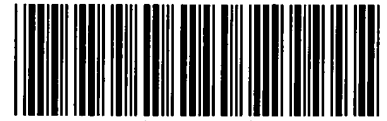




BPDTS Ltd

Providing digital technology
services to DWP

WEDNESDAY



AAGGI78B

A09

03/11/2021

#140

COMPANIES HOUSE

Annual Report & Accounts

2020/21

HC 697



BPDTS Ltd

Providing digital technology
services to DWP

BPDTS Ltd

Annual Report and Accounts 2020/21

(For the year ended 31 March 2021)

Company registered number: 10344843

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

Annual Report presented to the House of Commons by Command of Her Majesty
Ordered by the House of Commons to be printed 21 October 2021

HC 697



© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents

Any enquiries regarding this publication should be sent to us at fiona.mcgladrigan@dpw.gov.uk

ISBN 978-1-5286-2909-6
E02676292 10/21

BPDTs Ltd - Company registered number: 10344843

Printed in the UK by the HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office

Contents

	The Chair's Foreword	6
	Chief Executive's Foreword	7
01	Strategic Report	
	Background	10
	Strategic Report	11
	Strengthening Our Relationship with DWP	12
	Improving Service Quality	13
	Developing Talent	15
	Supporting Our People	16
	Finance and Control	17
	Financial Outturn	18
	Summary	19
02	Directors' Report	
	Directors' Report	22
03	Governance	
	Governance Statement	28
	System of Control	30
	Risk Management Framework	33
	Assurance about the operation of the system of control	44
04	Finance	
	Statement of Directors' and Accounting Officer's responsibilities	40
	Remuneration and Staff Report	41
	Auditor's Report	50
	Financial Statements	54
	Notes to the Accounts	58

The Chair's Foreword

As I reflect on the last year, it is clear that 2 significant changes have driven the way we have operated during 2020/21; the national Coronavirus pandemic and the announcement of the recommendations of the Tailored Review which were accepted and ultimately determined the closure of BPDTS. Despite the magnitude of these, the dedication of BPDTS to continue to deliver the service commissioned by DWP and improve the experience of those that use these key public services has remained undimmed. BPDTS has played a significant part in many of the changes delivered to the public, including; improving the User Support Services which ensured that the service to the public at local hubs was maintained, the upgrading of the Central Payments System which was critical in making sure that payments continued to be made to applicants during the unprecedented demands that were experienced during the pandemic, and the introduction of 'Get your State Pension' online, which received over 500k applications in the first month.

I am immensely proud how positively the BPDTS team has approached the strategic and the daily challenges such significant changes bring, ranging from the adjustment to daily working from office environments to adapting homes to ensure that a seamless service continued to be provided while coping with the closure of the company and the transfer of its staff to DWP. I, and the other Directors of BPDTS, worked closely with BPDTS Senior Managers to ensure that our employees were central to any decisions that the Board has taken and ensured that our people have been informed of developments throughout the year. At each Board meeting we have received presentations which have showcased projects that have been delivered or work that is in progress, and each time the presenters have shown their enthusiasm and pride in what they have achieved. I am sure that this passion to improve the technology services provided to the public will continue to the new digital function.

The Unity Programme, was established to lead the transition of BPDTS into the DWP Single Digital Function. I was appointed as Chair, so providing a conduit to the BPDTS Board. This worked well, giving confidence to the Board that the processes and procedures for the transfer of employees were robust and that the BPDTS Executive Team were fully engaged. I was clear in my ambition as we embarked upon a period on transition, that the people who had worked so tirelessly to continue to deliver services would be engaged where possible, in shaping their future. A significant number of joint working groups (DWP and BPDTS) were established so that the views of BPDTS were taken into account in the proposed TUPE measures for transfer, this collaboration was supported by both teams.

Whilst this is not the final annual report for BPDTS, I can announce that the non-executive team members will be leaving the Board to co-incide with the staff TUPE transfer to the DWP on 1 July 2021. I would like to take this opportunity to thank them for the part they have played in ensuring that BPDTS was successful, their expertise and dedication played a significant part. I would also like to express my gratitude to Loveday Ryder - Chief Executive and Mal Singh - Chief Finance Officer, for their leadership and support and wish them every success in their future roles.



Jeremy Moore CB
BPDTS Chair
13 October 2021

Chief Executive's Foreword

I am pleased as Chief Executive of BPDTS to present to you the Annual Report and Accounts for 2020/21 and to outline what will happen in 2021/22. I hope you find it interesting.

BPDTS Ltd is a private limited company and we predominantly provide digital and technology services to the Department for Work and Pensions (DWP). As part of the DWP family, we have been 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 continued response to the COVID-19 pandemic, and we have continued to work with DWP in maintaining and adapting digital services, delivering critical changes and supporting the infrastructure that enables operational staff to work productively from home. The vast majority of our people have worked from home throughout the entire year. In supporting people through these unsettling times we were able to maintain morale and continued to provide the excellent services that we are known for.

As mentioned in last year's Annual Report, the announcement that the DWP had accepted recommendations of the Tailored Review was made at the end of September, which included the recommendation to close BPDTS Limited and create a single digital function in DWP. This announcement enhanced the levels of anxiety and uncertainty amongst BPDTS colleagues, but I'm glad we were able to reassure people that we would be working hard with DWP to ensure everyone had a home in the new digital function being created. A huge amount of work has gone into ensuring the creation of this single digital function within DWP on 1st July 2021 goes smoothly and everyone in BPDTS lands safely. I'm proud of the way in which, as an organisation, we have worked with DWP to make this happen, regardless of our disappointment that BPDTS will cease to exist as a company.

Throughout the second half of 2020/21, leadership focus has been split between enabling the successful integration of the two organisations and continuing to deliver fantastic digital services with top talent. Throughout the past year, demand for our services has, understandably, remained high as we support DWP in their efforts to support the country through difficult times and we have contributed to many of DWP's critical delivery efforts, flexing and pivoting to ever-changing needs.

As we move into 2021/22, we will complete the transfer of everyone from BPDTS into DWP and formally close the company. I look forward to the new challenges and opportunities that lie ahead for all colleagues within DWP. The considerable efforts we've put into building an inclusive and supportive culture within BPDTS has given us the platform to tackle this year as a united organisation that, regardless of what lies ahead, can be rightly proud of what we have achieved together since we were created in 2016. I would like to thank the Board, Executive Team and all my colleagues for their support in making this year one that we will be able to look back on with pride at what we have accomplished, and welcome Andrew Garton as the Chief Finance Officer from April 2021.



Richard McHugh
Chief Executive and Accounting Officer
13 October 2021

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. 2020/21 is the final full year of providing services to DWP, on 1st July 2021 all employees will TUPE into DWP and form part of a new single digital function.

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. 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.

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. All BPDTS employees will TUPE to DWP on 1st July 2021 and continue to provide outstanding services to key customers of DWP.

BPDTS is formally classified as a non-departmental public body. A Master Services Agreement (MSA) 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 (SSA), DWP provides some services to BPDTS, such as accommodation, for which it charges. An exit plan has been put into place so that the MSA and SSA will cease on 30th June 2021.

Strategic Report

During this period the COVID 19 pandemic impacted the way that we work, which like other organisations, required BPPTS to respond to the need for people to work from home where possible with over 98% of employees working from home at any one time and also, as an arm length body to DWP, an increase in the demand for rapid technical development to meet the increased demand in public services because of the pandemic. We are especially proud of how we supported DWP to meet the increased and changing demands within tight timelines, ensuring that the expertise of our employees in the professional disciplines of Architecture, Engineering, Data and Analytics, Delivery Management, Product Design and Service Management provided a significant contribution.

