that we all understand the importance of keeping the information that we work with secure and how to identify and report information.

Employment and Inclusivity

Diversity and inclusion is of paramount importance to us, we want everyone to feel accepted, belong and be valued as individuals. As an organisation we value and embrace our difference as this enables us to develop, we encourage staff to use their voices to highlight opportunities to effect and enable change.

We also use data to assist us in our analysis decision making. We have a flourishing staff led Equality, Diversity and Inclusion Group, acting as a conduit to facilitate ideas, ways of working and provide support. We have an established Women in Digital group, and more recently Black, Asian and Minority Ethnic (BAME) and LGBTQ communities, each with a member of ET as a sponsor.

We reflect the 5 Pillars of Wellbeing internally and have adapted our intranet to reflect this, to enable staff to readily access resources and support. We also have a number of trained Mental Health First aiders, providing advice.

We're committed to removing barriers to people in employment and ensuring that everyone has the chance to realise their aspirations. During the selection process, we can make relevant adjustment to assist, and at any stage of employment can make adjustments to the workplace. We'll continue to make sure our recruitment policies and internal procedures provide everyone with a fair opportunity to succeed.

Our policy is to make appropriate arrangements for the training and development of disabled employees.

As an organisation we want to continue to learn and belong together, to continue to develop our belief in the benefits of a diverse and inclusive workforce.

Informing and consulting employees

BPDTS used a variety of arrangements during the year to inform employees about key developments and to consult them. In addition to communications through line management, the company's new intranet was a key means of providing written news and seeking comments from staff.

We hold monthly stand-ups at every hub site and monthly all-colleague calls, as well as ample opportunities for engagement through practice and team meet-ups. The company's Employee Forum has been expanded this year to reflect the diversity and growth of the business and the expansion into six DWP locations and a range of other DWP offices. It included management and employee representatives and meets monthly to discuss matters raised by both management and representatives and to consult on changes affecting our people.

Personal data related incidents

There were 8 personal data related incidents in 2019/20, of which one was required to be reported to the Information Commissioner where no further action was taken.

In 2019/20 we had 3 Data Protection Act Right to Access Requests and one request under the Freedom of Information Act 2000. These have been responded to appropriately and within the prescribed timescales.

Environmental matters

BPDTS operates out of DWP hub locations and offices and supports DWP's strategies in relation to sustainability.

Health and safety

The Training and Risk Assessments for Health and Safety (TARAHS) was introduced on 15 July 2020 providing an online training tool which consolidates BPDTS mandatory training in one place and includes:

- Health & Safety Responsibilities for Managers
- Personal Health and Safety
- DSE Risk Assessment
- Security and Resilience

Mandatory training, e.g. Security & Resilience is aligned annually with DWP.

All employees are required to complete the training modules and compliance is monitored and reported. This provides assurance that our employees undertake the same mandatory training as DWP as we use the DWP infrastructure and accommodation.

In 2019/20 we reported no accidents under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) to the Health and Safety Executive (HSE).

Auditors

The Comptroller and Auditor General (C&AG) is the statutory external auditor of BPDTS Ltd.

The C&AG is an officer of the House of Commons and leads the National Audit Office (NAO). The C&AG certifies the accounts of all government departments and many other public sector bodies and has statutory authority to examine and report to Parliament on whether Departments, and the bodies they fund, have used their resources efficiently, effectively and with economy.

The audit of BPDTS' annual accounts is undertaken by the National Audit Office on behalf of the C&AG. The NAO is independent of government and their purpose is to scrutinise public spending for Parliament.

Internal audit is provided by the Government Internal Audit Agency (GIAA) who will review policy and practice, process, compliance, administration, communication and training, quality, assurance and improvements.

The internal audit programme is undertaken in conformance with the Public Sector Internal Audit Standards (PSIAS).

Each of the Directors individually confirms at the date of approval of this report that:

- so far as the Director is aware, there is no relevant information of which the BPDTS auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant information and to establish that the BPDTS' auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

Loveday Ryder
Chief Executive and Accounting Officer
28 October 2020

03





Governance

Governance Statement

BPDTS Ltd was set up as a company limited by guarantee. The Secretary of State for Work and Pensions is the sole member of BPDTS.

BPDTS is an arm's length body of DWP and a non-departmental public body, with the Chief Executive Officer appointed as Accounting Officer with accountabilities and responsibilities delegated by DWP's Principal Accounting Officer. The CEO is also the Consolidation Officer for the purpose of Whole of Government Accounts. The Accounting Officer responsibilities are set out in the Framework Document and in HM Treasury's Managing Public Money. The Chief Executive has responsibility for day-to-day operations and has specific responsibilities for BPDTS employees.

BPDTS is committed to the principles contained in the UK Corporate Governance code issued by the Financial Reporting Council. The Board has had regard to the principles set out in the code insofar as they are appropriate to BPDTS as a non-departmental public body of DWP and given its size and how long it has existed.

Board composition

The composition of the Board remained consistent throughout the year and was not impacted by Covid-19.

The Board is responsible for setting company strategy, company risk appetite, approval of major items of expenditure and the establishment and monitoring of internal controls. It reviews the strategic direction of BPDTS and monitors its progress towards the achievement of its budgets and plan. The Board has sub-committees: the Audit, Risk and Assurance Committee (ARAC) and Remuneration Committee.

The Board met 9 times during the reporting period. ARAC met three times during the year. The Remuneration Committee met 5 times in the year. The meetings of the Board and sub-committees continued during Covid-19 via video conferencing and this did not impact on their decision-making ability. The table below shows the number of meetings compared to those attended by members.

Board Member	Board meetings attended	RemCo meetings attended	ARAC meetings attended
Loveday Ryder (Chief Executive & Accounting Officer)	9/9	5/5	3/3
Mal Singh (Chief Finance Officer)	9/9	5/5	3/3
Jeremy Moore (Chair & Non-Executive Director)	9/9	N/A	N/A
Valerie Gordon-Walker (Non-Executive Director)	9/9	5/5	N/A
Ian Wilson (Non-Executive Director)	8/9	N/A	3/3
Katie Kapernaros (Non-Executive Director)	9/9	4/5	N/A
John Osmond (Non-Executive Director)	9/9	N/A	3/3

Independent Voting Members	Board meetings attended	RemCo meetings attended	ARAC meetings attended
Debbie Alder (Independent Member appointed 1 April 2020)	N/A	5/5	N/A
Paul Greening (Independent Member appointed 8 Jan 2020)	N/A	N/A	1/1

BPDTS ensures that the Board and its sub-committees receive timely and relevant management information, comprehensive analysis and sound advice to facilitate informed decision making. Board and sub-committee papers are prepared with front pages outlining the purpose and with background summaries. The Board and its sub-committees have recognised and commended the high quality of presentations and paperwork throughout the year. The ARAC Chair recommended the risk policy is shared with the DWP Partnership team as good practice and the RemCom Chair commended the papers and the approach taken in resolving the pension deductions and the in-month pay calculations. The Head of Governance works closely with contributors to the Board to ensure the information being produced is of a high standard that meets the needs of the Board.

	BPDTS Board	Audit Risk and Assurance Committee	Remuneration Committee
Chair	Jeremy Moore	Ian Wilson	Valerie Gordon-Walker
Roles and Responsibilities	Responsible for overseeing the leadership and direction of BPDTS in delivering the aims and objective of the company	The BPDTS ARAC is a sub-committee of the BPDTS Board of Directors. The role of ARAC is to support the Directors and Accounting Office by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances	To oversee the design of, and recommend to the Board an overall remuneration policy and philosophy that is aligned with its business strategy, risk appetite and values
Issues Covered	<p>Reviewed and discussed performance at each meeting with a focus on key performance indicators that were outside of tolerance</p> <p>The Chief Finance Officer presented to the Board the financial position at each meeting</p> <p>Progress on the business plan was presented quarterly</p> <p>A Show and Tell has been held at each meeting (following the Board Effectiveness Review) where employees have presented to the Board details of key work areas and how they deliver for the customer.</p>	<p>Each meeting has reviewed the strategic processes for risk and control including risk appetite, risk evaluation and effectiveness of mitigating controls.</p> <p>The sub-committee oversees the handling of all internal and external audit matters. This included discussion around the findings and implementation of recommendations from both internal and external (NAO) audit reports</p> <p>Recommended to the Board to approve the annual report and accounts (2019/20)</p> <p>ARAC aligned with RemCom in considering the corrective action for the pension deduction work and the pay in month</p>	<p>The remuneration committee has considered all pay recommendations and agreed pay remit in line with HMT guidance</p> <p>Substantive discussions in relation to the pension deduction rectification work and the method of calculating pay in the months that employees join or leave the company</p> <p>Monitoring and assurance to resolve legacy payroll provider issues and TUPE risks</p> <p>Reviewing and agreeing future pay strategies e.g. apprenticeship salaries</p>

Board Effectiveness	The results of the Board Effectiveness survey at the September 2019 meeting		The results of the RemCom survey were discussed at the November 2019
	100% response rate providing assurance that the Board had a clear purpose, with defined roles	The results of the ARAC Effectiveness Checklist were discussed at the January 2020 meeting	The survey yielded positive results throughout with some suggestions that relate to clearer clarity between the roles of finance and HR when discussing pay roll issues. With the appointment of the Head of People, we have a joined-up approach with shared expertise and resource where required
	The Board committed to being more visible within BPDTS and inviting employees to present to the Board the work that they were doing and how they work with DWP	The survey affirmed the need for a third independent member, who was subsequently appointed in January 2020	
	These have proved to be highly successful, giving the Board a greater insight into the day-to-day operations and what great work BPDTS do to support DWP	To agree more formalised reporting to the Board, the Chair now provides a summary which highlights the outcome of internal and external audit reports and progress made on the management of strategic risks	Communication with Board members following the Committee meeting was highlighted as an area that could be improved. The Chair now provides a verbal update to the Board directly after each RemCom meeting
	Each Non-Executive Director also attended a new joiner event, so that they can see the employee induction process and meet face-to-face new members of the organisation		

The following section sets out the system of control that the Board and Accounting Officer have put in place and the assurances which they have received from the BPDTS Executive Team (see below) and from the internal audit service provided by the Government Internal Audit Agency, on how the system of control is operating. It concludes with the Accounting Officer's assessment of the effectiveness of the system of control and sets out any control issues which the Board judges to be significant.

