

We inspire and lead the UK in space
to benefit our planet and its people

HC 1547



**ANNUAL REPORT
AND ACCOUNTS
2022-23**





UK SPACE AGENCY ANNUAL REPORT AND ACCOUNTS **2022-23**

For the period April 2022 to March 2023

Presented to the House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000. Ordered by the House of Commons to be printed on 13 July 2023.

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PERFORMANCE REPORT



The Eagle Nebula ©Dreamstime Images/NASA.

Introduction from the Steering Board Chair

As I end my first year as Chair of the Steering Board, I am pleased to report the progress and impact of the UK Space Agency throughout the year. Getting to know the Agency, the Executive, and my fellow non-executives has been a great pleasure. It's clear to me that everyone across the Agency is committed to delivering the ambitions of the National Space Strategy.

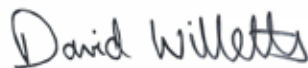
This year has seen major successes for the global space sector. The release of amazing images taken from the James Webb Space Telescope and the launch of the Artemis programme to return humans to the moon captured the public imagination. The UK continues to play its role in these major international missions, with companies and universities, space scientists and technicians in places such as Surrey, Edinburgh, Leicester or Goonhilly each contributing to their success.

A key milestone in the past year has been the successful negotiation with the European Space Agency. The Council of Ministers in late 2022 saw a record subscription which will benefit business and space science the length and breadth of the UK. We will be playing a leading role in key ESA projects such as those to monitor Space weather. I believe we are now at a turning point with a return to the moon and a much wider range of lunar missions: Britain will for the first time be playing a major role in these, particularly through our partnership with Italy in delivering lunar telecoms and navigation services. The outcome in Paris showed how the UK can work with European partners in new ways to benefit us all. It was achieved through the personal commitment of George Freeman MP, the Science Minister, ably supported by the Agency and the Space Directorate in BEIS.

The first launch from Cornwall in January showed the world how we can get our regulation, legislation and infrastructure aligned to deliver a major new national capability. It was a very complex programme, spanning at least six government agencies and many other players too. Although the Virgin Orbit launcher ultimately did not reach the intended orbit the UK's capability has been tested and proven. There can be no doubt Britain is moving at speed to become once more a space launching nation with capacity ranging from Newquay to the North of Scotland. I am proud of the crucial role played by the Agency in achieving this milestone and giving people across the UK a taste of what the space sector can do.

There is however more to do. Staff within the Agency are still reporting worrying levels of workload and the Board recognise we need to do more to tackle issues around the quality of their working lives. Improving the wellbeing of our staff is a priority for the Board over the coming 12 months.

Space is both endlessly fascinating and increasingly useful for the delivery of services we all need. That is being appreciated and understood better than ever before. It is a privilege to serve an Agency and a sector in which we can all take such pride.



Rt Hon. Lord David Willetts FRS
Chair of the Steering Board
7 July 2023



Rt Hon. Lord David Willetts FRS
Chair of the Steering Board

Chief Executive's Statement



Dr Paul Bate
Chief Executive and
Accounting Officer

I am pleased to publish the UK Space Agency's Annual Report and Accounts for 2022-23. This year, the first of three in the spending review cycle, has seen a focus on setting up for success alongside delivering existing programmes. The Agency has completed 23 of the 31 milestones we set out to deliver at the start of the year (please see the table in Delivery milestones on page 38), finalised the planning for whole new programmes such as our international bilateral fund, and made more funding available to the UK Space Sector than in any previous year.

The historic first UK space launch from Cornwall raised the UK's profile as a spacefaring nation. The Agency, Spaceport Cornwall, Virgin Orbit, the satellite operators, and the CAA showed both our collective ambition to become Europe's leading nation for small satellite launch and the resilience we will need to achieve this. While the satellites did not reach their intended orbits, we demonstrated the UK's capability to launch into space. Alongside launches across the world which have suffered their own issues, we know first-hand how hard getting to space really is.

This year also served as a reminder of the long-term nature of national space activity. The launch of missions such as JUICE, now en-route to exploring the icy moons of Jupiter, and SWOT were the culmination of years or decades of work for the scientists and engineers across the UK involved in their development. In November our delegation to the European Space Agency negotiated a landmark £1.84bn deal which secured commitments to key missions like the UK-built Mars Rover and space weather monitoring, whilst also supporting our outstanding Earth Observation sector.

Looking inward our transformation programme has identified locations for new offices across the UK to move us closer to stakeholders, alongside simplifying our organisation structure and governance. A new Agency leadership team is in place, with new director roles for Investment, Championing Space, Missions and Capabilities, Transformation, and People to reflect our focus on these areas. Initiatives like these, and strengthening our financial fundamentals, will continue to be central to setting the Agency on a sure footing for the coming years as the space sector continues to grow. We have much farther to go in tackling bullying, harassment and discrimination but it was very positive to see the Agency's survey scores improving relative to the wider Civil Service in nine of the ten areas reported.

This year has also seen a number of wider changes affecting the space sector and UK as a whole, not least the effects of Russia's war in Ukraine. I am proud of the way Agency staff have risen to meet these challenges alongside delivering their core work and was immensely pleased to see recognition for team members past and present in recent Honours lists.

I look forward to the coming year where we will continue to deliver the National Space Strategy with our close colleagues in Space Command, the newly formed⁽ⁱ⁾ Department for Science, Innovation and Technology and across the public and private sector. From understanding the Universe, to protecting our planet and its orbital environment, and creating the shared prosperity that growing our space sector brings, space is a team sport and I thank everyone who has helped make this latest year a success.

Dr Paul Bate
Chief Executive and Accounting Officer
7 July 2023



To learn more
about the
UK Space Agency
scan the code.

Note: (i) In February 2023, as a result of Machinery of Government changes, DSIT was created as one of a number of successor Departments to UK Space Agency's previous sponsor, Department of Business, Energy and Industrial Strategy (BEIS).

SaxaVord
Shetland



The UK Space Agency CEO & DCEO engagement across the UK

To learn more scan or click the codes.



Our Value Proposition

North Star Metric and Priorities

To play our full part in delivery of the National Space Strategy, and prioritise our resources, we need to be clear about what we are focusing on and why that is:

Our Value Proposition describes the value we bring to our stakeholders, setting out the role we play on the UK space team.

The **North Star Metric** helps us to know we're heading in the right direction.

Our Priorities are the activities that we'll put our resource behind to deliver our Value Proposition.

Our Values are the principles and beliefs we work to day-to-day, and are translated into the behaviours we encourage and expect of each other as set out in the Respect at Work Charter. Together, these help us to inspire and lead the UK in Space, to benefit our planet and its people.

Our Value Proposition

Our Value Proposition describes the UK Space Agency's contribution to delivering the National Space Strategy ambition to make the UK one of the world's most innovative and attractive space economies. It was developed following engagement with Agency colleagues and space stakeholders across the UK and internationally, and is based on what people told us they would most value from the Agency. Each of the elements is mutually reinforcing, with our priorities and programmes typically contributing to all three. We:

- Catalyse investment, by deploying our funding and resources to multiply the value of non-Government contracts and private capital secured by UK space organisations to maximise the space sector's long-term growth.