BPPTS services work with DWP teams to build, run and maintain many of the digital systems that support DWP's core functions. The demands that were placed on DWP to develop many of these systems required close collaboration with BPPTS colleagues, both in the development of systems and also ensuring the availability of these to the public. BPPTS was pivotal in supporting DWP to make multiple system changes to ensure that public demand was met e.g. emergency payments, pension credit and upgrading of the Central Payments System.

However, in addition to the business priorities the pandemic required BPPTS to react quickly to the demands that were being placed on DWP, as the government and the public responded to the pandemic. Internal systems were upgraded to enable teams to continue to meet and resolve issues virtually and networks developed to cope with the additional requirements as more people accessed the network as home workers.

The demand for change as a result of the pandemic and the impending merger is supported by our ongoing commitment to ensure that we collaborate and operate in the most seamless and effective manner to get the most out of the service offer. We have focused on moving from the relationship being that of a customer/supplier towards being part of the family. Our Practice Leads have worked with their communities in BPPTS and DWP to increase and promote a range of regular knowledge sharing events within and across practices for colleagues, to combine efforts and share learning.

With this backdrop, we agreed the 2020/21 business priorities:

Strengthening our relationship with DWP: Strengthening the relationship with DWP so that we are united around our common purpose and get the best value from the differentiated BPPTS offer

Improving quality of service: Improving service quality even further, so that we reliably deliver results that contribute real customer value and are underpinned by everyday innovation

Developing our people: Our people can bring their best, are appropriately recognised and supported in continually developing their talent, with an eye to the future

Supporting our People: We support our people with systems and processes that are easy to use and robust, providing value for money

On 29th September 2020 the Tailored Review of BPPTS 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 BPPTS as an arm's length body, a non-departmental public body and a limited company. This resulted in a review of the deliverables within the strategic objectives but did not change the 4 main themes.

Each section provides the performance of BPPTS against the key indicators.

Strengthening Our Relationship with DWP

Since the inception of BPDTS, there has been a clear focus by BPDTS on the service that we provide to our key customer in DWP. We have on a quarterly basis, provided a survey for completion and have used a net promoter score as the key indicator. This year we wanted to go beyond this high-level indicator and really get to hear the voice of the customer. Firstly, we introduced the role of Partnership Leads, intended to lead on ensuring that we have clear and honest conversations at working levels about challenges and opportunities. We improved the survey experience of our customers in completing the survey by giving personalised written communications and inviting 1:1 conversations with partnership leads and improving data quality. The customer survey has become a powerful vehicle for identifying any issues early, spotting opportunities for more services and responding to the changing business needs. Throughout 2020/21 the customer survey consistently achieved response rates above 40%, more than double those during the previous year, enabling more meaningful conclusions to be drawn.

This focus on strengthening the relationship with DWP came paramount in supporting the work, during the latter half of the year, of the Unity Programme which had responsibility for implementing the recommendations of the Tailored Review.

BPDTS colleagues have been involved at all levels and continue to promote the organisations culture and values to facilitate the co-design of the future vision for the single digital function.

BPDTS has maintained an ongoing commitment to ensure that we collaborate and operate in the most seamless and effective manner to get the most out of our complimentary service offer. We have focused on moving from the relationship being that of a customer/supplier towards being part of the family. Our Practice Leads have worked with their communities in BPDTS and DWP to increase and promote a range of regular knowledge sharing events within and across practices for colleagues, to combine efforts and share learning.

We have developed a set of consulting principles to spotlight BPDTS as a compelling alternative to traditional systems integration and advisory services, as a value-driven partner rather than a profit driven supplier. Our aim being to support the wider DWP family, which can be seen in the provision of successful services to The Pensions Regulator.

Measure(s)	KPI / Target	Position at year end
Net Promoter Score from the Customer Satisfaction Survey	Annual Net Promoter Score greater than or equal to 10 (out of a possible score of 100)	Achieved Annual score: 30
Customer Satisfaction Score from the Customer Satisfaction Survey	Annual Customer Satisfaction average greater than or equal to 3 (out of a possible score of 5)	Achieved Annual score: 3.74

Improving Service Quality



Since BPDTS was established, we have been focussed on delivering an excellent service and whilst customer feedback has in the main been positive, we believed that we could look to improve further. To do this we agreed to focus on improving our understanding of our customers practices and process and using this knowledge to provide a step change in the service provided.

Working with Government Digital Services we have developed the understanding of our front-line service providers so that these standards are applied consistently. To provide assurance a matrix assessment tool was developed which provides confidence that these standards are being applied in the same manner across DWP Digital.

We have invested in the training and development of our Service Management practice by creating an in house capability, we can train our own people to gain recognised qualifications in information technology, this is a significant achievement that was attained in a short period. The ability to train people will not be lost when the single digital function is created in DWP as these skills will allow training to continue as we work with DWP to develop a training plan for 2021/22. Digital Group events have been established with speakers from both organisations providing a forum where knowledge can be cascaded and problems shared across DWP Digital and BPDTS Ltd. This common understanding has enabled improvements to service to be made together. We have also embraced an 'Innovate' scheme for improvement ideas which has cultivated a positive drive for changes that have benefited both BPDTS and DWP Digital.

To encourage and support our people in contributing their expertise to the digital industry more widely, a self-managing Thought Leadership Community Interest for subject matter experts has been established. We continue to encourage our experts to become thought leaders through attendance at conferences and industry events, sharing their learning with the company and its customer.

Measure(s)	KPI / Target	Position at year end
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	<p>Measured between April '20 – October '20</p> <p>Not met</p> <p>Annual average: 52 days</p> <p>Recruitment was placed on hold due to COVID-19 between March and June. Where recruitment had started prior to March offers could not be made until June, extending the timeline beyond the target</p>
Number of applicants each recruitment campaign has attracted	Annual average of more than or equal to 12 applicants per campaign	<p>Measured between June '20 – October '20</p> <p>Achieved</p> <p>Annual average: 29 applicants per campaign</p>
Percentage of permanent employees who have resigned	Annual monthly average of less than or equal to 8% permanent resignations	<p>Achieved</p> <p>Annual monthly average: 6.8%</p>

Number of permanent employees with less than 12 months service who have resigned	Annual sum of no more than 0 permanent resignations with less than 12 months service	<p>Not met</p> <p>Annual sum: 12 leavers with less than 12 months service</p>
Gap between numbers of employees requested by DWP vs. number supplied (Capacity Gap)	End of year supply to be within 5% of demand	<p>Measured between April '20 – October '20</p> <p>Not met</p> <p>End of year position: 9.57%</p> <p>It was agreed with DWP that we would cease monitoring this measure once it was agreed that BPDTS recruitment would cease. Between April and October the target was not met primarily because of the pause on recruitment due to COVID 19.</p>

Developing Talent



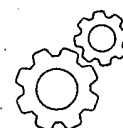
We aim to make BPDTS a place for people to grow, developing technical skills and enhancing leadership capability throughout the organisation. By implementing the British Computer Society Skills Portal, the professional body for computing, we were able to provide a holistic assessment of all our people's skills enabling a rapid response to the need to relocate people to home working during the pandemic whilst maintaining the most efficient workforce operational plan. We have listened and know that career mobility is a real priority for our people, so our newly appointed practice leads and experts in all roles created role profiles providing a pathway for development. Using learning interventions, we have enabled those in digital roles to have the ability to benchmark themselves against the Digital, Data and Technology framework as well as variety of others, including the Skills Framework for the Digital Age. This provides employees with a structure to work towards their career aspirations, making it easier to identify training plans and facilitate future upskilling. In some areas, for non-digital professionals BPDTS-specific frameworks have been created.