System of control

BPDTS is principally governed by:

- Company law and the Articles of Association
- Agreements between DWP and BPDTS such as: Framework Agreement, Master Services Agreement, Support Services Agreement and Funding Facility Agreement
- The Accounting Officer's responsibility for BPDTS expenditure and management
- The BPDTS Board's collective responsibility for advice on strategic and operational issues, and for scrutinising and challenging policies and performance
- The system of control includes the Board sub-committees and work undertaken and supported by the BPDTS Executive Team, along with the control framework, which is supported by internal and external audit assurance processes.
- The control framework is intended to provide appropriate and proportionate safeguards, taking into account the accountabilities of BPDTS, its relationship with DWP and its place within the Department's strategic plans

The key elements of the control framework are articulated in the following table:

Control Area	Description	Risks Addressed	Accountability	Methodology
Business	Processes and controls for agreeing services and deliverables with DWP	Disruption in service and failure to fulfil demand for new services in a timely fashion	Head of Digital Delivery and Head of Digital Service Management enacted through the BPDTS Senior Leadership Team	Control is exercised through good management practice and stakeholder engagement supported by a robust framework of Key Performance Indicators and a high performing recruitment system
People	Processes and controls for joiners, leavers, line management, performance management, pay, allowances and staff engagement	Inability to induct successfully Inability to adapt to requirement variation Increased attrition through poor management of those awaiting assignment Declining utilisation rates Culture fragmenting	Head of Digital Delivery and Head of Digital Service Management supported by the Head of People and enacted through the BPDTS Senior Leadership Team especially working with the HR business partners	Control is exercised through Practice management, stakeholder engagement, Key Performance Indicators, clear corporate communications and governance assurance functions
Finance	Processes and controls for accounts payable and receivable, financial reporting, budgetary management and procurement	Inability to plan recruitment and investment Instability in financial forecasting Fraud Misuse of Public Funds	Accountability is through the Chief Financial Officer with support from Head of Digital Delivery and Head of Digital Service Management	Control is exercised through robust financial planning and consulting with DWP Digital Financial forecasting as well as digital practice leads to ensure our financial processes can remain adaptive but still deliver required assurances
Information Security	Processes and controls for the secure creation, use, storage and destruction of business information in compliance with UK Data Protection Act 2018 and General Data Protection Regulations (GDPR) which came into force in 2018	Inability to use DWP information safely, risk of fraud, of personal or citizen data breach or corporate espionage	Accountability is with the Head of Governance	Control is exercised through adherence to the InfoSec Policies of DWP for delivery on DWP systems and information, and through BPDTS' own policies of Corporate Information, all of which have been developed out of DWP policies and changed only where it is appropriate, necessary and beneficial to do so

The Executive Team

As Chief Executive and Accounting Officer, I am responsible for maintaining a robust system of internal control that helps us achieve our policies, aims and objectives, while safeguarding public funds and our assets. With my Executive Team, I run and manage BPDS, and ensure it is delivering services to the satisfaction of DWP.

Executive Team members have appropriate delegated management and risk management authority. They escalate risks which they cannot mitigate themselves or which may affect other business areas to Executive Team meetings, so as to reach a collective decision.

Executive Team	Role/Position
Loveday Ryder	Chief Executive and Accounting Officer
Mal Singh	Chief Finance Officer
Julian Balaam	Head of Engage
Clare Millington-Hume	Head of People
Richard McHugh	Head of Digital Delivery
Pete Dewfall	Head of Digital Service Management

Risk Management Framework

BPDTS provides the Board and sub committees with up-to-date and accurate information ensuring they have a clear oversight of the risks faced by BPDTS. The Executive Team regularly review and manage these risks aiming to mitigate the risk and preventing them from becoming an issue that inhibits the operations of BPDTS. Throughout 2019/20, we have used a risk management framework as the basis of managing strategic risks.

Strategic risks have been identified to support the delivery of the BPDTS Business Plan, highlighting risks that may hinder delivery and ensuring that there is robust mitigation in place. The risk appetite and register are presented to each Audit, Risk and Assurance Committee (ARAC) meeting, who, following a challenge session, recommend to the Board the risk appetite and register with any changes. The roles and responsibilities for the Board and Executive Team in relation to risk are shown below, providing clarity of the division of responsibility.

Roles, Responsibilities and Exercise of Duty

Board	Sets the risk appetite and ensures the risk management framework is appropriate and operating effectively	Exercised formally at Board meetings every 2 months, through the ARAC, plus bi-annual risk appetite review and strategic risk review
Executive Team (ET)	Implements risk management in BPDTS and is accountable for the management and mitigation of the strategic risks assigned to them for mitigation. The management of risk mitigation occurs through the BPDTS Executive Team activities and Business Plan milestones	Exercised fortnightly through ET team meetings and formally through ET strategy sessions every 2 months
Corporate Governance Team	Administers the Risk Management Framework. Provides challenge and experience on the effective management of risk in BPDTS and to work with external controls and compliance	Development and monitoring activity conducted day-to-day. Fortnightly reporting to the ET. Coordination of, and support to, the formal risk discussions at the ET, ARAC and Board

Risk appetite

This statement sets out how we balance risk and opportunity in pursuit of achieving our objectives. It forms a key element of our governance and reporting framework and is set by the board. ARAC reviewed the risk appetite in April 2020 and considered whether the Covid-19 outbreak required any elements of the statement to be revised. The Committee considered this and agreed that there was no change to the risk appetite.

Overarching statement	BPDTS is open about taking risks; nevertheless, we assess the likely impact and benefits each time, meaning we do not take every risk presented, we take decisions and prioritise based on cost, benefit, proximity and likelihood. We map risk management into our range of business plan deliverables to ensure transparency and accountability for the evolving picture
Reputation and credibility	We have a minimalist appetite for working in any way that may call into scrutiny the service relationship with DWP and the structure by which DWP commissions and accounts for the BPDTS services it requires
Operational and policy delivery	While the overriding operational approach is to be open in the consideration of risk versus benefit, it is notable that when it comes to being responsible for major operational failure, every effort is made to ensure BPDTS working practices do not compound the residual risks associated with DWP's operational systems
Financial/VFM	<p>We adopt a cautious approach to financial risk as a result of needing to ensure that the delivery of the organisation is fully aligned to the core business needs of the client. Where we are being any more dynamic, we remain within the scrutinised overhead parameters set with the Service Delivery Board, which necessarily constrains our risk appetite.</p> <p>We are averse to the risks of internal fraud and fraudulent behaviour and will maintain appropriately robust controls and sanctions to maximise prevention, detection and deterrence of this type of behaviour</p>
Compliance – legal/regulatory	We take a cautious approach to ensuring we remain compliant and are able to give the DWP the assurances that we will not be exposing them to unnecessary risk. This includes the Company's responsibilities under the Data Protection Act and the General Data Principles Regulations that we follow to protect the personal information that we hold

Assurance

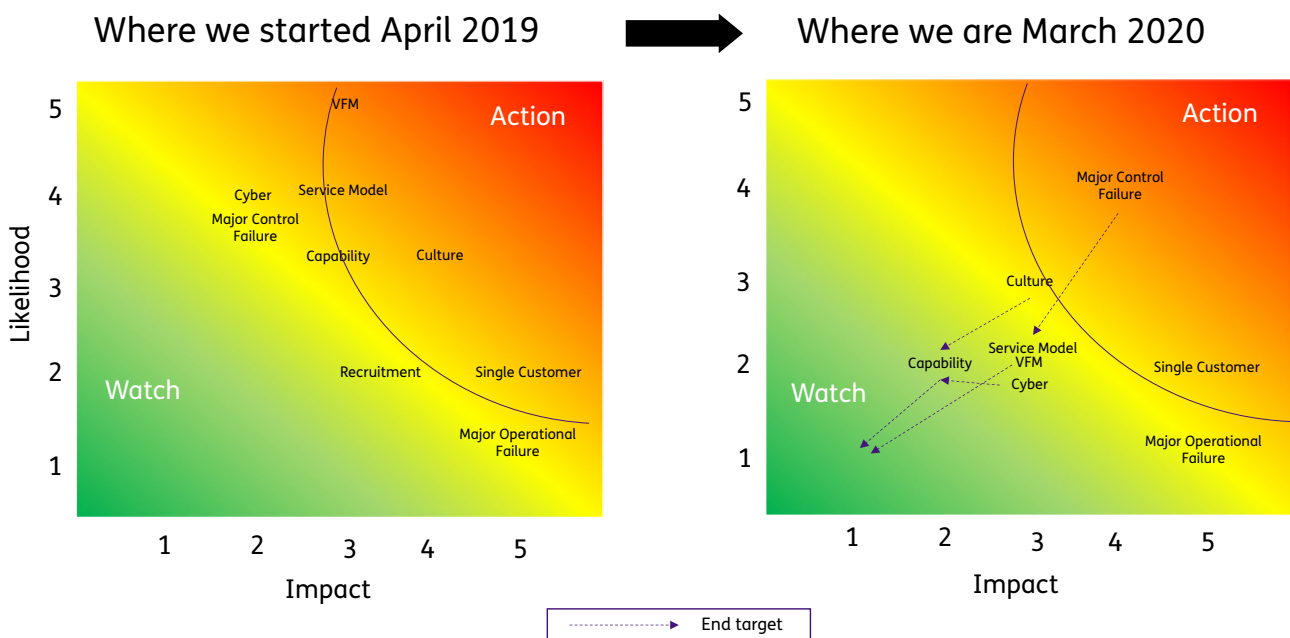
ARAC reviews the risk management framework and validates the Executive's practices and responses with Government Internal Audit Agency (GIAA) providing their internal audit assurance. The Corporate Governance Team regularly monitors and reviews the BPDTS risks and working with the Executive Team to ensure that the mitigation actions are proportionate and sufficient. We operate 3 lines of defence which provides a hierarchical system of assurance.