- Deliver missions and capabilities, independently and with others, that use space science, technology and applications to meet national needs and help humanity to understand our universe.
- Champion space, encouraging other sectors to use space to deliver better services, tackle the climate emergency, inspire STEM education and lifelong learning, and advocate for sustainable space activities

North Star Metric

Maximise total investment into the UK space sector.

This is the key metric that will help us to monitor delivery of our Value Proposition and ensure we're heading in the right direction, taking into account how access to investment can drive our space sector to deliver new science, products and services, and keep pace with other nations.

Our Priorities

These describe the activities that we will put the most resource behind to deliver our Value Proposition, and are progress against these is detailed in the following pages. They form the basis for our budget and programme plans, and help us to design the operating model that we need. They also help us to know what to stop, so we can all manage our time and support our wellbeing. Some actions not listed in our priorities continue to be a part of the UK Space Agency's work, where needed to comply with our legal, fiduciary or Parliamentary duties.



We celebrate diversity and respect in our workplace.



Inspiring the public and explaining our positive role promoting people within the UK space industry

UK Space Agency Respect at Work and Culture

The Respect at Work programme was established in June 2022 to review and address some of the concerns expressed by staff in the 2021 UK Space Agency People Survey on the themes of Leadership and Manager Capability, Workload, and Culture.

In launching the UK Space Agency 'Respect at Work Charter' we have defined the behavioural standards all team members in the Agency should embody. Our Charter principles are:

- **Recognise** Celebrate diversity, value contribution and let people flourish.
- **Empower** Let people make decisions, speak up, and be heard.
- **Support** Listen and be kind.
- **Positivity** Look after each other and be proud.
- **Encourage** Lead by example and role model behaviours.
- **Collaborate** Work together, be supportive and build relationships.
- **Trust** Be honest about ourselves and help others develop and grow.

The aim of the Transformation Culture workstream is to develop and embed the required values and behaviours across the Agency, creating an environment which is a great place to work, continuing to build on the Respect at Work foundations.

Performance against the 2022-25 Corporate Plan

The UK Space Agency achieved many highlights during 2022-2023. Parts of our activity were highly visible within the space community and to the British public. Our enabling role in the first satellite launch from the UK was undoubtedly one. So was the selection of three UK astronauts by the European Space Agency.

But even these achievements do not exist in isolation. Instead, they contribute to success in the eight priority areas which underpin the Agency's delivery for the future. These priorities show how the Agency plays its part in achieving the UK's National Space Strategy.

As this report shows, these priorities are overlapping rather than isolated. Our work on space sustainability, for example, inherently involves technological innovation, while a discovery from the outer reaches of the solar system may inspire young people into careers in science and engineering.

The Agency's Corporate Plan, of which an updated version will be published later in 2024, sets out the resources, financial and human, which will be needed to achieve our eight priorities. Our success in gaining an improved financial settlement from government means that we will now step up our level of activity to make full use of the resources available to us. This will involve matching our internal resources, especially of people, to the tasks now facing us.

In order to achieve the Agency's priorities, there are two enabling activities critical to transforming the organisation and supporting the staff and stakeholders. These are Transformation and Relationships.



The UK Space Agency Corporate Plan 2022-25

TRANSFORMATION

The Agency is currently transforming into a delivery-focused organisation that is a great place to work. This includes our intention to open several new office locations across the UK and operate under a new Organisational Design aligned to our Value Proposition.

We have achieved several milestones this year, including:

- Running a discovery phase to understand the extent to which the organisation needs to transform, identifying several priority areas for improvement through transformation.
- A new Organisational Design centred around our Value Proposition which became operational on 1 April 2023.
- A new governance structure that has introduced new Delivery Priority Programme Boards based on the Agency's eight priorities to help us make informed decisions.
- Developing plans to open new office locations across the UK and become a truly national space agency closer to the sector we serve.



OUR PRIORITIES

To achieve the greatest impact in these areas, we will focus most of our resource budget behind eight delivery Priorities. They form the basis for our budget and programme plans, and help us to design the structure, skills, and operating model we need.



Launch

Deliver the first small satellite launch from the UK in 2022, and a sustainable commercial UK launch market by 2030.



Earth Observation

Deliver a portfolio of activities that ensure long-term value for money access to the data we need.



LEO Capabilities

Use the UK's low Earth orbit assets to deliver transformative new capabilities, including in broadband, position, navigation and timing, and Earth observation.



Innovation

Deliver a step change in the UK's share of the fastest growing or highest-potential commercial space markets, by managing a portfolio of investments in high risk, high reward technologies and applications, supported by future-focused regulation.



Discovery

Manage frequent national and international space missions, short and long term, that strengthen UK capability in space science and engineering, and that offer opportunities for the UK to lead global discovery.



Sustainability

Deliver capabilities to track objects in orbit and to reduce and remove debris, lead global regulation and standard-setting to make space activities more sustainable.



Levelling-Up

Increase and spread space investment and jobs, by accelerating the growth of a connected network of local space clusters.



Inspiration

Deliver a programme that inspires young people to pursue STEM education, attracts talent to the UK space sector, and demonstrates the benefits of space science technology, and applications.

Delivering our priorities well depends on two enabling activities, **Transformation** and **Relationships**, that will transform our organisation and support our staff and stakeholders, in addition to the business-as-usual functions that ensure we comply with our legal, fiduciary and Parliamentary responsibilities.



RELATIONSHIPS

The Agency continues to build and manage strong relationships with key space investors, suppliers, and customers. These serve to deepen our mutual insights, confidence, and help us collectively deliver the National Space Strategy and catalyse investment into the sector.

We are achieving this by:

- Considering the available investment options open to programme teams across the Agency.
- Conducting market engagement to secure buy-in from industry.
- Working closely with cross-Whitehall teams to develop organisational frameworks which support the delivery of investment ambitions.
- This enabler also supports our international teams to expand UK partnerships with other space-faring nations to attract new investment into the UK economy.

Our Priorities

LAUNCH

Launch – priority

Deliver the first small satellite launch from the UK in 2022, and a sustainable commercial UK launch market by 2030. You can see our performance metrics for Launch on page 35.



The UK became the first nation to launch satellites from European soil on January 9, 2023. The Agency is proud of its role in making this first launch, from Spaceport Cornwall, a reality. We are supporting the UK launch market to grow significantly in future years.

The National Space Strategy has prioritised making the UK a leader in small satellite launches by 2030. This year's first launch is an essential step towards success in this vital, and highly visible, policy. To facilitate the launch, the Agency addressed a broad range of unique regulatory and legal issues, within the UK and internationally. This involved coordinating the activity of government bodies including the Ministry of Defence, the Department for Transport and the Civil Aviation Authority. Sadly, the satellites of the Virgin Orbit LauncherOne rocket did not reach orbit because of a problem with the second stage of the launcher. However, Spaceport Cornwall is not alone in enabling future launches. SaxaVord in Shetland is expected to host ABL's RS1 rocket, alongside offerings from Rocket Factory Augsburg and HyImpulse. Space Hub Sutherland, on the Scottish mainland, will launch Orbex's Prime rocket, in which the Agency has invested £5.5 million.