Apprenticeships have continued to be of great importance to BPDTS and we have sought to identify opportunities for growing 'hard to recruit' capability internally. We have implemented the newly approved external DevOps apprenticeship and continued to train a second cohort of internally recruited Site Reliability Engineers to boost the growing service demand and offer enhanced career development opportunities.

To enhance leadership capability, in particular improving consultancy and communication skills, we have rolled out to our extended leadership team a profiling analysis tool that allows individuals to develop a greater understanding of their how they interact with others and an insight into how they can improve relationships with others. This supports one of our organisational cultural ambitions which is to have outstanding leadership throughout the organisation.

To increase managers capability and confidence in people management skills we have delivered a suite of training modules which include: diversity and inclusions, people performance, managing probation and employment law. Finally, alongside our continued commitment to ensure the BPDTS culture is naturally inclusive, we have proactively sought out ways to support our people through the COVID-19 pandemic. Focusing on wellbeing initiatives to provide guidance and help to people as they adapt to new ways of working and the inherent challenges. Even with the challenges we have faced over the last year, we have seen our employee engagement index continue to improve from 55 to 68 points.

Measure(s)	KPI / Target	Position at year end
Time spent on learning and development opportunities	Average of greater than or equal to 5 days per person per year	Achieved Annual average: 5.8 days per person



Supporting Our People

There were 3 key areas that we determined would help support our people:

- Making our systems easy to use**
 We have received feedback from our people that some of the infrastructure that support our day to day activities did not provide the supporting management information that was needed and that the user experience could be improved. This, combined with the findings from the external auditors in 2018-19 that there was a lack of robust metrics, has led us to focus on how we can improve our systems so that they are user friendly. Amendments to the main platform for our shared services solution were initially put on hold awaiting the outcome of the Tailored Review and then stopped due to the costs involved once it was clear that the company was closing. We did develop and implement a new expenses system to meet both the audit recommendations and improve the user journey.
- Improve the robustness of our control framework**
 Our ambition in this area was to strengthen the control framework by increasing financial and HR expertise to provide additional capability in specialist management areas such as pensions, payroll, organisational development, data analysis, and information security and to set up governance forums to provide technical assurance and oversight of the company IT portfolio and monitor a pipeline of all IT projects, to comply with GDS spend controls. Initial work established a number of forums to support key technical streams, these forums were then adapted to support the transition workstreams to help the merger of BPDTS with DWP.
- Ensure key processes meet organisational needs**
 At the start of the year we developed an improved workforce planning strategy, improving our understanding of future demand, linking with our developing talent stream and understanding more about the career aspiration of our people. The agenda for the Service Delivery Board was amended to include specific agenda items on workforce planning and voice of the customer section so that direct feedback was given on the service provision and also about future needs. The Head of Digital Capability led a workstream that ensured that recruitment and development was dovetailed into a 'demand requirement' strategy. Following the decision to close the company recruitment by BPDTS ceased. We conducted a root and branch review of our people related processes ensuring that they were written in plain English and reflected our cultural aspirations. We developed a new performance management framework that embraced career conversations and regular objective setting and reviews creating a people-centric assessment process.

Measure(s)	KPI / Target	Position at year end
Employee engagement index	Annual survey index greater than or equal to 50	Achieved End of year position: 68

Finance and Control

In addition to the 4 strategic objectives the Board also monitored key finance, audit action and control indicators that provide the Board with an overarching view of all elements of corporate business.

Measure(s)	KPI / Target	Position at year end
Number of overdue audit actions	No overdue audit actions as at year end	Achieved
Percentage of time utilised for customer work	Utilisation rate greater than or equal to 90%	Achieved Annual average: 91.65%
Number of days employees were not assigned to customer work.	Annual monthly average less than or equal to 31 days	Measured between May '20 – March '21 Not met. Annual monthly average = 100 days Whilst the average number of days is the primary measure BPDTS also reviewed the number of individuals not assigned to specific customer work, this provides a more granular understanding of the data. The most individuals in any month that were not assigned was 9. The demand for work is given by the customer and BPDTS worked closely with them to match individual skills to roles within a short time frame as possible.
Proportion of spend on overheads	Overhead spend less than or equal to 9%	Achieved End of year position: 7.09%
Number of red risks	No red risks	Measured between November '20 – March '21 Achieved Annual sum: 0 red risks

Financial Outturn

The revenue outturn for 2020/21 was £82.6m. This was higher than outturn for the previous reporting year 2019/20 (£73.5m) due mainly to the costs incurred in correcting the historical tax payments for contractors under IR35 and aligning to the accounting practices of BPDTS Ltd with those of DWP, ahead of the company's transfer into 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 2021. No additional loans have been granted in 2020/21. 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.

Summary

Despite the decision to close BPDTS Ltd and the challenges that we have faced as a consequence the key business objectives have been successfully achieved. In addition to this, we have supported the Unity Programme, which was established to implement the Tailored Review recommendations, this included the development of a single, stronger digital organisation which will better equip DWP to deliver its strategic goals of joined-up customer journeys across digital-first channels. BPDTS employees have worked with DWP to support the transition process, positively engaging in workshops to support the arrangements for transfer, technical data transition to ensure that continuation of employees whilst continuing to deliver services to DWP Digital.



Richard McHugh
Chief Executive and Accounting Officer
13 October 2021

02

Directors' Report

Directors' report

The Directors of BPDS 2020/21

Name	Role/Position	Date Appointed and Term
Richard McHugh	Chief Executive & Accounting Officer	Appointed 1 Jan 2021 for 1 year
Loveday Ryder	Chief Executive & Accounting Officer	Appointed on 22 Jan 2018 for 18 months and further extended until 31 Jan 2021. Resigned 31 Dec 2020
Mal Singh	Chief Finance Officer	Appointed on 1 Apr 2019 for 2 years. Resigned on 31 Mar 2021
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 Apr 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 BPDS, together with the financial statements and auditor's report for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the Companies Act 2006 and, as appropriate, the Government Financial Reporting Manual (FReM) 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 single most important event during 2020/21 was the announcement and the closure of BPDTS Limited.

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 £82.6m, matched by income of £82.6m 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 2021, BPDTS had assets less current liabilities netting out to zero.

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

As the recommendations of the Tailored Review are implemented the Master Services Agreement between BPDTS Ltd and DWP, will cease on 30 June 2021 along with funding. On this date all staff will be TUPE'd into DWP and BPDTS Ltd will no longer provide any services. During the following months BPDTS will finalise its accounts and close as a company.

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 2020/21 one complaint was raised with BPDTS by the ICO under the Data Protection Act/GDPR for investigation. The ICO confirmed that there was no further action required following the investigation. 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.

BPDTS has agreed a Master Services Agreement exit plan with DWP which outlines the actions to be taken prior to the cessation of the DWP service requirements of BPDTS, this includes a full GDPR review of BPDTS information assets. This review commenced in January 2021 and will form part of the company closure/transfer documentation.

BPDTS 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

During the early part of 2020 we continued to work on articulating our Employee Value Proposition (EVP) both internally and externally to support our future vision, based on a “positive, innovative and entrepreneurial brand”. We focused on our social purpose and total reward and remuneration, specifically on those employees below the lower quartile compared to the market data and investing in people through the provision of learning and development giving real flexibility in the learning career. Our EVP strategy also includes recognition, for exceptional performance and contribution, Smarter working, trusting our people to know when, where and how best to work and the wellbeing for our employees which is at the heart of our offer, with strong company support for diversity and inclusion, disability and mental health awareness.