1st Line	Policy and working practices as well as operational management information and management monitoring	Report into Executive Team	Day-to-day activity
2nd Line	Governance, HR and finance teams supporting and challenging the first line, as well as refreshing and developing policy	Reporting into the Executive Team	Through Business Plan activity and Executive Team meetings
3rd Line	Internal Audit and external compliance reviews	Reporting into the executive owner of the relevant policy and process and into the ARAC	Informally through the day-to-day delivery of the audit plan and through the quarterly ARAC meetings

During the last quarter of the year there has been a focus on the process for managing and reporting risks to the Board and ARAC providing transparency of the progress that has been made between meetings to mitigate risks. A Head of Risk appointment has also been approved so that we can roll out across the organisation a single organisational approach to risk management which provides a clear mechanism for escalation. A review of BPDTS risk management was subject to an internal audit report who provided a moderate opinion.

Strategic Risks

BPDTS balances risk and opportunity in pursuit of achieving our objectives. It forms a key element of our governance and reporting framework and is agreed by the Board, which also reviews the risk appetite statement bi-annually. The diagram below highlights the progress made to mitigate the risks from the start of the year to the position at the end of the year. This provides a simple illustration of where we need to continue actively to mitigate risks and where we can adopt a watchful role. The Board has agreed that 2 risks, major control failure and culture, will continue to be mitigated in 2020/21.



Full details of the risks, mitigations and consequences as at 31st March 2020 are shown below.



People



Recruitment risk



Description of risk

Failure to continue to recruit people to the volume and quality required (less than 80% of total demand)

Causes

Inefficient recruitment process, lowering of recruitment standards, digital labour market runs dry, failure to retain existing staff

Potential consequences

Customer is unhappy with BPDS/route demand elsewhere, e.g., expensive consultancy

Mitigating actions

- Completed: Target service-related headcount
- Completed: Prompt customer feedback and action planning improvement
- Ongoing: Talent management and career pathways in place
- Ongoing: Continuous process improvement
- Ongoing: Reward framework operating

Changes in year

By September 2019, the high demand to recruit was reduced to a level that no longer required active mitigation at a strategic level



Culture risk



Description of risk

No positive single organisational culture

Causes

There are multiple terms and conditions and cultures being brought together into a single new organisation

Potential consequences

Dysfunctional behaviours in BPDS causing distrust, resentment and a split organisation

Mitigating actions

- Completed: Complete culture discovery work and agree programme of future work
- Ongoing: Adhere to Transformation Plan

Changes in year

A transformation plan is currently being embedded within the business. In 2020 we have made a visible commitment to cultural change and the priority being placed on it. This risk will continue to be monitored as we embed within the company a cultural transformation

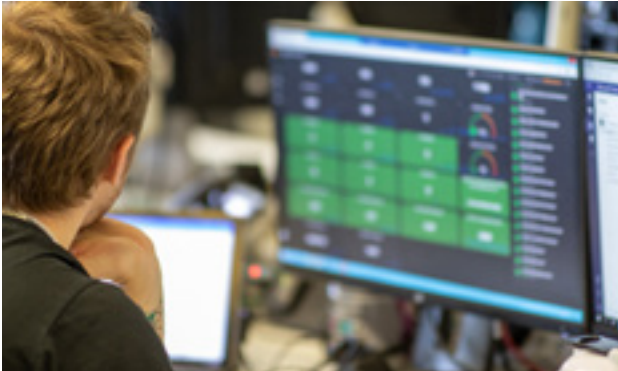
Key



Risk reduced



Risk increased



Capability risk



Description of risk

Fail to meet DWP demand for skills (DWP perceive that BPPTS services do not meet Digital, Data and Technology standards)

Causes

Low quality recruits, failure to retrain existing staff, lack of a culture to promote learning and development, service assurance not robust enough

Potential consequences

Customer is unhappy with BPPTS/route demand elsewhere, e.g., other providers

Mitigating actions

- Completed: First teams deployed with proven Reliability Engineering capability
- Completed: Span of control improvement
- Completed: Enhanced service catalogues
- Ongoing: Create capacity to enhance employee involvement in innovation
- Ongoing: L&D strategy/lead in place and operating to define development plans

Changes in year

We have enhanced the communities of practice to meet demand and enhance our services. The organisation has embraced a learning and development culture and accelerated the development of employees in the DDAT service enabling skills

Service Delivery



Major operational failure risk



Description of risk

That a major DWP operating system fails due to a reason connected to BPPTS, e.g., DWP pension system down for a week

Cause

Inherent risks in old DWP systems, human error

Potential consequences

DWP go elsewhere/wind up BPPTS, reputational damage

Mitigating actions

- Completed: Stress test existing controls
- Completed: Map resource levels and overtime costs
- Ongoing: Independent peer review processes compliant with Change Management guidelines
- Ongoing: Map deployments against systems assessed for priority and stability risks

Changes in year

Risk has reduced by expanding our knowledge of systems and high-risk deployments by providing targeted peer support and applying independent reviews

Governance



Cyber risk



Description of risk

Significant cyber breach

Causes

Inadequate process, lack of compliance, culture of non-compliance, overloading of existing staff

Potential consequences

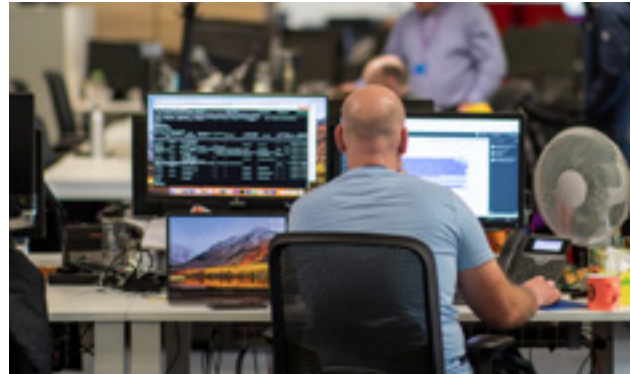
Loss of business. Fined. Reputational damage

Mitigating actions

- Completed: Maintain security awareness training
- Ongoing: Recruitment of information security/risk specialist

Changes in year

This risk has reduced as compliance of mandatory security training is monitored and completed through our self-service tool TARAHs. Recruitment of a risk specialist was delayed due to Covid-19



Major control failure risk



Description of risk

Significant control failure in finance or governance (major fraud £ms, breach of pay remit, 3rd party suppliers)

Causes

Inadequate process, lack of compliance, culture of non-compliance, overloading of existing staff

Potential consequences

DWP go elsewhere; additional DWP controls; reputational damage

Mitigating actions

- Completed: Improved engagement with the National Audit Office and Government Internal Audit Agency
- Completed: Whistleblowing policy
- Ongoing: Strengthen finance and governance teams
- Ongoing: Invest in compliance and contract management resource and systems

Changes in year

Following the NAO audit in 2018/19 which recommended improvements in BPDS payroll controls and internal audit processes, ARAC reviewed the risks in the area of major control failure, increasing the overall score. Significant effort has gone in to minimising this risk by implementing 2nd line of control and ensuring we have a 3rd line of defence. We have also recruited a Head of Risk and Compliance Manager and Officer. This risk will continue to be monitored

Finance and Planning



Value for Money (VFM) risk

Description of risk

Unable to demonstrate BPPTS VFM as an entity

Causes

Underlying VFM of proposition deteriorates, e.g., by failure to build high performance culture, lack of analytical and presentational skills

Potential consequences

DWP seek alternative supplier for services

Mitigating actions

- Completed: Deliver Service Management efficiencies
- Completed: Develop user-friendly KPI reporting
- Ongoing: Improve benchmark data
- Ongoing: Review the way services are managed to look for opportunities to make task management and control more robust

Changes in year

We have developed a more robust reporting methodology so that we report to all levels of the corporate management structure so that there is clear visibility of cost and performance. We continue to develop the 'Voice of the Customer' data so that we are alive to views and perception



Service Model risk

Description of risk

Operating business model does not sufficiently promote services

Causes

Competing challenges facing Digital Group lead to changes in business model or non-compliance with agreed model

Potential consequences

Affordability and perceived VFM of BPPTS for DWP deteriorates

Mitigating actions

- Ongoing: Review compliance model
- Ongoing: Review model considering changing digital demands in support of the Tailored Review

Changes in year

By understanding the scale of gaps and blockers we are achieving the agreed and the idealised business model



Single Customer risk



Description of risk

Major change in business demand

Causes

Digital budgetary cuts or change in delivery strategy lead customer to terminate some services

Potential consequences

Runaway attrition beyond those directly affected, reputation damage, recruitment difficulty, need to find alternative customer or consider redundancies

Mitigating actions

- Completed: Engagement with DWP Digital Strategic meetings and initiatives
- Completed: Develop processes allowing all staff to act as 'sensors'
- Ongoing: Work with DWP finance to understand spending review response

Changes in year

Regular meetings with DWP Digital have been diarised which captures changes in strategic direction and BPPTS employees are fully embedded in to DWP teams working as one cohesive team. While the impact of the risk materialising remains high, we have mitigated the likelihood to a minimum level



The culture and major control failure risk will continue to be actively managed in 2020/21 to further mitigate the risks. Major Control Failure is the only strategic risk that is not within the Board's agreed risk appetite tolerance.