The Agency has invested £31.5 million in enabling vertical launch from Scotland and

£10 million in Cornwall. Spaceport Cornwall is expected to generate 150 jobs directly and 240 indirectly by 2030, while SaxaVord plans to create 255 jobs, 139 of them on the island of Unst. The UK has also invested £21m in the European Space Agency's 'Boost!' programme to address specific gaps in national spaceflight capability such as ground and space-based range solutions, reusability technologies to mitigate the environmental impacts of launch, and flightworthiness assessments of new launch vehicles to ensure safe, reliable launch.

UK launch also generates vast public interest, feeding the Inspiration priority, and is supported by the nationwide tour of the Virgin Orbit replica rocket. Our launch investment creates jobs in remote locations, contributing to Levelling-Up, and involves a high level of innovation, growing our ability to operate effectively in Low Earth Orbit.



Sited in Scotland, Orbex heralds a bright future for the UK's space industry sector.



Completed launch stool and under-construction integration hangar at SaxaVord Spaceport.



Virgin Orbit Cosmic Girl, above and Spaceport Cornwall with Cosmic Girl, right.



Brochure: Guide to UK Spaceports scan the code.



Earth observation – priority

Deliver a portfolio of activities that ensure long-term value for money access to the data we need. You can see our performance metrics for Earth Observation on page 35.

EARTH OBSERVATION (E.O.)

Earth Observation is important for informing responses to climate change, for supporting broader environmental action, and for security and defence.

Our Earth Observation activity is supported by a range of missions and ground activities. We continue to participate in Copernicus, the European Earth Observation programme, via ESA and the meteorological satellite group EUMETSAT. We have also made clear our intention to participate in the EU part of the programme as long as it is on fair and equal basis. During the year under review, Government released around £200million of planned Copernicus funding to industry, the Agency and other space sector organisations to enhance their Earth Observation activity.

Recent approval for TRUTHS supports our Earth Observation priority. It will massively increase the authority of our measurements of the Earth’s radiation budget by putting a UK-designed and built laboratory in orbit. Launched in December 2022.

SWOT (Surface Water Ocean Topography), will measure the amount of water in oceans, seas, lakes and rivers around the world with unprecedented accuracy. SWOT is the outcome of a long-running partnership between the Agency and our colleagues in the US, Canada and France.

In addition, we are partners with CNES, the French space agency, in MicroCarb, a mission to measure carbon dioxide concentrations in the atmosphere and find hot spots for its production and absorption. A UK-built spectrometer is vital to the success of Microcarb, which is intended for launch late in 2024.

While many Earth Observation projects are inevitably about climate change, we are looking too at air pollution, soil moisture and other Earth properties that can be observed remotely. We are also developing data infrastructures which allow maximum value to be obtained from space data, a less visible but vital programme of work.

The UK made its biggest-ever commitment to Earth Observation at ESA’s Council of Ministers meeting in Paris, including in the follow-on Aeolus mission that will help measure terrestrial wind speeds and the first ever UK-led Earth Watch mission ‘TRUTHS’.

Almost half of all the UN recognised climate indicators used to monitor climate and climate change are dependent upon satellite observation, so it is important to know we can use this data with confidence. Providing this reassurance is the role of ESA’s TRUTHS mission, which uses UK technology from centres such as the National Physical Laboratory.

These activities naturally develop our priority for Earth Observation. But at the same time, they have a high capacity to inspire people when the environment is a more urgent priority than ever before. And new Earth Observation technology brings new participants into space activity as data users, ranging from banks and insurance companies to farmers. So, the Inspiration and Innovation priorities also gain from our activity.

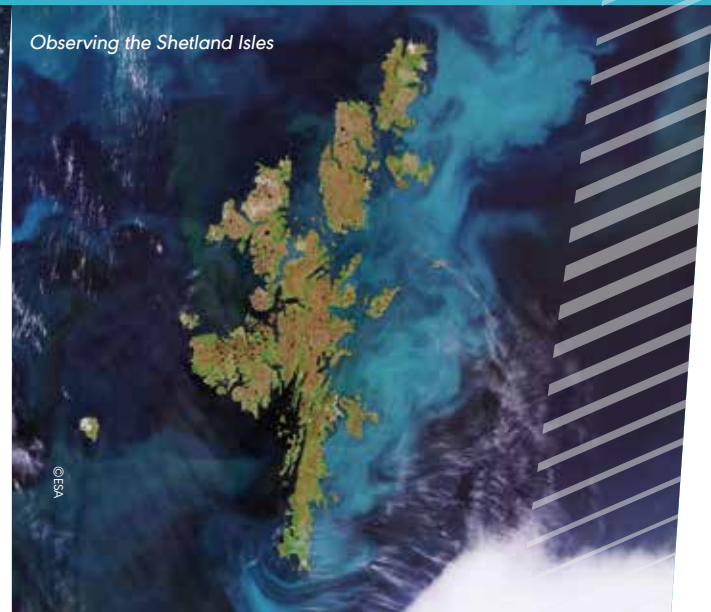
To learn more about SWOT scan the code.



To learn more about TRUTHS scan the code.



ESA Copernicus Sentinel



Observing the Shetland Isles

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The International Space Station

©Dretime Images

LEO Capabilities – priority

Use the UK’s low Earth orbit assets to deliver transformative new capabilities, including in broadband, position, navigation and timing, and Earth observation. This priority has been paused during this reporting period, awaiting Government direction prior to launch of a major new project. You can see our performance metrics for Low Earth Orbit on page 35.



LOW EARTH ORBIT (L.E.O.)

Many of the biggest commercial and public space opportunities involve the use of satellites in Low Earth Orbit (LEO), generally defined as the region less than 2000km above the Earth’s surface. LEO presents an immense opportunity for economic growth. Most satellites, including the International Space Station and other crewed space stations now in orbit, are in LEO.

However there is now so much activity in LEO that even this vast volume of space is becoming congested. It is filling up with active and inactive satellites as well as “space junk” such as the upper stages of old launchers. Our aim is to ensure that LEO remains a viable location for UK space activity, and to protect our current and future LEO assets. This involves joint working with a range of partners, including the UK Ministry of Defence.

Monitor Your Satellites

Perhaps the most valuable of our active LEO projects is the Monitor Your Satellites service, which is reducing the debris threat to UK satellite operations and which went live in January 2022. It uses a wide range of data to assess collision threats to UK satellites. UK-based OneWeb has nearly 648 satellites in orbit, making it the biggest group to be monitored by this service.

Monitor Your Satellites is important to satellite operators, but also to government, because the UK is legally responsible for the safe operation of its satellites. It is used by the operators of over 70 per cent of UK satellites who get free access to it. UKSA analysts monitor anything from 2000 to 6000 “conjunctions” per month between satellites and potential hazards, although the number that breach the UK government threshold for escalation and possible evasive manoeuvres is far less than this. Most of the activity is concerned with LEO, again supporting this Agency Priority, but the service is also active in GEO, and in Medium Earth orbit between the two.