In September 2020 the outcome of the Tailored Review was published, which triggered the beginning of the closure of BPDTS and the insourcing of our people to DWP. The focus of our work on our own EVP switched to the transfer of all people to DWP, working collaboratively with our counterparts to ensure that the best of our culture, processes and practice is brought with us when we do.

In March 2020 we, like many other businesses, made the decision that all our employees would work from home in response to the COVID-19 pandemic. The organisational priorities shifted to business continuity and supporting our people through the pandemic mainly through working from home. Policy was updated at record speed to support things like the reporting COVID-19 sickness, special leave and purchasing equipment to work from home.

Alongside this, our Naturally Inclusive and Wellbeing group came into its own, producing a raft of support measures focusing on wellbeing and mental health. In addition, our staff groups grew to include LGBTQ+, disability and Race Forward and we supported them with budget, time and senior sponsorship, including co-mentoring. The focus on individual and teams to connect, get active, take notice, keep learning and give to others, flowed through our messaging during the critical times of the pandemic.

Informing and consulting employees

Following the Tailored Review and the announcement that BPDTS would close and all employees would transfer to DWP via TUPE, the focus on engaging with our people was never more important.

Informing and consulting is not only a legal requirement of a TUPE, but a necessity, and resource and attention was diverted to ensure that the consultation process was planned and delivered in a timely and transparent manner by engaging with our newly appointed Employee Forum. Fresh elections were undertaken to elect an Employee Forum that everyone in the Organisation could engage with and feel they were part of.

The Employee Forum reps received formal training on the legal process and significant HR support throughout the process and were engaged in a three-month formal consultation process where they actively engaged with their colleagues across the organisation on the proposed measures by DWP.

Managers were invited to sessions on the TUPE process and given regular updates and support on how the transfer was progressing.

Alongside the TUPE process, BPDTS used a variety of arrangements during the year to inform employees about other key developments, and engagement continued via staff surveys and All Colleague Calls. 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. There is also ample opportunity for engagement through practice and team meet-ups.

Personal data related incidents

There were 13 personal data related incidents in 2020/21, none of which met the threshold to report the incident to the Information Commissioner Office. In 2020/21 we had no Data Protection Act Right to Access Requests and six requests 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 2020/21 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 external 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:



Richard McHugh
Chief Executive and Accounting Officer
13 October 2021

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.

Board composition

The composition of the Board, 5 non-executive directors and 2 executive directors remained consistent throughout the year and was not impacted by COVID-19. At the end of December 2020, the Chief Executive of BPDTS, Loveday Ryder resigned and was replaced by Richard McHugh. This appointment was made on a temporary basis until December 2021 due to the closure of the company.

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 2 sub-committees: the Audit, Risk and Assurance Committee (ARAC) and Remuneration Committee.

The Board met 7 times during the reporting period, including an extraordinary session. ARAC met 4 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
Richard McHugh (Chief Executive & Accounting Officer)	2/2	2/2	1/1
Loveday Ryder (Chief Executive & Accounting Officer)	6/6	3/3	3/3
Mal Singh (Chief Finance Officer)	7/7	5/5	4/4
Jeremy Moore (Chair & Non-Executive Director)	7/7	N/A	N/A
Valerie Gordon-Walker (Non-Executive Director)	7/7	5/5	N/A
Ian Wilson (Non-Executive Director)	7/7	N/A	4/4
Katie Kapernaros (Non-Executive Director)	7/7	5/5	N/A
John Osmond (Non-Executive Director)	7/7	N/A	4/4

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	4/4

BPDS ensures that the Board and its sub-committees receive timely and relevant management information, comprehensive analysis and sound advice to facilitate informed decision making. Following the announcement of the Tailored Review and the introduction of the Unity Programme (established to implement the recommendations of the Tailored Review), in addition to BPDS business, the Board has received regular updates from the Programme ensuring that BPDS Directors were abreast of the progress being made and the timeline that was being followed. The Directors were provided with clear advice on their roles and responsibilities during the transition period and have agreed the closure timetable for BPDS Limited. The BPDS Chair was invited and agreed to Chair the Unity programme.

	BPDS 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 BPDS in delivering the aims and objective of the company	The BPDS ARAC is a sub-committee of the BPDS 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, including a review of deliverables following the announcement to close the company.</p> <p>A Show and Tell has been held at each meeting 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 the BPDS pay award in line with HMT guidance and approval from the Secretary of State.</p> <p>The remuneration committee reviewed the BPDS approach to the pandemic and were provided with the review of internal audit on the assessment of our response.</p> <p>The committee continued to receive assurance of the improvements that have been made to the oversight that BPDS has of suppliers who deliver HR functions i.e. payroll and pensions</p>

Board Effectiveness	The Board, in light of the closure of BPDTS, agreed that the Board Effectiveness survey would focus on key elements of governance and leadership.	ARAC, aligning to the Board decision agreed that the Board Effectiveness survey would focus on key elements of governance and leadership.	REMCOT, aligning to the Board decision, agreed that the Board Effectiveness survey would focus on key elements of governance and leadership.
	There was a 90% response rate and the responses were positive with no further actions agreed.	There was a 90% response rate and the responses were positive with no further actions agreed.	There was a 85% response rate and the responses were positive with no further actions agreed.
	All actions from the 2019/20 survey had been actioned and noted by the Board.	All actions from the 2019/20 survey had been actioned and noted by the Committee.	All actions from the 2019/20 survey had been actioned and noted by the Committee.

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 Service Delivery and Head of Digital Capability 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. Monthly compliance checks are carried out providing assurance at our policies are adhered to.
People	Processes and controls for accounts payable and receivable, financial reporting, budgetary management and procurement	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 Service Delivery and Head of Digital Capability 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 Service Delivery and Head of Digital Capability	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, including Incident Management and learning Framework and the Information Security Policy. All of which have been developed to dovetail with DWP policies

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 BPDTS, 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 Resigned 31st December 2020
Mal Singh	Chief Finance Officer . Resigned 31 March 2021
Julian Balaam	Head of Engage
Clare Millington-Hume	Head of People
Richard McHugh	Head of Digital Delivery until 31st December 2020 Chief Executive and Accounting Officer from 1st January 2021
Sharon Merrison	Head of Service Delivery (from 1st January 2021)
Dave Hall	Head of Digital Capability (from 1st January 2021)

Risk Management Framework

During 2020/21 BPDTS revised the risk management framework adopting an approach that encourages risk reporting throughout the organisation and providing a single reporting solution. To ensure that the new processes were embedded in the organisation all functions within the organisation were provided with training. The framework conforms to the Orange Book standards.

At the start of the year risk management was primarily focussed on delivery of the organisation's strategic aims, however, as the COVID pandemic gripped the country and forced organisations to adapt their working practices to protect their employees. BPDTS introduced a risk register to manage the key risk areas that the company faced as a result of the pandemic ensuring mitigation actions were swiftly put into action to ensure that there was no disruption to the service provided to our customer. The GIAA audit that was carried out on business continuity, which included how we responded to the pandemic, received a substantial assessment.

A third risk register was also presented at Board level following the announcement to close the company and transition employees to DWP, this focussed on the risks to BPDTS' ability to continue to deliver the service to DWP during the transition phase.

The strategic, COVID and transitions risk registers provided 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 reviewed and managed these risks aiming to mitigate the risk and prevent them from becoming an issue that inhibited the operations of BPDTS.

All risks are scored against likelihood and impact and compared to the tolerance levels set out in the risk appetite. If a risk exceeds the risk appetite tolerance level ARAC and the Board are informed.

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

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.