In March 2020, BPDTS responded to Covid-19, introducing the Government's advice of where possible people should work from home and responding to the changes in priorities from DWP. Taking a risk-based approach, we developed and managed 15 risks at Executive Team level, which in turn were reported to ARAC and the Board. The Covid risks have also been shared with the Service Delivery Board ensuring transparency with our customer. In addition to the management of risk, BPDTS developed daily data reporting showing how employees were impacted by Covid, either through self-isolating, school closures or sickness and tracking this through to which parts of the operations were affected. This was shared daily with DWP Digital and weekly with DWP Partnership team.

Assurance about the operation of the system of control

As Accounting Officer, I have the responsibility for reviewing the effectiveness of the system of internal control. The executive managers keep me informed of the systems and processes that are in place and report any incidents through Executive Team meetings and where appropriate via ARAC. The processes that we have in place to ensure that we are able to provide assurance through our reporting are subject to continuous improvement and review to ensure that they are current, effective and relevant.

In addition, the Board and I gain assurance through:

- up-to-date and comprehensive reports on performance and finance at all Board meetings
- we have introduced greater rigour in the monthly meetings that we have with 3rd party providers which are minuted
- ARAC overseeing the adequacy and effectiveness of the risk management processes with a full risk register presented at each meeting.

Over the course of the year we have introduced a number of actions to mitigate the risks that were highlighted by the NAO. These include:

- additional sample checking of the payroll on a monthly basis to minimise the risk of further payroll issues
- a joint approach between finance and HR teams to ensure that we accurately assess and ensure the completeness of the pay envelope with regular internal checks to ensure the accuracy of payments
- roles and responsibilities have been clearly defined to support the audit
- introduced an automatic end of month and year end accrual basis to ensure that journals show correct balances
- monthly checks are carried out by the finance team to ensure that the pension contributions are being made correctly
- specific resources dedicated to compliance who are developing clear statements of control, based on risk assessments, across the organisation. This strengthens our first and second lines of defence
- during 2019 the company identified that pension deductions may not have been transferred promptly to the pension provider. It also identified that there was an issue with the method of calculating pay in the month that employees join and leave the company
 - working with our payroll, pensions provider and broker a comprehensive programme of activity was put in place to identify the errors and to rectify them. All members were put back into the position they should have been had no error occurred. Our payroll provider implemented new processes to provide assurance and minimise the risk of repeat errors. The Terms of Reference of the Pensions Oversight Administration Committee has been strengthened to enable a greater level of scrutiny by the company

- the company is also satisfied that the method of calculating pay in the month that employees join and leave the company is now operating correctly. All errors have been corrected with individual staff. The Government Internal Audit Agency (GIAA) conducted an independent review and was satisfied with the actions taken.
- the company, as part of managing a key risk to prevent major control failure, has strengthened its capacity and capability to ensure that we are able to administer sufficiently our 1st and 2nd lines of defence

Internal audit

The third line of defence, which includes Internal Audit, collectively forms a view of the robustness of the design and operations of the systems of control that are in place. These controls are subject to our internal audit programme. Significantly this year the programme included a review of our risk approach and at the request of BPDTS an assessment of controls for payroll and pension

ARAC has taken assurance from the conclusions of internal audit reviews. It has also taken assurance by making enquiries of management in relation to subjects such as financial controls, risk management, whistleblowing and fraud.

In 2019/20, our internal auditors (GIAA) carried out a programme of audits across the business.

They undertook audits on:

- Change Management
- Cyber
- Workforce Planning
- Culture
- Risk Management
- HR and Financial Control – payroll/pension

Agreed actions and timeline for each recommendation has been agreed and there are no overdue outstanding actions.

Fraud and Whistleblowing

In the course of the year there were no recorded incidents of fraud which were in excess of the reporting threshold. There have been two whistleblowing cases raised under the BPDTS Speaking Up Policy which have been concluded with no further action required.

Assurance Opinion of the Head of Internal Audit

The Head of Internal Audit, Robert Evans, provides independent assurance to our CEO and the Board (via the Audit and Risk Assurance Committee – ARAC). This includes audit and advisory engagements, which help us improve our risk management, control and governance.

“I am providing an overall **MODERATE** opinion on the framework of governance, risk management and internal control within BPDTS Limited for 2019-20 (2018-19: Moderate). In reaching this opinion, I have carefully considered the outcome of audits conducted during the year, the status of outstanding audit recommendations, and discussed my observations with management; I have also taken into consideration the one case reviewed by Counter Fraud & Investigations, which resulted in no case to answer and no further action.

The ‘back office’ provider made errors in pension and payroll calculations resulting in under and overpayments. BPDTS Management brought in an independent supplier to establish the extent and provide assistance to the 3rd party to resolve the pension issues. Internal Audit provided some consultancy support to BPDTS management to review the effectiveness of the steps taken by 3rd party to correct the payroll errors. The scale of these was smaller than originally anticipated and, as such, I do not consider that this has had significant impact on my decision to award an overall

moderate assurance opinion; particularly as these were 3rd party errors which have been dealt with effectively by BPDTS Management.

BPDTS continues to make progress in its governance, risk management and control arrangements. There has been an increase in audit reviews given a **Moderate** assurance opinion (2019-20: 75% v 2018-19: 50%). Overall, there has been greater organisational maturity across BPDTS in 2019-20. The company has invested heavily in creating a more unified **culture** to reduce perceptions of a 2-tier work force and improve staff retention. Operationally, BPDTS continue to provide a good quality service to DWP and exceeded its performance targets in **change management** with minimal failed changes. BPDTS has limited **Cyber** risk exposure due its dependency on DWP for the provision, management and monitoring of its operational systems. **Risk management** arrangements have also improved in the latter half of the year – suitably qualified and experienced staff have been appointed to better manage this area, the strategic risks and risk appetite have been reviewed and agreed by management, approved by ARAC members.”

Robert Evans
Head of Internal Audit

As Chief Executive I am pleased to report significant improvement has been carried out in both financial controls and our risk management framework during this period. I am satisfied that we have effective governance, risk management and assurance arrangements in place as set out in this statement. Arrangements are kept under continuous review to adapt to our changing risk environment.

I am satisfied that the strategic risk that we carry forward into 2020/21: major control failure and culture are being managed effectively. I am also satisfied with how we manage and implement recommendations from both Internal Audit and the National Audit Office.

Loveday Ryder
Chief Executive and Accounting Officer
28 October 2020



04





Finance

Statement of Directors' and Accounting Officer's responsibilities in respect of financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of BPDTS and of the profit or loss for that period.

In preparing the accounts BPDTS is required to comply with the requirements of the Companies Act 2006 and the Financial Reporting Manual (FReM) and in particular to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- Make an assessment of the entity's ability to continue as a going concern;
- Make judgements and estimates on a reasonable basis

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain BPDTS transactions and disclose with reasonable accuracy at any time the financial position of BPDTS and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors are also responsible for safeguarding the assets of BPDTS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board of Directors and is signed by the Accounting Officer, who is also a Director, on behalf of the Board of Directors.

The Principal Accounting Officer for Work and Pensions has designated me, a Director and Chief Executive Officer, as Accounting Officer for BPDTS Ltd.

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 BPDTS assets, are set out in Managing Public Money, published by HM Treasury.

I confirm that this annual report and accounts 2019/20 is, as a whole, fair, balanced and easy to understand. I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Loveday Ryder
Chief Executive and Accounting Officer
28 October 2020

Remuneration and staff report

The Board set up a Remuneration Committee to plan the pay strategy for BPDTS. The BPDTS pay strategy is implemented within an annual pay remit, signed off by the Accounting Officer, approved by the Secretary of State and agreed by the Treasury.

Remuneration of Directors

The Board is appointed by the Secretary of State for Work and Pensions. All Executive Directors in the reporting period were senior civil servants whose remuneration, like that of other senior civil servants, is set by the Prime Minister following independent advice from the Senior Salaries Review Body. Details are available on www.gov.uk

Loveday Ryder (CEO) was appointed on secondment for eighteen months (extended to thirty-six months) and is a civil servant employed by the Ministry of Justice. The CEO salary is charged at 100% to BPDTS Ltd.

Mal Singh (CFO) is a civil servant employed by DWP, appointed on secondment to BPDTS. All of Mal Singh's salary is recharged by DWP to BPDTS. Paul Greening (former CFO) was a civil servant employed by DWP, appointed on secondment to BPDTS. All of Paul Greening's salary was recharged by DWP to BPDTS.

The dates of appointment and contract lengths of the Directors are given in the Directors' Report above.

Executive Directors' pay

This information was subject to audit

Directors' remuneration								
	2019/20				2018/19			
	Salary	Bonus Payments	Pension Benefits ⁴	Total Remuneration	Salary	Bonus Payments	Pension Benefits ⁴	Total Remuneration
	£000	£000	£000	£000	£000	£000	£000	£000
Loveday Ryder ¹ Chief Executive	105-110	5-10	45	160-165	105-110	-	45	150-155
Mal Singh ² Chief Financial Officer (appointed 1 Apr 19)	80-85	-	22	105-110	-	-	-	-
Paul Greening ³ Chief Financial Officer (Retired 31 Mar 19)	-	-	-	-	80-85	-	8	90-95

The salaries stated above are solely for the period in the year when an individual served as Director for BPDTS Ltd. Bonus payments for the period are as per the table (2018/19 - Nil)

¹ Loveday Ryder's salary is charged out by Ministry of Justice to BPDTS Ltd on a 100% recharge basis including gross salary, National Insurance and pension costs.

² The cost of Mal Singh's salary is charged out by Department for Work and Pensions to BPDTS on an average salary basis. This includes gross salary, National Insurance, pension contributions and an additional 5% uplift for associated overheads. This meant that in 2019/20 BPDTS paid a total of £126k for Mal Singh's services.