The service is delivered through cooperation between the Agency and the Ministry of Defence, with joint management, procurement, software and sensors. In April 2024 it will become part of the new National Space Operations Centre, a partnership between MoD, UK Space Command and the Agency.

As well as its obvious value for space sustainability and to the UK’s Low Earth Orbit assets, the service contributes to levelling-up, as a high-technology activity which is mostly based outside South East England. And the technical problems it addresses are fascinating ones which can inspire future engineers and scientists.

Our Innovation activity supports UK investment in Low Earth Orbit. The Agency has funded the National Space Propulsion Test Facility, used for testing rocket motors for in-orbit satellite manoeuvres. It is now in full use, attracting both UK and overseas customers with new propulsion technology to test. In the longer term, we expect that the work we are supporting on Active Debris Removal from space will benefit operations in all Earth orbits. But the biggest gains will be made in LEO, which is where we find the most space activity alongside the most numerous threats. This initiative is described more fully in the Sustainability section of this report.

A OneWeb satellite on orbit.



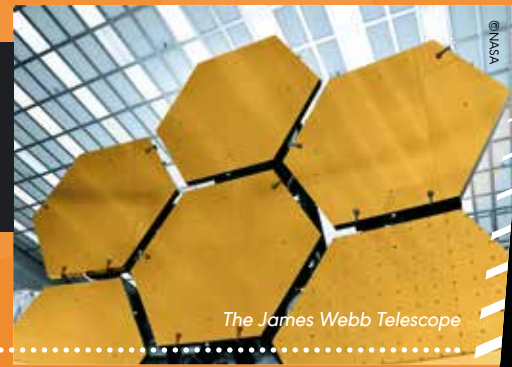
CGI Aurora Space Debris video.





Innovation – priority

Deliver a step change in the UK’s share of the fastest growing or highest-potential commercial space markets, by managing a portfolio of investments in high risk, high reward technologies and applications, supported by future-focused regulation. You can see our performance metrics for Innovation on page 35.



The James Webb Telescope

INNOVATION

The new space era will be driven by innovation, which is a priority for the UK as a whole, and for the Agency. Every project mentioned in this report, from the James Webb Space Telescope to the removal of space debris, benefits from UK innovation.

The UK Space Agency plays an important role in stimulating new innovation in the space sector through a number of targeted programmes delivered both nationally and in partnership with the European Space Agency. This year has seen significant investment in new space technologies and satellite applications which will lead to the products and services of the future.

The UK doubled its commitment to ESA GSTP in November 2022, and has continued to use this programme to support industry to develop new products: from new chemical and electric propulsion technologies to future hypersonic and re-entry vehicles.

The UK has three key areas of interest in GSTP: EEE sovereignty, SOLARIS and ENDURE. The EEE sovereignty programme places UK companies at the heart of a secure stand-alone high-value supply chain for ESA. The UK has used SOLARIS to support companies to develop new technologies for Space Based Solar Power in parallel to several national activities. ENDURE – European Devices Using Radioisotope Energy – supported the development of cutting-edge UK products that will use UK’s nuclear waste and repurposes it to heat and power new spacecraft.

The Westcott National Space Propulsion Test Facility, funded through GSTP in collaboration with NAMMO Westcott Ltd and STFC, is now complete, supporting companies to develop new commercial space engines.



Space-based solar power for Earth’s energy needs.

The UK continued to chair the ESA Industrial Policy Committee, successfully helping to secure the best ESA investments for the UK. In addition, the UKSA has taken leadership roles in the new ISO (International Standardisation Organisation) Space Traffic Coordination and Space Debris programmes.



The National Space Propulsion Test Facility

This year, The UK Space Agency’s national Technology Resonance Programme supported a successful collaboration between motorsport and space with the Silverstone Technology Cluster. A number of workshops have defined innovative cross-over solutions to support both sectors.

In March 2023 we agreed to invest £2.9 million in preliminary work by Rolls-Royce towards a nuclear reactor that might be used on the lunar surface. If it proves feasible, this technology would be even more valuable on Mars, whose greater distance from the Sun means lower power output from solar arrays.



GaN water

In August, the National Space Innovation Programme (NSIP) pilot ran its third funding call, awarding a combined £10.6m to two projects, one developing laser optical communications for CubeSats, and the other a high-resolution infrared constellation for heat loss detection. NSIP also continued to fund the development of technologies in support of two NASA missions, Lunar Thermal Mapper (LTM), and Interstellar Mapping and Acceleration Probe (IMAP). The Enabling Technologies Programme kicked off its pilot in the autumn with two funding calls valued at £2m each; the first focused on driving innovation in optics and in-orbit servicing and manufacture, and the second on scientific instruments delivered in partnership with STFC.

At the 2022 ESA ministerial, the UK invested an additional £30m in programmes supporting the next three years of innovation in satellite navigation. The Navigation Innovation Support Programme (NavISP) stimulates growth in the Position, Navigation and Timing (PNT) sector through funding support to nurture industrial capability, raise technology readiness levels and de-risk the development of innovative new products and services. The number of applications to NavISP has grown considerably this year. We have received many proposals and expressions of interest to support activities covering a wide variety of topics including asset tracking, resilient PNT, navigation using signals of opportunity, countering interference and jamming, cold atom and optical clocks, quantum time transfer, precise relative positioning, navigation signals from low earth orbit and space based augmentation services. Around half of the applications received to date have been successful in gaining UK support, with the average award ranging from £150k to £1m.

The UK Space Agency supports the development of satellite communication technologies through the ESA ARTES programme. Satcoms are essential for every part of the space sector, to communicate, to run applications, to view images of the Earth and to control landers and rovers on other worlds.

This year has seen the role of telecommunications in space grow to become of a seamless network of communication networks, providing 5G coverage from space, powered by recent changes in industry standards on interoperability. At the same time telecommunications now includes off-world operations, with the Agency sponsoring a new lunar communications and navigation mission to the Moon.

The year also saw the UK change its offer to industry, with access to all ESA programmes sponsored by the UK now run through a competitive entry framework by the UK Space Agency and delivered in partnership with ESA. This improves our offer to industry, where we now commit to running relevant funding calls and opportunities across the year, with clear, transparent criteria and guaranteed decision-dates and schedules to give applicants the certainty they need to deliver the next generation of satellite technology, products and services.

The UK Space Agency ran eight funding competitions through the Telecoms team with a collective funding envelope of over

£55m. Applicants submitted over 200 bids for research and development activities with a combined value of nearly £1bn. Of the competitions now closed and where funding has been allocated, nearly 40 companies have so far been successful, attracting over £35m in funding.

This year, a quarter of all applicants applied for funding under the Public Private Partnership Programme with ESA, a programme that enables companies to develop a global footprint providing new technologies, products and services, and which had an envelope of £50m. The outcome of that competition will be announced in Autumn 2023, with applicants offering an incredible range of diverse satellite connectivity solutions to address emerging markets.