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

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

The risk appetite and risk registers 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. No risk was assessed to be outside of the organisations stated appetite in relation to strategic delivery, however the transition risk register identified a number of risks that fell outside of the tolerance levels:

- Underspend/overspend of budget
- BPDTS maintaining service following TR announcement including the risk of an increased numbers of incidents as experienced staff left, relationship between BPDTS and DWP deteriorated and the loss of key HQ staff leaving

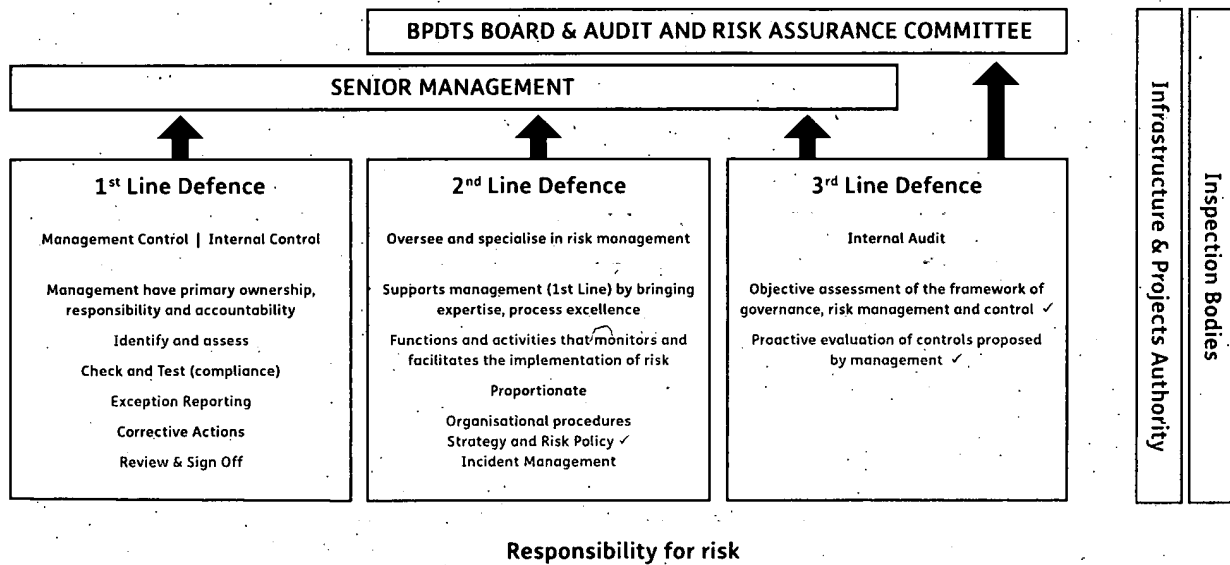
At the end of 2020/21 all risks had been mitigated to their target level or below and within the appetite tolerance

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. Coordination of, and support to, the formal risk discussions at the ET, ARAC and Board

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.



Monthly compliance checks were carried out throughout the year providing assurance to the Board of compliance to processes; any exceptions that were identified were reported to the Audit, Risk and Assurance Committee.

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

Following the NAO audit of 2019/20 BPDTS introduced a new authorisation process for the submission of changes to the payroll system alongside improved tracking of version control.

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. BPDTS, throughout the year, worked with internal audit to ensure that all recommendations from previous audits e.g. risk management, were implemented.

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 2020/21, our internal auditors (GIAA) carried out a programme of audits across the business.

They undertook audits on:

- Business Continuity
- Incident Management
- Pay Award Review

The most significant recommendations were related to the Pay Award Review some of which mirrored those of the NAO in relation to authorisation and version control. All recommendations have now been actioned.

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

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) as follows.

“I communicate my conclusions on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control through my annual internal audit opinion and report. This summarises the year’s internal audit activity, supported by my knowledge of the business, and informs BPDTS’s governance statement. It concludes on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

I am providing an overall **MODERATE** opinion on the framework of governance, risk management and internal control within BPDTS Limited for 2020-21 (2019-20: Moderate). In reaching this opinion, I have carefully considered the impact of the Tailored Review on the number and breadth of audits conducted during the year, the status of outstanding audit recommendations, and the outcome of the one case reviewed by Counter Fraud & Investigations.

Prior to September 2020, two out of the five reviews on the annual audit plan resulted in two Substantial assurance opinions (business continuity and incident management). After the Tailored Review was published, I reviewed with BPDTS management the relevance of the remaining reviews on the plan, which resulted in two reviews Corporate Governance in the Corporate Centre and Target Operating Model being dropped from the plan. The review on the Pay Award did go ahead as planned and this resulted in a Moderate assurance opinion. I have also engaged with the Unity Programme Director to keep up to date on the progress of the Programme, its key risks and challenges all of which indicate that the Programme is being well managed which is also a view shared by DWP Risk Management Division. I am satisfied that despite not completing all reviews on the plan, there is no limitation of scope in my assurance activity as coverage for the year in the circumstances has been sufficient.

Six recommendations were made for 2020-21 with four outstanding but not yet due (Pay Award). These four recommendations relate to the improvement of pay award controls and management intend to address these by implementing and documenting improved processes to include version control of key supporting documents, the provision of stronger evidence to underpin calculations and ensure appropriate oversight and approval of awards. We continue to track implementation progress and expect these to be fully implemented when due by 31 May 2021”

Robert Evans
Head of Internal Audit

Data losses

In the Directors Report, 13 personal data related incidents in 2020/21 are recorded, none of which met the threshold to report the incident to the Information Commissioner Office. There have been no other lapses in our protective security.

Fraud and Whistleblowing

Over the year there were no recorded incidents of fraud.

We have encouraged employees to speak up about alleged wrongdoing, whether that is over a personal matter (via the grievance policy) or over a public interest concern (as whistleblowing). BPDTS provides a whistleblowing service via Government Internal Audit Agency, providing a confidential service to all employees that wish to raise a concern about public interest 'protected disclosures, that are covered by the whistleblowing legislation. All whistleblowing concerns are allocated to a member of the executive team for initial assessment and where appropriate further investigation. Every report was taken seriously. There have been two whistleblowing cases raised under the BPDTS Speaking Up Policy. Investigations concluded that the complaints related to employees' personal treatment rather than to public interest 'protected disclosures'.

As Chief Executive I am pleased to report improvement 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 2021/22: 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.



Richard McHugh
Chief Executive and Accounting Officer
13 October 2021

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 2020/21 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.



Richard McHugh
Chief Executive and Accounting Officer

13 October 2021

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

Richard McHugh (CEO) was appointed on 31 December 2020. The CEO salary is paid by BPDTS Ltd as part of their employment.

Loveday Ryder (former CEO) was appointed on secondment to BPDTS and was a civil servant employed by the Ministry of Justice. The salary for Loveday Ryder was 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.

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

	2020/21				2019/20			
	Salary	Bonus Payments	Pension Benefits ⁴	Total Remuneration	Salary	Bonus Payments	Pension Benefits ⁴	Total Remuneration
	£000	£000	£000	£000	£000	£000	£000	£000
Richard McHugh ¹ Chief Executive (appointed 31 Dec 20)	25-30 (FYE 110-115)	-	2 (FYE 10) ⁵	30-35 (FYE 115-120)	-	-	-	-
Mal Singh ² Chief Financial Officer	90-95	5-10	37	135-140	80-85	-	22	105-110
Loveday Ryder ³ Chief Executive (Resigned 31 Dec 20)	80-85 (FYE 110-115)	5-10	33	125-130 (FYE 150-155)	105-110	5-10	45	160-165

The salaries stated above are shown for the period in the year when an individual served as Director for BPDTS Ltd, plus what their full year equivalent would have been.