³ The cost of Paul Greening's salary was charged out by Department for Work and Pensions to BPDTS on an average salary basis. This includes gross salary, National Insurance, pension and an additional 5% uplift for associated overheads. This meant that in 2018/19 BPDTS paid a total of £126k for Paul Greening's services. Paul Greening retired as an Executive Director (and stepped down as a company director) on 31st March 2019. Paul Greening subsequently was appointed as an Independent Member of ARAC in January 2020.

⁴ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Salaries include:

- gross salary
- reserved rights to London weighting or London allowances
- any other allowances and contracted expenses to the extent that they are subject to UK taxation.

Paul Greening retired on 31 March 2019 and no compensation payment was made.

Executive Directors' pensions

This information was subject to audit

Directors' pensions – year ended 31 March 2020

	Real increase in pension and related lump sum at pension age	Accrued pension at pension age – as at 31 March 2020 and related lump sum	CETV at 1 April 2019	CETV at 31 March 2020	Real increase in CETV (cash equivalent transfer value)
	£000	£000	£000	£000	£000
Loveday Ryder Chief Executive	2.5-5	25-30	368	415	24
Mal Singh Chief Financial Officer	0-2.5 plus a lump sum of 2.5-5	35-40 plus a lump sum of 115-120	854	924	22

Directors' pensions – year ended 31st March 2019

	Real increase in pension and related lump sum at pension age	Accrued pension at pension age – as at 31 March 2019 and related lump sum	CETV at 1 April 2018	CETV at 31 March 2019	Real increase in CETV (cash equivalent transfer value)
	£000	£000	£000	£000	£000
Loveday Ryder Chief Executive (appointed 22 Jan 2018)	2.5-5	25-30	297	368	23
Paul Greening Chief Financial Officer (appointed 21 Nov 2016)	0-2.5 plus a lump sum of 0-2.5	35-40 plus a lump sum of 110-115	831	916	8

All Executive Directors are members of the Civil Service pension schemes.

Non-Executive Directors' pay

This information was subject to audit

Non-Executive Directors' remuneration and pension arrangements – 2019/20

	Salary £000	Pension Benefits £000	Total Remuneration £000
Ian Wilson Non-Executive Director (appointed 1 Jun 2018)	0-5	-	0-5
Valerie Gordon-Walker Non-Executive Director (appointed 1 Jan 2019)	0-5	-	0-5
Jeremy Moore Chair & Non-Executive Director (appointed 1 Jan 2019)	5-10	-	5-10
John Osmond Non-Executive Director (appointed 1 Feb 2019)	0-5	-	0-5
Katie Kapernaros Non-Executive Director (appointed 1 Feb 2019)	0-5	-	0-5

Independent Voting Members remuneration and pension arrangements – 2019/20

Paul Greening Independent Member ARAC (appointed 8 Jan 2020)	0-5	-	0-5
Debbie Alder Independent Member RemCom (appointed 1 April 2019)	Salary paid by Department for Work and Pensions	As part of their employment	-

Non-Executive Directors' remuneration and pension arrangements – 2018/19

	Salary £000	Pension Benefits £000	Total Remuneration £000
Ian Wilson Non-Executive Director (appointed 1 Jun 2018)	0-5	-	0-5
Valerie Gordon-Walker Non-Executive Director (appointed 1 Jan 2019)	0-5	-	0-5
Jeremy Moore Chair & Non-Executive Director (appointed 1 Jan 2019)	0-5	-	0-5
John Osmond Non-Executive Director (appointed 1 Feb 2019)	0-5	-	0-5
Katie Kapernaros Non-Executive Director (appointed 1 Feb 2019)	0-5	-	0-5

Helen John Non-Executive Director (resigned 28 Mar 19)	Salary paid by Department for Work and Pensions	As part of their employment	-
Claire Johnston Non-Executive Director (resigned 23 Aug 18)	Salary paid by Government Legal Department	As part of their employment	-
*Debbie Alder Non-Executive Director (resigned 28 Mar 19)	Salary paid by Department for Work and Pensions	As part of their employment	-
Mayank Prakash Non-Executive Director (resigned 31 Dec 18)	Salary paid by Department for Work and Pensions	As part of their employment	-
*Debbie Alder resigned as a Company Director on 28 March 2019 and on 1st April 2019 was appointed as an Independent Member of the Remuneration Committee.			

The actual salary paid in year and full-year equivalent are contained within the same banding.

No compensation payments were made by BPDTS to the four Non-Executive Directors who resigned during 2018/19.

All Non-Executive Directors performing duties for BPDTS as part of their employment for Department for Work and Pensions and Government Legal Department were members of the Civil Service pension scheme with the respective employers. All Non-Executive Directors did not have access to the BPDTS pension scheme.

Remuneration of employees

Remuneration of employees is set by the Board on the advice of the Remuneration Committee.

Fair pay disclosure

This information was subject to audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid Director in their organisation and the median remuneration of the organisation's workforce.

Year	Pay band of highest paid Executive Director	Median total pay	Ratio
2019/20	£115,000-£120,000	£43,448	2.70:1
2018/19	£105,000-£110,000	£39,957	2.69:1

The total pay band of our highest-paid Director during 2019/20 was £115-120k (2018/19 - £105k-110k) per annum (full year equivalent). This was 2.70:1 times (2018/19 - 2.69:1) the median pay of the workforce, which was £43,448k (2018/19 £39,957). The ratio has remained very similar in 2019/20 to that of the prior year with a similar increase in remuneration for that of the highest paid director and the workforce of BPDTS.

The 2018/19 median total pay and associated ratio have been restated in the table above to include performance related bonus payments.

In 2019/20 no permanent member of staff was paid more than the highest-paid director, as was the case in 2018/19. BPDTS does not have "pay bands". Salary rates ranged from £15,000-£20,000 to £115,000-£120,000 (£15,000-£20,000 to £105,000-£110,000 in 2018/19).

In 2019/20 ten agency workers were paid at annualised rates that were in excess of the pay of our highest paid director. Remuneration ranged from £120k to £187k per annum (2018/19 - fourteen agency workers in the range of £110k to £187k).

Total pay includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Staff costs

Staff costs in the year ending 31 March 2020 and 2019 are as follows:

Item	31 March 2020 £000	31 March 2019 £000
Wages and salaries	45,930	25,329
Contractors	7,922	11,098
Social security costs	4,975	2,696
Pension costs	3,485	1,946
Directors' salary recharges	290	301
Total staff costs	62,602	41,370

Consultancy costs

Expenditure on consultancy in 2019-20 was £82k (2018-19: £88k).

Pension costs

BPDTS makes contributions to its own BPDTS workplace pension scheme. For 2019/20, employer contributions of £2,883k (2018/19 – £1,473k) were payable to the BPDTS workplace pension scheme.

Employer contributions payable to the CSPA under the 2013 New Fair Deal policy for 2019/20 were £602k (2018/19 - £473k).

Civil service and other compensation schemes – exit packages

There were no civil service and other compensation schemes exit packages agreed by BPDTS during the reporting period ended 31 March 2020 (prior period ending 31 March 2019 – no exit packages in year).

Pension schemes

Aviva pension scheme

Most BPDTS employees are members of a defined contribution workplace pension scheme, set up by BPDTS and operated by Aviva under a Master Trust. BPDTS meets its obligations under automatic enrolment legislation and provides a generous employer contribution for employees joining the Aviva scheme.

Under the Aviva scheme, employee and employer contributions as a percentage of salary are as follows:

Employee contribution	Employer contribution
3%	6%
4%	8%
5%	10%
Over 5%	10%

Civil Service Pension Schemes

Some employees of BPDS and all civil servants seconded to BPDS are members of the civil service pension schemes.

From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Before that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS).

The PCSPS has 4 sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022.

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3.8% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha.

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' initial 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 for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos a member builds up a pension based on his or her 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 Pensions Increase legislation.

Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Staff data

The average number of people employed and engaged (or contracted) during the period of economic activity was as follows:

This information has been subject to audit.

Period	Item	Employees	Engaged	Total
Period ended 31 March 2020	Average number of people employed and engaged	928	82	1010
Period ended 31 March 2019	Average number of people employed and engaged	572	119	691

Staff composition and policies

As headcount growth has levelled off in the organisation, our focus has been on streamlining and maturing our employee policies. We are particularly focusing on the tone and essence of our advice so that it mirrors the culture we are aspiring to create. Our policies will be easy to access and understand for both managers and staff and will align to best practice. We also want to reduce the number of policies we have and instead prepare practical guidance for people that is pragmatic, easy to digest and can be flexed as the organisation continues to develop.

Group	2019/20			2018/19		
	Male	Female	All	Male	Female	All
Directors (including NEDs)	4	2	6	3	2	5
SCS Equivalent	2	1	3	2	0	2
All employees (excluding SCS)	755	182	937	654	144	798

Data as at 31 March. Secondees from other government departments and contractors are excluded from these figures.

Off-payroll engagements

The tables below set out the off-payroll arrangements in BPDTS for the reporting period. Following a change to the Intermediaries legislation on 6 April 2017, BPDTS now undertake assessments for all off-payroll workers that are engaged via an intermediary.