The National Space Strategy sets out the UK's ambition to be one of the most innovative and attractive space economies in the world. Space applications are a cornerstone of innovation and enable the public to benefit from space data and assets in their everyday lives. With applications comprising 75% of the total income of the space sector in 2022, contributing to the growth and expansion of the UK's space applications industry is a critical part of our innovation priority.



At the last ESA Council of Ministers, UKSA invested an additional €20m in the Business Applications and Space Solutions (BASS) programme, the second largest contribution of any ESA member state. In the last year alone the Space Applications team have funded 25 different activities totalling over £9.5m, enabling the delivery of cutting-edge products, applications, and services. 92% of activities supported were led by SMEs, and 80% by Micro or Small Enterprises, many of whom do not identify as "space companies", but who have reaped the rewards of embedding space applications into their business initiatives.

Example applications delivered by companies supported by the BASS programme include using GNSS, SatComs and 5G to support first responders in mass casualty events, using EO data to provide automatic surveillance of invasive weed species in water ways and using satellite weather data to provide updated flight plans to airline companies to reduce the generation of contrails in flight, which contribute to global warming.

Above: An artist's impression of the debris that surrounds Earth.

DISCOVERY

The UK is a principal participant in the James Webb Space Telescope (JWST). This ground-breaking instrument has exceeded all expectations for its performance. It was launched on Christmas Day 2021 and as part of its expected 10 year life, was providing valuable data throughout 2022-2023. The UK led on the JWST's Mid-Infrared Instrument (MIRI), which has produced some of the most spectacular and important JWST images.

The UK is strong in astronomy and astrophysics as well as space engineering. In the first competition for observing time on JSWT, the UK was second only to the US for the number of successful bids entered.

Also producing images that were as spectacular as they are important, was ESA's Solar Orbiter satellite. This year, it sent us the closest-ever images of the Sun's surface. The UK leads on two of the Orbiter's 10 instruments and is heavily involved in two others, and the spacecraft was built in the UK by Airbus. The fine detail in the Orbiter images has allowed new structures to be detected at the Sun's surface, including small flares informally known as Campfires.

These discoveries advance solar physics. They also enhance our knowledge of space weather, the ways in which solar activity can disrupt satellites, power supplies and other vital assets.

Solar Orbiter therefore contributes to our priorities on Discovery, Innovation, Inspiration and Sustainability. Nor is the new technology we develop used only in space. Techniques developed for unfolding the JWST's 18-segment mirror into a single piece of optics also have applications in the medical treatment of the human eye.

We expect the same to be true of NASA's planned HelioSwarm project, in which nine small satellites will fly in formation to give the first simultaneous data on different areas of the Sun's magnetic field. This will be one of the first bilateral projects with NASA within UK Space Agency's new Science and Exploration Bilateral Programme. The 'swarm' of spacecraft will use magnetometers made in the UK, building on technology developed for Solar Orbiter.

Discovery – priority

Manage frequent national and international space missions, short and long term, that strengthen UK capability in space science and engineering, and that offer opportunities for the UK to lead global discovery. You can see our performance metrics for Discovery on page 36.



During 2022-23, we moved closer to the launch of PLATO and ARIEL, two ESA missions to find and describe exoplanets. As well as discovering exoplanets, these projects will allow us to find out more about their composition, size and origin, and about whether they have the conditions that could support some sort of life. The PLATO Science Management Coordinator and the ARIEL Principal Scientist are both in the UK, and a UK team is leading the international consortium to build the science instruments for ARIEL.

Our position as a leading member of ESA is central to UK Space Agency's Discovery priority. During this year, we were delighted with the outcome of the ESA Council of Ministers meeting in Paris. It approved new discovery programmes in which the UK will play a major part and agreed to sustain existing projects.

The most headline-grabbing outcome of the meeting for the UK was the announcement of three new UK astronauts. Rosemary Coogan was selected by ESA as the UK's third astronaut after Tim Peake and Helen Sharman. Paralympian John McFall is the world's first astronaut with a physical disability. Meganne Christian completed the astronaut selection process and joins the ESA Astronaut Reserve.

The UK has long been a world centre for astronomy and space science, and in robotic spacecraft. ESA's decision to select UK astronauts for training shows that we can also play an important role in human spaceflight.

The UK is also growing its commitment to crewed spaceflight with new experiments on the International Space Station. Three UK projects have already taken place there, and two more are under development.

The latest of these, developed by the University of Strathclyde and Qinetiq, tested whether vibrating complex fluids in microgravity could produce a predictable solid product. While wet sand is a good example of a complex fluid, this experiment used glass in ethanol. The initial results are encouraging. These findings may allow novel, high-performance materials to be produced in orbit, for use on Earth or in space.

The luminous, hot star Wolf-Rayet 124 (WR 124) taken by James Webb Telescope.





© ESA - P. Seibert



© ESA - P. Seibert



© ESA - P. Seibert

Rosemary Coogan, John McFall and Meganne Christian, ESA astronauts 2022.

Three important uncrewed programmes with heavy UK involvement were approved at the meeting. They include Vigil, a mission to monitor space weather, and TRUTHS, a programme which will use space lasers to check the validity of climate monitoring measures. TRUTHS is discussed further in the Earth Observation section of this report.

The third project approved in Paris was the restructured Rosalind Franklin Mars rover. This mission has been on hold since the Russian invasion of Ukraine. Russia was heavily involved in the project and was to provide the launch. The meeting agreed to proposals to replace the Russian components of the mission, which will now be launched from the US.

The new Rosalind Franklin mission is planned to leave Earth in September 2028 and arrive on Mars in November 2030. One of the key pieces of technology needed to achieve this target is a new landing platform, and the Agency has been responsible for this vital development. The platform is involved in the final stages of landing Rosalind Franklin and has its own propulsion system to avoid a crash landing.

The UK's involvement in restructuring the Rosalind Franklin mission builds on our successful work on the NASA Insight project. Insight arrived at Mars in November 2018 and the mission was declared complete in December 2022. The UK built a coin-sized microseismometer instrument which has had an important role in determining the interior structure of Mars, including its core, mantle and crust. This technology is likely to be reused on the Moon and at other solar system objects. In addition, this work supports our Innovation priority by being applied on Earth, for example in drilling technology and in autonomous vehicle design.

Despite the existence of these important initiatives, humanity's planned return to the Moon is arguably the most exciting of all the discovery missions in which the Agency has a role. On November 16, the Agency was represented at the first launch of the Artemis spacecraft system which will accomplish this feat by 2025 according to current plans. The Space Launch System rocket used that day was the biggest ever launched at over 2600 tonnes.

While NASA is the lead agency responsible for Artemis, ESA is a major contributor. The UK is participating in Artemis via ESA and with NASA directly and UK space businesses are an important part of the picture. For example, the Goonhilly earth station in Cornwall has been involved in tracking the mission itself and the nine cubesats which it placed in orbit around the Moon.

As well as advancing Discovery, this commitment to Artemis contributes enormously to our Inspiration priority.

Solar Orbiter silhouetted by the Sun. Artists impression.