¹ Richard McHugh's salary is paid by BPDTS as part of his employment. During the period 1 Dec 20 - 31 Dec 20 Richard McHugh was remunerated at a rate equivalent to that of a CEO whilst in a shadowing position ahead of his appointment. The increase for December 2020 was £178.

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.

³ Loveday Ryder's salary was charged out by Ministry of Justice to BPDTS Ltd on a 100% recharge basis including gross salary, National Insurance and pension costs.

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.

⁵ For Richard McHugh the value is pension contributions rather than pension benefit.

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

Executive Directors' pensions

This information was subject to audit

Directors' pensions – year ended 31 March 2021

	Real increase in pension and related lump sum at pension age	Accrued pension at pension age – as at 31 March 2021 and related lump sum	CETV at 1 April 2020	CETV at 31 March 2021	Real increase in CETV (cash equivalent transfer value)	Employer contribution to pension account
	£000	£000	£000	£000	£000	£000
Loveday Ryder Chief Executive (resigned 31 Dec 20)	0-2.5	30-35	415	452	18	-
Mal Singh Chief Financial Officer	0 - 2.5 plus a lump sum of 5 - 7.5	40 - 45 plus a lump sum of 125 - 130	924	1003	39	-
Richard McHugh Chief Executive (appointed 31 Dec 20)	-	-	-	-	-	2

Directors' pensions – year ended 31st 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

Loveday Ryder and Mal Singh are Civil Servants and are members of the Civil Service Pension Scheme. Richard McHugh is an employee of BPDTS Ltd and is a member of the Aviva pension scheme, which is a defined contribution workplace pension scheme.

Non-Executive Directors' pay

Non-executive Directors are salaried only and do not receive a pension benefit. This information was subject to audit

Non-Executive Directors' remuneration and pension arrangements – 2020/21

	Salary £000
Ian Wilson Non-Executive Director	0-5
Valerie Gordon-Walker Non-Executive Director	0-5
Jeremy Moore Chair & Non-Executive Director	10-15
John Osmond Non-Executive Director	0-5
Katie Kapernaros Non-Executive Director	0-5

Independent Voting Members remuneration and pension arrangements – 2020/21

	Salary £000
Paul Greening Independent Member ARAC	0-5
Debbie Alder Independent Member RemCom	Salary paid by Department for Work and Pensions as part of their employment

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

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

Independent Voting Members remuneration and pension arrangements – 2019/20

	Salary £000
Paul Greening Independent Member ARAC (appointed 8 Jan 2020)	0-5
Debbie Alder Independent Member RemCom (appointed 1 April 2019)	Salary paid by Department for Work and Pensions as part of their employment

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

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. No Non-Executive Directors 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
2020/21	£110,000 - £115,000	£45,500	2.47:1
2019/20	£115,000 - £120,000	£43,448	2.70:1

The total-pay band for our highest-paid Director in 2020/21 was £110,000-£115,000 (2019/20 £115-120k) per annum (full year equivalent). This was 2.47:1 times (2019/20 - 2.70:1) the median pay of the workforce, which was £45,500 (2019/20: £43,448). The ratio has reduced slightly in 2020/21 to that of the prior year due to change within the board of directors.

In 2020/21 no permanent member of staff was paid more than our highest-paid director, as was the case in 2019/20. BPDTS does not have "pay bands". Salary rates ranged from £15,000-£20,000 to £110,000-£115,000 (2019/20: £15,000-£20,000 to £115,000-£120,000).

In 2020/21 seven agency workers were paid at annualised rates that were in excess of the pay of our highest paid director. Remuneration ranged from £119k to £178k per annum (2019/20 - ten agency workers in the range of £120k to £187k).

Total pay includes salary, non-consolidated performance-related bonus payments 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 2021 and 2020 are as follows:

Item	31 March 2021 £000	31 March 2020 £000
Wages and salaries	51,014	45,930
Contractors	6,853	7,922
Social security costs	5,553	4,975
Pension costs	3,901	3,485
Directors' salary	281	290
Total staff costs	67,602	62,602

Directors' salary also includes a 5% overhead charge levied by DWP for Directors on secondment. Directors' salary are for executive directors only, non-executive director salaries are included in wages and salaries.

Consultancy costs

Expenditure on consultancy in 2020/21 was £126k (2019/20: £82k).

Pension costs

BPDTS makes contributions to its own BPDTS workplace pension scheme. For 2020/21, employer contributions of £3,295k (2019/20 - £2,883k) were payable to the BPDTS workplace pension scheme.

Employer contributions payable to the CSPA under the 2013 New Fair Deal policy for 2020/21 were £606k (2019/20 - £602k).

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 2021 (prior period ending 31 March 2020 – 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 BPDTS and all civil servants seconded to BPDTS 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 2015 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 could 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 2021	Average number of people employed and engaged	935	69	1004
Period ended 31 March 2020	Average number of people employed and engaged	928	82	1010

Staff composition and policies

As headcount levelled off and recruitment stopped in advance of the transfer to DWP, our focus has been on streamlining our employee policies. Our policies were re-drafted and so became easier to understand by both managers and staff. We reduced the number of our policies and issued revised guidance that was both pragmatic and easy to digest.

Group	2020/21			2019/20		
	Male	Female	All	Male	Female	All
Directors	6	2	8	5	3	8
Seconded	4	5	9	5	8	13
All employees	748	165	913	757	183	940

Data as at 31 March 2021. The prior year table (2019/20) did not previously recognise secondees from other government departments, this has been re-stated to ensure consistency.

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 2021, that were paid more than £245 per day and that lasted longer than 6 months

2020/21

No. of existing engagements as of 31 March 2020	26
---	----

Of which

No. that have existed for less than one year at time of reporting.	8
--	---

No. that have existed for between one and two years at time of reporting.	10
---	----

No. that have existed for between two and three years at time of reporting.	1
---	---

No. that have existed for between three and four years at time of reporting.	2
--	---

No. that have existed for four or more years at time of reporting.	5
--	---

Table 2:

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2020 and 31 March 2021, for more than £245 per day and that last for longer than six months

2020/21

No. of new engagements, or those that reached six months between 1 April 2020 and 31 March 2021	57
---	----

Of which

No. assessed as caught by IR35	51
--------------------------------	----

No. assessed as not caught by IR35	4
------------------------------------	---

No. engaged directly (via PSC contracted to department) and are on the departmental payroll	2
---	---

No. of engagements reassessed for consistency/assurance purposes during the year.	2
No. of engagements that saw a change to IR35 status following the consistency review	0

- IR35 legislation from 6 April 2017 required public sector bodies, where they engage off-payroll workers, to ensure they correctly assess their “employment status” i.e. correct tax treatment
- To do this, BPDTS utilised HMRC’s CEST (Check Employment Status Tool)
- In May 2021 BPDTS received a Letter of Offer from HMRC that formally concluded their review of IR35 implementation in BPDTS
- The result was agreement on historic errors and acceptance by BPDTS of a liability for missing tax/NI plus interest for the financial years 2017-18 (£3.0 million), 2018-19 (£2.9 million) and 2019-20 (£1.0 million)
- The total amounted to £6.9 million. This amount has been recorded as a fruitless payment in line with Managing Public Money in the 2020/21 Annual Report and Accounts (see also note 20)

Table 3:
For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

2020/21

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year:

Total no. of individuals on payroll and off-payroll that have been deemed “board members and/or senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.

3

Sickness data

Our data is based on an average of 935 employees over the 12-month period from 1 April 2020 to 31 March 2021 (928 staff from 1 April 2019 to 31 March 2020).

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 2021	238,425	2,416	2.58
Year ended 31 March 2020	237,568 ⁽¹⁾	3,581	3.86

The fall in the number of days’ sickness this year, by 1165 days, reflects our focus on managing absence and supporting colleagues.