Table 1: All existing off-payroll engagements, as at 31 March 2020, that were paid more than £245 per day and that lasted longer than 6 months	2019/20
No. of existing engagements as of 31 March 2020	34
Of which	
No. that have existed for less than one year at time of reporting.	2
No. that have existed for between one and two years at time of reporting.	5
No. that have existed for between two and three years at time of reporting.	10
No. that have existed for between three and four years at time of reporting.	17
No. that have existed for four or more years at time of reporting.	0

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months	2019/20
No. of new engagements, or those that reached six months between 1 April 2019 and 31 March 2020	4
Of which	
No. assessed as caught by IR35	4
No. assessed as not caught by IR35	0
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year.	4
No. of engagements that saw a change to IR35 status following the consistency review	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020	2019/20
No. of off-payroll engagements of board members, and/or senior officials with significant responsibility, during the financial year.	-
Total no. of individuals on payroll and off-payroll that have been deemed “board member, and/or, senior officials with significant responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.	-

Sickness data

Our data is based on an average of 928 staff from 1 April 2019 to 31 March 2020, 572 staff from 1 April 2018 to 31 March 2019 and 399 staff from 1 April 2017 to 31 March 2018.

For the period below our data on sickness shows the following:

	Working days	Days lost to sickness	Average Working Days Lost (annual equivalent)
Year ended 31 March 2020	241,425	3,581	3.86
Year ended 31 March 2019	148,460*	3,193	5.59

*Working days was not reduced for bank holidays or annual leave for the year 2018/19, but has been for 2019/20. The overall headcount increased in 2019/20 by 62% whilst the average number of days lost per person has reduced considerably.

Diversity and inclusion

In BPDTS we value diversity and are committed to equality within our workforce. We want BPDTS to be a place where everyone is valued, respected, treated fairly and with dignity. We have prioritised work within this area: we have successfully recruited and trained staff volunteers as Mental Health First Aiders, also a number of behaviour champions; we have developed and launched a Transgender policy; training for managers on Diversity and Inclusion, Mental Health Awareness; and Autism.

BPDTS is proud to have attained Time to Change Employers pledge, which is a commitment to mental health at work. We continue to hold level 2 accreditation for Disability Confident, a scheme designed to help organisations to recruit and retain disabled people and people with health conditions, to benefit both the individual and the organisation.

In March, we published our third gender pay gap report. At 5.5% our mean gender pay gap between men and women is significantly smaller in comparison with many other digital and technology companies. This represents a reduction in the gender pay for ordinary pay since last year from 8.1% to 5.5%.

BPDTS has a median gender pay gap at 0.2% this represents a positive a reduction in the gender pay gap for ordinary pay from 1.7%. We are continuing to take positive steps to monitor and positively address the Gender Pay Gap by promoting our 'Women in Digital Group', which has been established to encourage women to consider a career in digital. We run events, blogs and lunch and learns taking a proactive approach to this agenda.

As part of our recruitment training, our hiring community has undertaken unconscious bias training. We actively monitor applicants that we attract (e.g. Gender/BAME/LGBTQ/Disability), to check our strategy is encouraging diversity of applicants to apply to work with us. Co-mentoring is being developed by BAME Group together with the Executive Team.

Career pathways and learning and development is actively encouraged and open to all, promoting senior progression of women in BPDTS. There are also good numbers of senior female role models. Policies use gender neutral language, and we have promoted family friendly policies, and encourage applications of a part time, jobsharer and full-time basis.

Loveday Ryder

Chief Executive and Accounting Officer

28 October 2020

Auditor's Report

The certificate and report of the Comptroller and Auditor General to the Members of BPDTS Ltd

Opinion on financial statements

I certify that I have audited the financial statements of BPDTS Ltd for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity and the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2020 and of the net operating income for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006

Emphasis of Matter

I draw attention to the disclosures made in Note 1.5 and Note 15 of the financial statements which explain that the financial statements have been prepared on a basis other than going concern for the reasons set out in those Notes. My opinion is not modified in respect of this matter.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'.

My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016.

I am independent of BPDTS Ltd in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the directors and accounting officer for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities in respect of financial statements, the directors and accounting officer are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error
- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BPDTS's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Conclude on the appropriateness of BPDTS Ltd's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BPDTS Ltd ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

Management is responsible for the other information. The other information comprises information included in the Strategic Report, Directors' Report, Governance Statement and Remuneration and Staff Report, but does not include the parts of the Remuneration and Staff Report described in that report as having been audited, the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns or
- I have not received all of the information and explanations I require for my audit or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

2 November 2020

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements

Statement of Comprehensive Income

for the year ended 31 March 2020

	Note	year end 31 March 2020 £000	year end 31 March 2019 £000
Operating income		73,549	51,842
Operating expenditure			
Staff costs	2	(62,602)	(41,370)
IT support and service costs	3	(2,437)	(2,707)
Non IT support services	4	(3,963)	(5,328)
Depreciation, amortisation and impairment	8 & 9	-	(482)
Other expenditure	5	(4,244)	(1,887)
Total operating expenditure		(73,246)	(51,774)
Corporation Tax	7	(303)	(68)
Net operating income		-	-
Other comprehensive income	-	-	-
Net gain on revaluation of intangible assets	9	-	-
Total comprehensive income for the year end 31 March 2020	-	-	-

The notes on pages 65-76 form part of these financial statements.

Statement of Financial Position

for the year ended 31 March 2020

	Note	year end 31 March 2020 £000	year end 31 March 2019 £000
Non-current assets			
Property, plant and equipment	8	-	-
Intangible assets	9	-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	10	8,185	13,240
Cash and cash equivalents	11	10,208	7,924
Total current assets		18,393	21,164
Total assets		18,393	21,164
Current liabilities			
Trade and other payables	12	(8,342)	(10,560)
DWP loan	13	(10,000)	-
Provisions	14	-	(553)
Total current liabilities		(18,342)	(11,113)
Total assets less current liabilities		51	10,051
Non-current liabilities			
DWP loan	13	-	(10,000)
Total non-current liabilities		-	(10,000)
Total assets less total liabilities		51	51
Equity			
Revaluation Reserve		51	51
General Reserve		-	-
Total equity		51	51

As the Company is limited by guarantee, it has no share capital.

The notes on pages 65-76 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 28 October 2020, and were signed on its behalf by:

Loveday Ryder

Chief Executive and Accounting Officer

28 October 2020

Company registered number: 10344843

Statement of Cash Flows

for the year ended 31 March 2020

	Note	year end 31 March 2020 £000	year end 31 March 2019 £000
Cash flows from operating activities			
Net operating income		-	-
Adjustments for:			
Depreciation	8	-	244
Amortisation	9	-	43
Impairments	8	-	195
(Decrease)/increase provision	14	-	(99)
Use of provisions	14	(553)	(7,269)
(Increase)/decrease in trade and other receivables	10	5,055	(8,090)
(Decrease)/increase in trade and other payables	12	(2,218)	3,595
Net cash inflow/(outflow) from operating activities		2,284	(11,381)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	-	-
Purchase of intangible assets	9	-	-
Receipt of shareholder loan	13	-	-
Net cash inflow/(outflow) from investing activities		-	-
Cash flows from financing activities			
Net cash inflow/(outflow) from financing activities		-	-
Net increase/(decrease) in cash in the period		2,284	(11,381)
Cash at the beginning of the period		7,924	19,305
Cash at the end of the period		10,208	7,924

The notes on pages 65-76 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2020

	General Reserve £000	Revaluation Reserve £000	Total £000
Balance at beginning of year	-	51	51
Net operating income for the year	-	-	-
Net gain on revaluation of intangible assets	-	-	-
Balance at end of year	-	51	51

for the year ended 31 March 2019

Balance at beginning of year	-	51	51
Net operating income for the year	-	-	-
Net gain on revaluation of intangible assets	-	-	-
Balance at end of year	-	51	51

As the Company is limited by guarantee, it has no share capital.
The notes on pages 65-76 form part of these financial statements.

Notes to the Accounts

Note 1: Statement of accounting policies

1.1 General Information

BPDTS Limited (“BPDTS” or “the Company”) is a company that is limited by guarantee and is incorporated and domiciled in the United Kingdom. The Company is registered in England at the following address: Caxton House, Tothill Street, London, United Kingdom, SW1H 9NA.

The Company is wholly owned by the Secretary of State for Work and Pensions. The Company’s principal activities are the provision of information technology and IT security services to the Department for Work and Pensions (DWP).

BPDTS was incorporated on 24 August 2016 and commenced trading on 1 December 2016. The period covered by these accounts is 1 April 2019 to 31 March 2020.

1.2 Basis of preparation

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£’000) except when otherwise indicated.

The financial statements have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as appropriate, the 2019/20 Government Financial Reporting Manual (FReM) and any other guidance issued by HM Treasury, where these disclosure requirements go beyond those of the Companies Act 2006.

Where IFRS permits a choice of accounting policy, the Company has selected the accounting policy that is the most appropriate to provide a true and fair view. The policies the Company has adopted are set out below. They have been consistently applied in dealing with items that are considered material to the accounts.

1.3 Accounting standards, interpretations and amendments

IFRS 16 was effective for annual reporting periods beginning on or after 1 January 2019. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The new standard amends the accounting for lessees, removing the distinction between recognising an operating lease (off balance sheet) and a finance lease (on balance sheet). The new standard requires recognition of all qualifying leases on balance sheet.

The directors have assessed that the introduction of this standard does not have a material impact on the financial statements of the Company for 2019/2020. The Company has reviewed its contracts to identify any that may contain a lease arrangement. The estates agreement with the DWP does not fall within the definition of a lease for IFRS 16 purposes and the IT agreement with the DWP is deemed to fall under the exemption for leases of low-value underlying assets.

1.4 Accounting convention

These financial statements have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, and intangible assets.

1.5 Going Concern

Following the publication of the Tailored Review report and recommendations of BPDTS Ltd on 29th September 2020, BPDTS will cease trading on 30th June 2021 and a single, digital function within DWP will be created. The financial statements have therefore been prepared on a basis other than that of a going concern. Further detail of the basis for preparation of the financial statements is detailed in note 15.

1.6 Areas of judgement and estimation techniques

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenditure. Actual results may differ from those estimates. Areas of judgement include non-current asset revaluations, depreciation and amortisation periods, provisions and impairments.