© NASA/ESA

SUSTAINABILITY

Sustainability – priority

Deliver capabilities to track objects in orbit and to reduce and remove debris, lead global regulation and standard-setting to make space activities more sustainable. You can see our performance metrics for Sustainability on page 36.



Space can only be used sustainably if satellites can be kept safe while in orbit. The Agency’s Sustainability priority recognises that satellites need to be protected from hazards such as space debris. In addition, the technology needed to minimise these risks is important to our Innovation priority.

The Agency is supporting the development of technology for disposing of unwanted or hazardous objects in orbit, including those that are “non-cooperating.” Our current aim is to show two successful removals of such debris. And on a more positive note, we are looking at ways of making inactive satellites useful again, for example by attaching rocket motors to restore their ability to manoeuvre. This would lengthen their useful lives and reduce their annual running costs. The Agency is a partner in international discussions aimed at standardising satellite design, so that more satellites can be refuelled in orbit.

Removing a redundant satellite from orbit has commercial value, because it frees orbital space for other users. Working with UK Space, the key industry body, the Agency is pursuing business opportunities for Active Debris Removal (ADR).

ADR will call for the ability to approach, contact and interact with objects in orbit. As well as supporting debris removal, these technologies may underlie space activity such as the in-orbit manufacturing of pharmaceuticals and advanced materials, as well as space harvesting of solar energy.



© Getty Images

Challenging space debris

The Agency’s approach to developing the UK’s Sustainability capacity is market-focused and involves removing the high levels of risk inherent in developing this complex ability. We are supporting two UK groups, ClearSpace and Astroscale, to develop ADR, and towards the end of 2023 will choose one for a fuller phase of development. Any such process we support will be environmentally sound. The two now under development work by changing the orbital speed of the target object so that it re-enters the atmosphere safely. They do not involve breaking up the target object.

About three million objects are being tracked in space, including about 27,000 big ones including satellites and rocket stages. Most are in Low Earth Orbit, and our work here is a direct contribution to the Agency’s LEO Priority. But the much higher Geostationary Orbit (GEO) is also increasingly crowded. It is home to telecommunications and broadcast satellites, each costing hundreds of millions of pounds, making it indispensable to modern life.



© Clearspace

Clearspace artist's impression of CLEAR the mission to remove space debris.



Space Sustainability Summit, London

LEVELLING-UP

Levelling-Up – priority

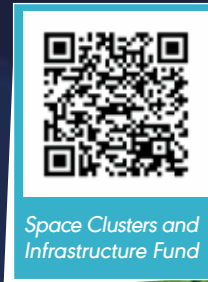
Increase and spread space investment and jobs, by accelerating the growth of a connected network of local space clusters. You can see our performance metrics for Levelling-up on page 36.



The space industry is one of the fastest-growing parts of the British economy, and generates well-paid jobs, often for graduates or apprentices. This makes the industry a national asset when economic levelling-up is a priority. Levelling-up is a key priority for the Agency and is built into our actions and our internal systems alike.

Many of the world’s space programmes are built around government support for large corporations which act as national champions. The UK’s approach, however, is more organic. The Agency is leading the growth of a UK space ecosystem in which businesses of all kinds, as well as government organisations, universities and other bodies, have access to the resources they need and can flourish in the highly competitive space environment.

This has involved us in joint working with Local Enterprise Partnerships and other bodies to set up ten Space Clusters across the UK. The clusters are usually virtual. They are designed to build regional links which encourage the sharing of knowledge, opportunities and contacts. The aim is to encourage local, regional and international investment and employment, and to show that people can have good space careers anywhere in the country.



Space Clusters and Infrastructure Fund



©Oneamline Images

The UK as seen from space.



©UKSA Communications Team

LaunchUK Nanosat Design Competition Award Winners.

The first clusters were started with modest budgets of below £100,000 per year and were intended to map how the concept might work in practice. Now the budgets are larger, at £200,000 upwards, allowing higher levels of coordination to be achieved. This development allows new products and partnerships to be built, including cross-regional collaborations. An example of tangible impact is in Northern Ireland. Here, local space companies are now more able than before to bid for work on large space projects from prime contractors.

Our aim is to grow the space economy of the whole UK. The support which our Local Growth initiative offers to space businesses is spread across the regions and nations. In addition, we support businesses run by women or by members of underrepresented ethnicities.

We back space businesses at three main stages in their development. Thirty companies are already involved at the Explore stage. These new companies are still developing both their business models and their technology. In the coming year, we will recruit firms to our later Leo and Geo phases of support. These are working respectively at the proof of concept stage, or at a commercial scale from which they can scale further. This activity is vital to our Levelling-Up and innovation priorities.

From January 2020 to March 2022, this local growth activity benefited 88 companies, creating over 80 jobs and helping to encourage £8.9 million of investment. It works by providing advice on technology, business and finance, for example by helping companies that have subsisted on research grants to attract commercial backing.



To learn more about the UK tour of the Launcher One replica scan the code.

Launcher One replica outside the Science Museum, London.

Inspiration – priority

Deliver a programme that inspires young people to pursue STEM education, attracts talent to the UK space sector, and demonstrates the benefits of space science technology, and applications. You can see our performance metrics for Inspiration on page 36.



INSPIRATION

Everything about space is inspiring, from exploring the outer reaches of the universe, to telling us about the condition of our own planet. Harnessing the inspirational effect of space is a priority that is reflected throughout our portfolio of activity.

In 2022-23 we planned and initiated projects to Unlock Space for Business and to inspire and build a space workforce of the future through our education and skills project.

Championing the benefits of space to new private sector customers is critical to enabling the realisation of wider benefits for UK citizens, improving efficiencies, and addressing net zero targets. The Unlocking Space for Business project seeks to drive greater long-term adoption of satellite-derived data, applications, and services across commercial end-users. The project contributes to the catalysing investment and championing space aspects of our Value Proposition to maximise investment into the UK space sector. Generating greater demand and investment for downstream services generates further demand for improved upstream space assets and technology, enabling a virtuous circle of growth of the space sector.

The education and skills project recognises that to deliver the ambitions of the National Space Strategy and achieve our priorities, whether that is Discovery, Innovation or Earth Observation, the UK space sector needs a skilled, diverse and sustainable workforce at its core. However, the sector is facing an urgent skills

shortage, and UKSpace, the industry’s national trade body, reports that recruitment is the sector’s biggest barrier to growth.

Addressing the skills pipeline involves work at all stages of the education system. The first step is to inspire young people from pre-school to A-level age, and their parents and teachers, about the possibilities of careers in space as exciting and accessible to everyone. The future of UK space is filled with a wealth of exciting events and achievements, such as Launch, astronaut activities and leadership in earth observation missions. We are using these inspirational activities to reach more people across the UK, including targeting underserved communities with extra resources.

The space workforce are highly qualified, however only 24 per cent of the workforce are women. It is important to increase the attractiveness of STEM degrees to under-represented groups to increase capacity and diversity of thought. The success of this approach is evident in the CanSat competition detailed on page 25.