⁽¹⁾ the number of working days has been re-stated for the year ending 31 March 2020 (reducing the previously stated number by 3,857 days). To ensure consistency, for both years, the number of working days stated above is the number of days in the year, minus bank holidays and weekends, multiplied by the average number of employees:

Staff Turnover

BPDTS Ltd applies the Cabinet Office guidance on staff turnover to calculate the rate of turnover within the company.

For a given period, the turnover figure is calculated as the number of leavers within that period divided by the average number of staff in post over the period. Leavers include all leavers within the financial year and the average number of staff in post is calculated using quarterly staff in post data for the respective financial year.

Staff Turnover

	2020/21	2019/20
Staff turnover (percentage)	9.7%	15.3%

Diversity and inclusion

Also see Employment and Inclusivity section.

Our gender pay gap covering the 12 months up to the 31 March 2021 shows the mean gender pay gap is at 5.4%, this is significantly smaller compared to many other digital and technology companies. This year's figure shows a small decrease in the gender pay gap for ordinary pay since last year, down slightly from 6.0% (reported in our 2019/20 accounts as 5.5% and subsequently revised in our Gender Pay Gap report to 6%). Our median gender pay gap is 1.1%, an decrease of just under 1% compared to the previous year.

Our headcount at year end decreased by 4.7% over the year; 96 people left and 62 people joined in the year. In the context of significant turnover and high recruitment, the changes in our mean and median gender pay gaps are not significant. As BPDS is a relatively new organisation, the salaries given to advertised roles have always been based on the market pay data, which does not have the inherent gender pay gap associated with more mature organisations. This success of this is reflected in both our recent recruitment drives and the limited impact that is shows in our year on year turnover.

We invested, not only in creating professional communities for our people but also by further reinforcing the behaviours and values we wanted to see and encourage.

Working within the digital and technology arena, we were aware of the challenges the sector faces in increasing the number of female employees to rebalance the industry's male dominance. We established and supported a 'Women in Digital Network'. Its aims are to encourage more women to consider careers in the industry and celebrate the female role models we have within our company.

Disability Inclusion

The BPDS Diversity & Inclusion Strategy focused on building an inclusive and diverse organisation and creating an environment in which people can be authentic at work. The strategy aims were to deliver on three key areas of Supporting our People, Creating our Environment and Attracting and retaining diverse talent.

BPDS had Disability Confident Employer status. Workplace Adjustment & Carer Passports were available for employees with disabilities or for those in carer roles. A Stress Policy was created with an accompanying stress assessment and stress management plan. A guide to Neurodiversity in the workplace for Managers was created to assist in the understanding of neurodiverse conditions and to support managers with enabling reasonable adjustments for their staff to run alongside existing HR policies.

A disability staff network was created to provide a community for those with disabilities and allies and this network worked closely with the DWP Disability network and Thrive, to provide cross government collaboration and resources and members of BPDS were able to join the DWP network.



Richard McHugh
Chief Executive and Accounting Officer
13 October 2021

Auditor's Report

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

Opinion on financial statements

I have audited the financial statements of BPDTS Ltd for the year ended 31 March 2021 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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 2021 and of the net operating income for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and;
- have been prepared in accordance with the Companies Act 2006

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), applicable law 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 report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of BPDTS Ltd in accordance with the ethical requirements that are relevant to my audit of 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.

Modified conclusions on going concern

In auditing the financial statements, I have concluded that BPDTS Ltd's use of a basis other than going concern in the preparation of the financial statements is appropriate.

My evaluation of the directors' assessment of the entity's basis of accounts preparation as being a basis other than going concern, included reference to the outcome of the tailored review announced in September 2020, as a result of which BPDTS's staff and all assets and liabilities transferred into DWP from 1 July 2021, as set out in Note 1.5 and Note 15.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on management's assessment.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the of the Remuneration and Staff Report described in that report as having been audited, the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 prescribed by the Companies Act 2006

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of BPDTS Ltd and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in our 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 Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- a corporate governance statement has not been prepared by the parent company; or
- I have not received all of the information and explanations I require for my audit.

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, 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; and,
- assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting

Officer intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud:

My procedures included the following:

- Enquiring of management, BPDTS Ltd's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to BPDTS Ltd's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including BPDTS Ltd's controls relating to the Government Resources and Accounts Act 2000, Managing Public Money and the Companies Act 2006
- discussing among the engagement team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in management's estimates
- obtaining an understanding of BPDTS Ltd's framework of authority as well as other legal and regulatory frameworks that BPDTS Ltd operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of BPDTS Ltd. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, the Companies Act 2006, employment law and tax legislation

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and,
- reviewing BPDTS Ltd's compliance with IR35 tax legislation and their associated liability and assessing compliance with HM Treasury's pay remit approval processes

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

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.

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.

Gareth Davies

Comptroller and Auditor General

18 October 2021

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial Statements

Statement of Comprehensive Income

for the year ended 31 March 2021

	Note	year end 31 March 2021 £000	year end 31 March 2020 £000
Operating income		82,576	73,549
Operating expenditure			
Staff costs	2	(67,602)	(62,602)
IT support and service costs	3	(2,079)	(2,437)
Non IT support services	4	(3,839)	(3,963)
Depreciation, amortisation and impairment	8 & 9	51	-
Other expenditure	5	(9,071)	(4,244)
Total operating expenditure		(82,540)	(73,246)
Corporation Tax	7	(36)	(303)
Net operating income		-	-
Other comprehensive income		-	-
Net gain on revaluation of intangible assets	9	-	-
Total comprehensive income for the year end 31 March 2021		-	-
The notes on pages 58-69 form part of these financial statements.			

Statement of Financial Position

for the year ended 31 March 2021

	Note	year end 31 March 2021 £000	year end 31 March 2020 £000
Non-current assets			
Property, plant and equipment	8	-	-
Intangible assets	9	-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	10	14,949	8,185
Cash and cash equivalents	11	11,951	10,208
Total current assets		26,900	18,393
Total assets		26,900	18,393
Current liabilities			
Trade and other payables	12	(16,900)	(8,342)
DWP loan	13	(10,000)	(10,000)
Total current liabilities		(26,900)	(18,342)
Total assets less current liabilities			
Non-current liabilities			
DWP loan	13	-	-
Total non-current liabilities			
Total assets less total liabilities		-	-
Equity			
Revaluation Reserve		-	51
General Reserve		-	-
Total equity		-	51

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

The notes on pages 58-69 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 13 October 2021, and were signed on its behalf by:



Rich McHugh
Chief Executive and Accounting Officer
13 October 2021
Company registered number: 10344843

Statement of Cash Flows

for the year ended 31 March 2021

	Note	year end 31 March 2021 £000	year end 31 March 2020 £000
Cash flows from operating activities			
Net operating income		-	-
Adjustments for:			
Depreciation	8	-	-
Amortisation	9	(51)	-
Impairments	8	-	-
(Decrease)/increase provision	14	-	-
Use of provisions	14	-	(553)
(Increase)/decrease in trade and other receivables	10	(6,764)	5,055
(Decrease)/increase in trade and other payables	12	8,558	(2,218)
Net cash inflow/(outflow) from operating activities		1,743	2,284
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		1,743	2,284
Cash at the beginning of the period		10,208	7,924
Cash at the end of the period		11,951	10,208

The notes on pages 58-69 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2021

	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	-	-	-
Disposal of revaluation of intangible assets	-	(51)	(51)
Balance at end of year	-	-	-

for the year ended 31 March 2020			
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 58-69 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 2020 to 31 March 2021.