The company's judgements in interpreting IFRS 16 requirements in relation to estates and IT costs could be considered to be significant for 2019/20 and have therefore been considered as a separate significant judgement, due to the fact the values are material. Further detail of the director's assessment in relation to IFRS 16 is detailed in note 1.3.

1.7 Revenue Recognition (Income)

From 1 April 2018 we adopted IFRS 15 (Revenue from Contracts with Customers). There has been no impact on our financial statements as a result of adoption.

All income is generated directly from services to DWP and is recognised in the Statement of Comprehensive Income on an accruals basis net of VAT. The impact of IFRS 15, Revenue from Contracts, which has been assessed against the 5 step model, is outlined below:

The Master Services Agreement (MSA) is the contract between the company and its sole customer, DWP. The agreement meets the criteria listed in the Standard and is an agreement that creates enforceable rights and obligations.

BPDTS Ltd deliver a series of IT Services to DWP under the Master Services Agreement (MSA) through the use of Service Orders. These Service Orders form the performance obligations under IFRS 15. The services are provided to DWP at full cost recovery including overheads, and all income received from DWP is allocated centrally under the terms of the Master Services Agreement (MSA).

DWP simultaneously receives and consumes the IT services provided by the company as it performs. The satisfaction of the performance obligations is mainly measured via analysis of the labour hours consumed in their delivery. The company satisfies the performance obligations, while the control of the services remains with DWP. Therefore, there is no change in the recognition of income from prior years under IFRS 15.

Invoices for services are raised monthly in arrears, providing detailed management information on the IT services delivered. DWP pays the invoice within 15 working days from receipt of the invoice. Where the invoice has not been raised but service has been provided by the year end, an estimated charge will be included as accrued income. The company invoices DWP through a ratecard that is designed to fully recover all BPDTS operating costs including overheads. They do impact the Statement of Financial Position as receivables, if there are any outstanding amounts at the year end.

1.8 Property, plant and equipment

Property, plant and equipment (PPE) are initially measured at cost. Subsequently PPE are stated at depreciated historical cost as a proxy for fair value. Where material the Company re-values PPE in accordance with IAS 16.

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Where appropriate, items are pooled. The following thresholds apply:

Information technology hardware, and software	£1,000
Other tangible assets	£5,000

All expenditure on repairs and maintenance is charged to the SoCI during the financial year in which it is incurred. BPDTS uses DWP IT hardware and pays a nominal cost via the IT Support Services Agreement.

1.9 Intangible assets

Whether the Company acquires intangible assets externally or generates them internally, they are valued initially at cost, with subsequent valuation at fair value. Where an active market exists for the asset, it is carried at a revalued amount based on market value at the end of the reporting period. Where no active market exists the assets are revalued using appropriate indices to reflect depreciated replacement cost as a proxy for fair value.

Purchased software licences

Software licences and applications are capitalised at cost as intangible assets, if they are in use for more than one year and cost more than £1,000. They are subsequently revalued using the most recent Office for National Statistics published indices as a proxy for fair value.

1.10 Depreciation and amortisation

Depreciation is charged on property, plant and equipment, and amortisation is charged on intangible assets using the straight line method to reflect the consumption of economic benefits.

Depreciation (Estimated useful asset lives are within these ranges)

Information technology	3 to 7 years
------------------------	--------------

Amortisation

Purchased software licences	The shorter of the licence period, or 5 years
-----------------------------	---

1.11 Impairment of non-current assets

At each period end, the Company reviews the carrying amounts of its PPE and intangible assets, to determine whether there is any impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. The recoverable amount is the higher of fair value less costs to sell, and value in use. Impairment losses are recognised as required by IAS36, which requires impairment losses to be recognised in the SoCI to the extent that the impairment loss exceeds the amount in the revaluation reserve for that particular asset.

1.12 Financial assets and liabilities

From 1 April 2018 we adopted IFRS 9 (Financial Instruments). There has been no material impact on our financial statements as a result of adoption. In line with IFRS 9 (Financial Instruments), BPDTS recognises financial assets and liabilities when it becomes party to the contracts that give rise to them. The BPDTS policy is not to trade in financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They are initially recognised at fair value and subsequently held at amortised cost using the effective interest method. The fair value of trade receivables is usually the original invoiced amount. The Company recognises any changes in value in the SoCI.

Cash and cash equivalents

Cash and cash equivalents have an original maturity of 3 months or less and represent cash balances held with the Government Banking Service.

Financial liabilities

The Company determines its financial liabilities as contractual obligations to deliver cash or other financial assets to another entity. They are recognised initially at fair value and are subsequently held at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation to transfer cash flows is extinguished. Financial liabilities consist of trade payables and accruals.

1.13 Provisions

The Company recognises provisions in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). They are valued using the best estimate of the expenditure required to settle the obligation and are discounted to present value where the effect is material.

1.14 Pensions

Employees who join the Company are eligible to participate in a defined contribution workplace pension scheme, set up by BPDTS and operated by Aviva under a Master Trust. This enables BPDTS to fulfil its obligations under automatic enrolment legislation which also covers the minimum funding requirements.

The obligation on BPDTS for each period is determined by the amount that has to be contributed to the scheme for that period. The Company matches personal contributions to personal plans on a 2:1 basis. The Company will contribute £2 for every £1 contributed by the employee, up to a maximum of 10% of gross salary.

A number of staff in BPDTS have contractual rights to the civil service pension arrangements (CSPA) under the 2013 New Fair Deal policy on exactly the same Terms and Conditions as other members of the scheme.

BPDTS has Admitted Bodies status into the scheme, which is managed by the Scheme Management Executive within the Cabinet Office. The Civil Service Pension Arrangements (CSPA) is an unfunded multiemployer defined benefit scheme. The Company is unable to identify its underlying share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19, accounts for the scheme as if it were a defined contribution scheme.

Current and prior year contributions are set out in the remuneration report. The total forecast cost of employer pension contributions for 2020/21 is £3.795m, comprised of BPDTS workplace pension scheme - £3.193m and CSPA under the 2013 New Fair Deal - £602k.

Under the BPDTS workplace scheme and the CSPA, the Company accounts for the schemes as defined contributions schemes. There are therefore no assumptions required to measure the obligation or expense, any liabilities associated with either pension scheme do not rest with the Company.

1.15 Holiday entitlements

Where an employee has annual leave accrued in the accounting period but not taken as at the date of the accounts, the amount of this is reflected in the financial statements as short term employee benefits expected to be paid in exchange for that service. These manifest as a liability on the Statement of Financial Position (SoFP).

1.16 Contingent liabilities

The Company discloses contingent liabilities in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts.

For some statutory and non-statutory contingent liabilities, the likelihood of transfer of economic benefit is remote. However, the Company still discloses some of these for Parliamentary reporting and accountability, where this is needed under the requirements of Managing Public Money.

1.17 Taxation

BPDTS has registered for Value Added Tax (VAT), Pay As You Earn (PAYE) and Corporation Tax (CT). CT is payable to the extent that income exceeds trading losses. Tax is recognised in the SoCI. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the SoFP date.

1.18 VAT

BPDTS provides IT services to the DWP which are taxable at the standard rate of VAT at 20%. Expenditure in these financial statements is shown exclusive of VAT as BPDTS recovers input VAT in accordance with the VAT Act 1994.

1.19 Funding

BPDTS receives its funding by way of a loan from the DWP detailed at note 13. This is reflected in the SoFP as a short-term liability. There is a funding facility agreement in place between the DWP and BPDTS which details the terms of the agreement. The funding is provided for working capital or for such purposes as agreed by the DWP.

1.20 Reserves

BPDTS has two reserves, the general reserve and the revaluation reserve. The general reserves purpose is to reflect any net income received by the business including any gains on disposals of non-current assets that may arise. As at the date of these financial statements there have been no movements on this reserve since the inception of the company. The purpose of the revaluation reserve is to reflect any movement in the carrying value of intangible assets held by the business.

Note 2: Staff & contractor costs

Staff costs during the year ending 31 March 2020 were as follows:

	31 March 2020 £000	31 March 2019 £000
Wages and salaries	45,930	25,329
Contractors	7,922	11,098
Social security costs	4,975	2,696
Pension costs	3,485	1,946
Directors' salary recharges	290	301
Total staff costs	62,602	41,370

Directors' salary recharge also includes a 5% overhead charge levied by DWP. Full details of Directors' salary recharges and the average number of persons employed are provided within the Remuneration and Staff Report.

Directors' salary recharges includes executive directors, non-executive director salaries are included in wages and salaries.

Note 3: IT Support and service costs

IT Support and service costs during the year ending 31 March 2020 were as follows:

	31 March 2020 £000	31 March 2019 £000
IT support and service costs	2,437	2,707
Total IT support and service costs	2,437	2,707

Note 4: Non IT support services

Non IT support services during the year ending 31 March 2020 were as follows:

	31 March 2020 £000	31 March 2019 £000
Non IT support services	3,963	5,328
Total Non IT support services	3,963	5,328

The majority of the Non IT support services costs relate to Estates charges levied by DWP. Estates charges reduced in 2019/20 as a result of DWP passing on reduced occupancy costs. These arose through renegotiated commercial agreements between DWP and their providers.

Note 5: Other expenditure

Other expenditure costs during year ending 31 March 2020 were as follows:

	31 March 2020 £000	31 March 2019 £000
Staff related costs	3,848	1,562
Professional services	226	236
General office expenses	170	89
Total other expenditure costs	4,244	1,887

There are 2 key factors that have resulted in an increased 'other' expenditure, they are:

- increase in staff numbers
- revision to the contractual arrangements (including how we account for them) for DWP secondments (previously included in Note 4)

Note 6: Auditors Remuneration

BPDTS Ltd is audited by the Comptroller and Auditor General. No non-audit work was undertaken for the Company during the accounting period. The amount paid or payable to the auditors for the audit of the Company's 2019/20 financial statements was £80,000 (2018/19: £70,000).