Our approach is to embed long term interventions into the key touch points in young people’s lives, for example by training and resourcing teachers and

science centre staff. As part of this we have announced £4.3m of funding into four major educational projects, including partnerships with the National Space Academy, the Jon Egging Trust, the Association for Science and Discovery Centres and the European Space Education and Resource Office. We run the space element of the STEM ambassador network and over the last school year achieved 1.5million interactions with young people as part of our ‘One Million Interactions’ initiative to inspire the next generation of space professionals.

We are working with the graduate community and UK space employers to ensure the skills of graduates match business needs. Our Space Placements in Industry (SPIN) scheme, brokers projects that provide real work experience in the space sector, for university students to tackle the UK space sector skills shortage. In 2022, 80 students participated and we plan to increase the total to in the region of 250.

You can read more about how the Education and skills team are inspiring children on page 24.

Communications and Engagement



The UK Space Agency's Communications and Engagement team is focused on influencing, informing and inspiring people about the work of the Agency and the achievements of the UK space sector. Our approach supports the delivery of the Agency's priorities, while providing a responsive service to journalists and key stakeholders, inspiring the general public and keeping our own staff engaged and motivated through internal communications channels. This year we focused the majority of our resources on three Agency priorities: **Launch, Sustainability and Discovery**, while supporting key cross-cutting milestones such as the Farnborough International Airshow in July 2022 and the ESA Council of Ministers in November 2022.

The team managed communications activity around the UK's first orbital launch attempt in January 2023 working closely with a range of stakeholders including Spaceport Cornwall, Virgin Orbit, the Civil Aviation Authority and government departments. We supported the Summit for Space Sustainability at London's Science Museum in June 2022. We promoted the UK's role in major discovery milestones such as the James Webb Space Telescope and the Artemis programme.

The Farnborough International Airshow is one of the most significant global conferences for the UK space sector. The UK Space Agency was an official partner of the 'Space Zone' in 2022 and managed the delivery of the UK Space Pavilion to highlight: the strengths of UK space companies, the value delivered by the Agency and UK government, and the value of our relationships with major space sector partners. Six government ministers, including the Prime Minister, visited the Space Zone and we hosted international partners including the NASA administrator and ESA Director General.



Artemis programme exhibition stand

There continues to be significant public interest in the work of the UK Space Agency. The team has successfully grown our audience on social media by 74,361 over the course of the year to just under 450,000.



Space sustainability explored at the Science Museum, London

Our Instagram channel in particular has seen huge growth, hitting 100,000 followers over the year – more than major government departments and other space agencies such as Germany's DLR.

We have supported Agency spokespersons to take part in more than 350 interviews with regional, national and international media, informing and inspiring millions of people about the work of the UK Space Agency and the UK space sector.

We have responded to around 600 press queries from all over the world, making sure journalists have the information they need to inform the public.

Education and Skills



In 2022, the UK Space Agency published the intention to expand activities supporting space education and skills under a new Inspiration Priority. Under this priority, we have increased activity which maximises the inspirational context of space to:

- Support young people from all backgrounds and stages of education to pursue STEM.
- Address and improve diversity in STEM and the space sector.
- Support greater awareness and positivity for the importance and value of space in people's lives.
- Demonstrate and promote rewarding careers in the space sector, including those that do not require a STEM background.
- Provide and support coherent careers resources.
- Ensure the availability of a diverse and skilled workforce to support the resilience and growth of the space sector.



MARS DAY 23 PROGRAMME						
7 March 2023						
WELCOME TO MARS (DAY) MARS DAY esero 09:00 - 09:10	UK SPACE AGENCY MISSIONS 09:10 - 09:40	MARS BASE CAMP CHALLENGE 09:45 - 10:15	ESA'S EXPLORATION PROGRAMME 09:45 - 10:15	UK SCIENTISTS ON MARS 10:20 - 10:55	MARS HOUR MARS HOUR esero 11:00 - 12:01	YOUR JOURNEY INTO SPACE 12:05 - 12:15
SCIENCE IN SPACE 12:20 - 12:55	TECHNOLOGY IN SPACE 13:00 - 13:55	ENGINEERING IN SPACE 13:40 - 14:15	MATHS IN SPACE 14:20 - 14:55	LIVE FROM NASA 17:45 - 18:15	JUPITER AND ITS MOONS 18:20 - 18:55	LIVE FROM THE JUICE LAUNCH PAD 19:00 - 19:30

Projects focused across three strands:

Space to Inspire will aim to reach the widest audience of young people, parents, teachers, club leaders and especially those not already interested or aware of space. We aim to develop a practical way for anyone to engage with and use real space hardware and real space data, provide interactive experiences at public science and discovery centres around the UK, and kick-start new innovations in space education.

Space to Learn leverages partnerships with expert educational providers to target the classroom to empower teachers to use space as a teaching context, highlight space careers, and provide exciting interactive masterclasses for students with real space professionals or via exciting and engaging practical challenges. We also aim to provide specialist targeted support for those young people in underserved regions and most in need.

Skills for Space targets those who have chosen to pursue a space career and need support to attain their first jobs in the space sector. We aim to partner and work strategically with space employers and organisations to broker access to specialist training, provide internships, support scholarships, and closely monitor the needs of the sector.

In parallel, key activities were supported across the year in preparation for the new programme, which include the following highlights.



How stuff works: Gravity

The UK Space Agency have worked in partnership with the Open University and the National Space Academy to create a series of short animated films introducing a younger audience to space.

- Through our partnership with STEM Learning Ltd, who provide the UK Space Education Office (ESERO), we reached over 221,000 young people across two special space topic days of virtual engagement for schools around the UK: Mars Day and Protecting Our Planet Day. Each day provided interactive sessions with international experts, career advice and activities to participate in.
- We also run the space element of the STEM ambassador network, in which 1,000 ambassadors visit schools to talk about space.
- ESERO delivered national challenges including CanSat, a competition to design, build and launch a drinks can-sized satellite. This year over 2,000 14-19 year old UK students, competed as 134 teams to design, build, launch and gather data from their own scientific payloads. 8 teams went on to compete for the UK national finals.
- The National Space Academy delivered almost 2000 participant-hours of high-quality space masterclasses to schools around the UK, where a specialist 'lead-educator' provides expert space teaching and interactive activities. The academy also delivered almost 2000 additional participant-hours of space careers provisions.
- Through our Space Placement in Industry (SPIN) Programme, students can take part in this inspirational, space-oriented 8-week placement with a space employer. To date, this programme has provided 400 students with an experience of industry or research with more than 60% progressing to a space career.
- The UK Space Agency received recognition from the International Astronautical Federation by being awarded the 'Excellence in 3G Diversity Award'. This reflects outstanding contributions to the fostering of "3G" (Geography, Generation and Gender) diversity within the space sector.



UK National CanSat Finalists 2022 launching a satellite payload they created.

©STEM Learning Ltd.



©National Space Centre

Our People

We are committed to ensuring that we are a kind, inclusive and diverse Agency that is representative of the communities it serves. We want to build a positive workplace culture so that our staff feel safe to be themselves and are empowered to deliver our business priorities, whilst fulfilling their potential.