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 2020/21 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 2020/21. 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 2020/21 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 generated 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 primary 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 ratercard 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. BPDS 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), BPDS recognises financial assets and liabilities when it becomes party to the contracts that give rise to them. The BPDS 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 cost of employer pension contributions for the accounting period through to company closure in 2021/22 is £940k, comprised of BPDTS workplace pension scheme - £800k and CSPA under the 2013 New Fair Deal - £140k required by IAS 19, accounts for the scheme as if it were a defined contribution scheme.

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 2021 were as follows:

	31 March 2021 £000	31 March 2020 £000
Wages and salaries	51,014	45,930
Contractors	6,853	7,922
Social security costs	5,553	4,975
Pension costs	3,901	3,485
Directors' salary	281	290
Total staff costs	67,602	62,602

Directors' salary also includes a 5% overhead charge levied by DWP for Directors on secondment.

Directors' salary includes the costs for executive directors only.

Note 3: IT Support and service costs

IT Support and service costs during the year ending 31 March 2021 were as follows:

	31 March 2021 £000	31 March 2020 £000
IT support and service costs	2,079	2,437
Total IT support and service costs	2,079	2,437

Note 4: Non IT support services

Non IT support services during the year ending 31 March 2021 were as follows:

	31 March 2021 £000	31 March 2020 £000
Non IT support services	3,839	3,963
Total Non IT support services	3,839	3,963

The majority of the Non IT support services costs relate to Estates charges levied by DWP.

Note 5: Other expenditure

Other expenditure costs during year ending 31 March 2021 were as follows:

	31 March 2021 £000	31 March 2020 £000
Staff related costs	1,863	3,848
Professional services	258	226
General office expenses	88	170
Other costs	6,862	-
Total other expenditure costs	9,071	4,244

Staff related costs includes staff travel and associated subsistence. This has reduced during 20/21 as a result of the COVID-19 pandemic.

Other costs includes an accrued liability on BPDTS under the intermediaries legislation (IR35). Internal checks have highlighted inaccuracies in the assessment of some contractor's employment status since April 2017, when new legislative requirements were introduced for public sector bodies. Compliance audit work with HM Revenue and Customs was undertaken during 2021/22; in order to confirm the final liability that BPDTS would incur. This compliance work is now completed and has been reported as a loss (fruitless payment) in 2020/21.

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 auditors fee for the audit of the Company's 2020/21 financial statements was £80,000 (2019/20: £80,000).

Note 7: Taxation

	year ended 31 March 2021 £000	year ended 31 March 2020 £000
Profit on activities before tax	36	281
Effects of:		
Non-deductible expenses	265	628
Depreciation and amortisation expenditure	-	-
Less capital allowances	(113)	(138)
Amount subject to Corporation Tax	188	771
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 19% (2020: 19%)	36	146
Adjustments in respect of prior periods	-	157
Total tax charge	36	303

The total taxation charge recognised in year was £36k, being the current year corporation tax charge (2019/20: 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 2021 £000	year ended 31 March 2020 £000
Cost or Valuation		
At 1 April	756	756
Impairments	-	-
At 31 March	756	756
Depreciation		
At 1 April	756	756
Charged in year	-	-
At 31 March	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 2021 £000	year ended 31 March 2020 £000
Cost or Valuation		
At 1 April	1,761	1,761
Additions	-	-
Disposals	(1,710)	-
Revaluations	(51)	-
At 31 March	-	1,761
Amortisation		
At 1 April	1,761	1,761
Charged in year	-	-
Disposals	(1,761)	-
At 31 March	-	1,761
Net book value at 31 March	-	-

Note 10: Trade and other receivables

	31 March 2021 £000	31 March 2020 £000
Trade receivables	38	1,198
Accrued income	14,461	6,569
Other receivables	26	34
Prepayments	424	384
Balance at end of period	14,949	8,185

The trade receivables relate to funds due from Government Digital Services. Accrued income increased in 2020/21 as a result of additional accrued expenditure to BPDTS with 100% cost recovery from DWP.

Note 11: Cash

	31 March 2021 £000	31 March 2020 £000
Balance at beginning of period	10,208	7,924
Net change in cash	1,743	2,284
Balance at end of period	11,951	10,208

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 2021 £000	31 March 2020 £000
Amounts falling due within one year:		
VAT	2,355	2,411
Taxation and Social Security	8,342	1,354
Accruals and Deferred income	5,730	4,194
Other payables	473	383
Balance at end of period	16,900	8,342

Taxation and Social Security increased in 2020/21 as a result of accruing a liability of £6.9m payable to HMRC. This is in relation to Income Tax and National Insurance due on historic errors with the implementation of off-payroll working (IR35) within BPDTS.

Note 13: DWP loan

	31 March 2021 £000	31 March 2020 £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 2021 £000	31 March 2020 £000
Balance at beginning of period	-	553
Amounts written back	-	-
Provided in the year	-	-
Provision utilised in year	-	(553)
Balance at end of period	-	-

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 2019/20 financial year, the remaining Fair Deal exercises related to tranches 3 and 4 and these were concluded during 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, BPDS 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 2021 as follows.

Property, plant and equipment	nil (no change)
Trade and other receivables	£14,949m (no change)
Cash and cash equivalents	£11,951m (no change)
Trade and other payables	£16,900m (no change)
DWP Loan	£10m (no change, 2019/20: reclassified from a non-current liability to a current liability as a result of the adoption of an other than going concern basis)
Provisions	nil and no additional liabilities identified as a result of the announcement that BPDS Ltd will cease trading on 30 June 2021
Contingent liabilities	nil and no additional liabilities identified as a result of the announcement that BPDS 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 BPDS to recover all costs through charges to its customer the DWP. The BPDS cash requirements are supplemented by a funding facility provided by the DWP. BPDS 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

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 and other government departments. This full cost recovery represented income to the Company of £82.2m during the period (2019/20: £73.5m). The Company incurred expenditure of £3.8m (2019/20: £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

In May 2021, HMRC concluded their review of off-payroll working (IR35) implementation in BPDTS Ltd. The result was agreement on historic errors and acceptance by BPDTS Ltd of a liability for Income Tax and National Insurance plus interest for the financial years 2017/18 to 2019/20. The liability agreed for the financial years 2017/18 to 2019/20 amounted to £6.9m and was paid to HMRC during May 2021.

All BPDTS employees were TUPE'd into DWP on 1st July 2021, creating the single digital function as recommended by the Tailored Review. On this date the company ceased providing a service to DWP and membership of the Board, to take the company to formal closure and strike off, will be made up of executive members.

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.

During 2020/21, the Company incurred one fruitless payment in excess of the reporting threshold (2019/20: No losses or special payments in excess of the reporting threshold in year).

IR35 legislation from 6 April 2017 required public sector bodies, where they engage off-payroll workers, to ensure they correctly assess their 'employment status' i.e. correct tax treatment. To do this, BPDTS utilised HMRC's CEST (Check Employment Status Tool). In May 2021 BPDTS received a Letter of Offer from HMRC that formally concluded their review of IR35 implementation in BPDTS. The result was agreement on historic errors and acceptance by BPDTS of a liability for tax/NI plus interest for the financial years 2017-18, 2018-19 and 2019-20. The total amounted to £6.9m, which is classed as a fruitless payment in line with Managing Public Money. For more information please see note 19 events after the reporting period.

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 the accounting period to company closure, at 31 July 2021 are anticipated to be in the order of £900k (2020/21: £3.6m) for estates and £500k (2020/21: £1.8m) for IT equipment.

E02676292
ISBN 978-1-5286-2909-6



BPDTS Ltd

Caxton House, Tothill Street, London, SW1H 9NA