Note 7: Taxation

	year ended 31 March 2020 £000	year ended 31 March 2019 £000
Profit on activities before tax	281	-
Effects of:		
Non-deductible expenses	628	215
Depreciation and amortisation expenditure	-	287
Less capital allowances	(138)	(127)
Amount subject to Corporation Tax	771	375
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 19% (2019: 19%)	146	71
Adjustments in respect of prior periods	157	(3)
Total tax charge	303	68

The total taxation charge recognised in year was £303k, this being a combination of the current year corporation tax charge and the prior year value not previously recognised.

Note 8: Property, plant and equipment

	year ended 31 March 2020 £000	year ended 31 March 2019 £000
Cost or Valuation		
At 1 April	756	951
Impairments	-	(195)
At 31 March	756	756
Depreciation		
At 1 April	756	512
Charged in year	-	244
At 31 March 20	756	756
Net book value at 31 March	-	-
Asset financing		
Owned	-	-
Net book value at 31 March	-	-

Note 9: Intangible assets

	year ended 31 March 2020 £000	year ended 31 March 2019 £000
Cost or Valuation		
At 1 April	1,761	1,761
Additions	-	-
Revaluations	-	-
At 31 March	1,761	1,761
Amortisation		
At 1 April	1,761	1,718
Charged in year	-	43
At 31 March	1,761	1,761
Net book value at 31 March	-	-

Note 10: Trade and other receivables

	31 March 2020 £000	31 March 2019 £000
Trade receivables	1,198	6,476
Accrued income	6,569	6,589
Other receivables	34	-
Prepayments	384	175
	8,185	13,240

The trade receivables are due from the Company's only customer, the DWP.

Note 11: Cash

	31 March 2020 £000	31 March 2019 £000
Balance at beginning of period	7,924	19,305
Net change in cash	2,284	(11,381)
Balance at end of period	10,208	7,924

BPDTS does not hold any cash equivalent balances. All cash holdings are held with the Government Banking Service.

Note 12: Trade and other payables

	31 March 2020 £000	31 March 2019 £000
Amounts falling due within one year:		
VAT	2,411	1,537
Taxation and Social Security	1,354	1,029
Accruals and Deferred income	4,194	6,586
Other payables	383	1,408
Balance at end of period	8,342	10,560

Note 13: DWP loan

	31 March 2020 £000	31 March 2019 £000
Balance at beginning of period	10,000	10,000
Increase in loan	-	-
Balance at end of period	10,000	10,000

BPDTS is a company limited by guarantee, which is wholly owned and funded by the DWP. BPDTS has the option to repay part or, the entire loan, in order to minimise cash balances in accordance with HM Treasury requirements.

As a result of these financial statements being prepared on an other than going concern basis the loan has been reclassified as a current liability.

Note 14: Fair Deal provision

	31 March 2020 £000	31 March 2019 £000
Balance at beginning of period	553	7,921
Amounts written back	-	(99)
Provided in the year	-	-
Provision utilised in year	(553)	(7,269)
Balance at end of period	-	553
	31 March 2020 £000	31 March 2019 £000
Analysis of expected timing of Discounted Flows - Fair Deal Provision		
Not later than one year	-	553
Later than one year and not later than five years	-	-
Later than five years	-	-
Balance at end of period	-	553

Fair Deal Provision

A number of staff in BPDTS have contractual rights to the Civil Service Pension Arrangements under the 2013 New Fair Deal policy. The Fair Deal guidance states that members should be offered the option to transfer their accrued benefits from their previous scheme into the public service scheme that they have joined for future service – ie, they are to be offered a bulk transfer option.

For members who take up the bulk transfer option, their previous scheme's liability will be extinguished and they will be given a service credit in the public service scheme, in respect of those transferred benefits. The bulk transfer option is designed to give transferees either a 'day for day' service credit in the public service scheme, or an actuarial equivalent where benefits in the two pension scheme differ.

To enable this, the members' previous scheme pays a sum of money into the public service scheme in recognition of this transfer of benefits. This amount is known as the 'bulk transfer amount', or 'BTV'. In order to provide the service credit offered to the member, the public service scheme will require a sum of money. This is known as the 'funding requirement'. The BTV and funding requirement are not usually the same.

If the BTV is lower than the funding requirement, then, in order for the transfer to go ahead, an additional sum is required to be paid into the public service scheme to make up the difference. This additional sum is known as the 'shortfall'. Therefore, in order to meet the Fair Deal requirement for a bulk transfer option to be offered, BPDTS will need to ensure that any shortfall will be paid.

In this specific case, the members' previous scheme is the HPE EDS 94 Scheme ('EDS 94 Scheme') and the public service scheme is the Principal Civil Service Pension Scheme (PCSPS). The eventual shortfall payable will be the difference between the PCSPS funding requirement, at the date it is met in full, and the money paid across by the EDS 94 Scheme in respect of the transfer of benefits.

The calculated shortfall was produced by Government Actuary's Department on behalf of BPDTS, based on the age, salaries and length of service of these staff.

During October 2018 Fair Deal exercises relating to tranches 1 and 2 of transferred in staff were concluded. This resulted in the actual transfer payment from the previous employer to the Civil Service pension schemes (i.e. the bulk transfer amount) for those individuals of £7.269m.

At the beginning of the financial year the remaining Fair Deal exercises related to tranches 3 and 4. These were concluded on the 4 September 2019. This resulted in the actual transfer payment from the previous employer to the Civil Service pension schemes of £553k. The residual balance in March 2020 was nil and this concludes all fair deal activity relating to all eligible staff, there are no outstanding fair deal activities at yearend.

Note 15: Going concern basis

Due to the outcome of the Tailored Review and resultant creation of a single digital function within DWP, BPDTS will cease trading as a Limited Company on 30th June 2021. It has been considered appropriate to adopt an other than going concern basis for the preparation of these financial statements.

All assets and liabilities will transfer into DWP on 1st July 2021. In accordance with the FReM, DWP will account for the transfer of assets and liabilities using the absorption method. Under absorption accounting, balances are transferred at the carrying value on the date of transfer.

We have therefore accounted for our assets and liabilities as at 31 March 2020 as follows:

Property, plant and equipment	nil (no change)
Trade and other receivables	£8.185m (no change)
Cash and cash equivalents	£10.208m (no change)
Trade and other payables	£8.342m (no change)
DWP Loan	£10m (reclassified from a non-current liability to a current liability)
Provisions	nil and no additional liabilities identified as a result of the announcement that BPDTS Ltd will cease trading on 30 June 2021
Contingent liabilities	no additional liabilities identified as a result of the announcement that BPDTS Ltd will cease trading on 30 June 2021

Note 16: Financial instruments

The Company's cash requirements are largely met as a result of the Master Services Agreement requiring BPDTS to recover all costs through charges to its customer the DWP. The BPDTS cash requirements are supplemented by a funding facility provided by the DWP. BPDTS has very limited powers to borrow or invest funds. Financial assets and liabilities are generated by ordinary operational activities. The carrying amount of financial assets represents the maximum credit risk exposure.

Accordingly, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. As a result, the Company is exposed to minimal credit, liquidity, market or interest rate risk.

Note 17: Contingent liabilities

There is a potential impact on BPDTS under IR35 legislation pertaining to the assessment of some contractor's employment status since April 2017, when new legislative requirements were introduced for public sector bodies. The consequence and quantification of this for BPDTS is uncertain at present. The company is yet to conclude internal due diligence to assess historic contractor classifications, which it is expected will inform the company's judgement about the level of any subsequent liability. Subject to the resultant findings, it is possible that a liability for tax may be due by the company.

Compensation payments may become due because of claims against us by staff. Claims relate to employment tribunals. There is significant uncertainty around the estimated liability and the timing of payments. This uncertainty can fluctuate based on factors such as medical evidence received, witness statements and whether claims proceed to trial or are settled early. Therefore, it is not practical to disclose an estimate of the financial effect or the timing of any outflow.

Note 18: Related party transactions

The Company's sole member is the Secretary of State for Work and Pensions. The DWP is regarded as a controlling related party. BPDTS operates on a full cost recovery basis, and accordingly recovers all of its costs from the DWP, which represented income to the Company of £73.5m during the period. The Company incurred expenditure of £3.9m for a range of support services it received from the DWP. These support services included Finance, Estates, HR and Commercial.

Other than their salaries and pensions, no Board member, key manager or other related party has undertaken any material transaction with the DWP during the year.

Details of remuneration for key management personnel can be found in the remuneration and staff report.

Note 19: Events after the reporting period

On 29th September 2020 the Tailored Review of BPDTS Limited Report and Recommendations was published. All of the recommendations have been accepted by the Department for Work and Pensions, Cabinet Office and approved by the Secretary of State. This includes the creation of a single, digital function within DWP and the closure of BPDTS as an arm's length body, a non-departmental public body and a limited company (see note 15).

Note 20: Losses and special payments

Managing Public Money requires a statement showing losses and special payments by value and by type to be shown where they exceed £300k in total and those that, individually, exceed £300k. Losses may relate to cash and store losses, bookkeeping losses, losses arising from a failure to make adequate charge for the use of public property or services, fruitless payments, claims abandoned and frauds. Special payments may relate to extra-contractual, extra-statutory and ex-gratia payments and compensations.

The Company incurred no losses or special payments in excess of the reporting threshold during the year (2018/19: No losses or special payments in excess of the reporting threshold in year).

Note 21: Commitments

The company has commitments in substance to the Department for Work and Pensions for the provision of estates and IT equipment. These forward commitments for 2020/21 are anticipated to be in the order of £3.6m (2019/20: £4.6m) for estates and £1.8m (2019/20: £1.9m) for IT equipment.

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