The 2022 Civil Service People Survey (CSPS) ran from 22 September to 31 October. As in previous years, we were

measured as an Agency in our own right. The UK Space Agency participation rate was 77%, slightly lower than last year, (84%) but significantly higher than the overall Civil Service response rate of 65%.

The Agency had an Employee Engagement Index (EEI) score of 61%. The EEI is shaped by five individual questions as well as measuring responses to nine key themes as shown in the table below.

People Survey results	Civil Service 2022	Civil Service 2021	UKSA 2022	UKSA 2021	UKSA Change +/- %	UKSA Change vs CS Change*
My work	79%	79%	77%	77%	-	-
Organisational objectives and purpose	83%	85%	81%	70%	+11	+13
My manager	78%	75%	75%	70%	+5	+1
My team	84%	84%	84%	85%	-1	-1
Learning and development	55%	56%	44%	41%	+3	+4
Inclusion and fair treatment	81%	82%	73%	76%	-3	-1
Resources and workload	74%	75%	66%	66%	-	+1
Pay and benefits	28%	39%	24%	35%	-11	-
Leadership and managing change	54%	58%	49%	44%	+5	+9
EEI index	65%	66%	61%	62%	-1	-

*The difference between UKSA change (2022 minus 2021) minus the difference in CS-wide change

Perhaps most importantly, most people (58%) in the Agency believe that senior managers will act on this year's survey results – 10 percentage points higher than last year, and 7 percentage points above the Civil Service average. There's an even higher increase (17 percentage points) in belief that effective action was taken on the results of the last survey.

Looking at the changes since 2021, in comparison to the whole Civil Service, there are three that stand out, and all are positive for the Agency. These are:

- Organisational objectives and purpose
- Leadership and managing change
- Learning and development

In each of these three areas, our scores have improved since 2021 while the Civil Service average dropped. While this suggests we are heading in the right direction, there is absolutely no room for complacency.

Bullying Harassment and Discrimination (BHD) and all other forms of inappropriate behaviour have no place in our Agency. It is encouraging to see that this is coming through in the survey with people in the Agency who have experienced BHD reporting a 9 percentage point improvement in appropriate action being taken, and a 9 percentage point drop in the culture supporting poor behaviour. Nonetheless, we still have a long way to go, including on ensuring that we are reporting poor behaviours when we see or experience them so that the right action can be taken – reporting is an area where we have fallen back this year.

In response to these results, UK Space Agency have committed to dealing with our most significant challenges by focusing on five areas; Workload; Culture and Values; Learning Culture; Pay and Benefits; and Leadership and Management.

Looking at the changes since 2021, in comparison to the whole Civil Service, there are three that stand out, and all are positive for the Agency. These are organisational objectives and purpose, leadership and managing change, and learning and development.

These actions are important in themselves, but we have also chosen them because collectively they should improve inclusion and fair treatment and reduce bullying and harassment.

The introduction of new initiatives such as Respect at Work, Inclusive Leadership and Management Capability Learning & Development offers, and our Hybrid Working policy, highlight a few great examples of what has already been delivered.

The Agency has continued its 18-month Integrated Transformation Programme (ITP) which is aimed at transforming the Agency into a delivery-focused organisation that is aligned to our Value Proposition and ensures the efficient and effective delivery of our Priorities.

We are confident that our charted path will deliver the best results for our people, our sector and our planet's future in space.

Our Finances

A key Agency financial objective is to outturn between 0.0% and -1.0% of the financial target (Agency forecast at 30 September 2022).

In 2022-23, the UK Space Agency has provided more than 25% more funding to the sector than in any previous single year, reflecting the ambition in the Corporate Plan and the additional budget made available in-year from funding previously earmarked for Copernicus.

In compliance with the budgeting regime, the Agency was required throughout the year to advise BEIS (now DSIT) of its total forecast net expenditure for the year end, in line with the requirements from HM Treasury to adhere as closely as possible to the forecast.

The Agency's financial objective only applies to Departmental Expenditure Limit (DEL) budget lines as movements in the Annual Managed Expenditure (AME) budgets are outside the control of management.

The Agency's 2022-23 outturn before AME represented a £29.6 million underspend, equivalent to 4.4% (2021-22 - 2.8%) below the agreed financial target. Final total outturn including AME was a £54.7 million underspend, equivalent to 7.9% (2021-22 - 2.7%).

The Agency's financial outturn was impacted by a delay in approvals in major business cases and from missed milestones by grant recipients. Programmes impact include the National Space Innovation Programme (NSIP), Spaceflight (Phases 1 and 2), and the National Active Debris Removal mission. The Agency is reviewing its approach to financial management in order to strengthen it to enable earlier identification of programme slippages, re-assignment of funds, and improved forecasting accuracy.

The table below includes the details of the budget, financial target agreed with BEIS and outturn against each budget line. The reported variance is the difference between outturn and agreed financial target.

The AME outturn was an underspend of £25.1 million compared to budget mainly from revaluation movement which represents the difference in the fair value of the forward exchange rate contracts on inception as compared to the fair value of the contracts at their settlement date. Included in this was also a gain of £3.0 million in the value of the Westcott Facility. Ownership of the Westcott Facility transferred to the Agency towards the end of the prior year and it was revalued during 2022-23.

Table 1: UK Space Agency's Outturn 2022-23

	2022-23			
	Budget £000	Agreed financial target £000	Outturn £000	(Surplus)/ Deficit £000
Admin DEL	9,728	8,457	9,277	820
Programme DEL	327,500	339,302	323,901	(15,401)
Capital DEL	286,722	297,981	297,966	(15)
Commercial Spaceflight	21,903	18,427	12,475	(5,952)
Space Clusters Infrastructure Fund	10,000	1,000	692	(308)
National Space Innovation Programme	20,486	11,172	2,447	(8,725)
Total DEL	676,339	676,339	646,758	(29,581)
Non-ring-fenced AME	1,270	1,270	1,266	(4)
Ring-fenced AME - forward contract revaluations	15,000	15,000	(10,103)	(25,103)
Total AME	16,270	16,270	(8,837)	(25,108)
Total Outturn 2022-23	692,609	692,609	637,921	(54,688)

Foreign exchange hedging impact of European Space Agency (ESA) commitments

To aid budgetary certainty, the Agency manages a portfolio of foreign exchange forward contracts. In May 2022 following HM Treasury approval, the Agency placed new forward exchange contracts covering the next four years to cover existing ESA payments within its portfolio. There were nine remaining contracts at 31 March 2023. These financial instruments are subject to significant variances; their underlying fair value measured at 31 March 2023 resulted in a recognised notional revaluation gain of £10 million. These non-cash movements are outside the control of management and are therefore classified as AME.

In November 2022, at the ESA Council of Ministers meeting, the Agency committed £1.6 billion (excluding inflation) to ESA for the period of 2023 to 2028, with some commitments stretching to 2030. Approval has been received from HM Treasury to secure further forward contracts to secure budget certainty to cover this new obligation up to financial year 2027-28. This will be secured once the payment profile is confirmed by ESA in 2023.

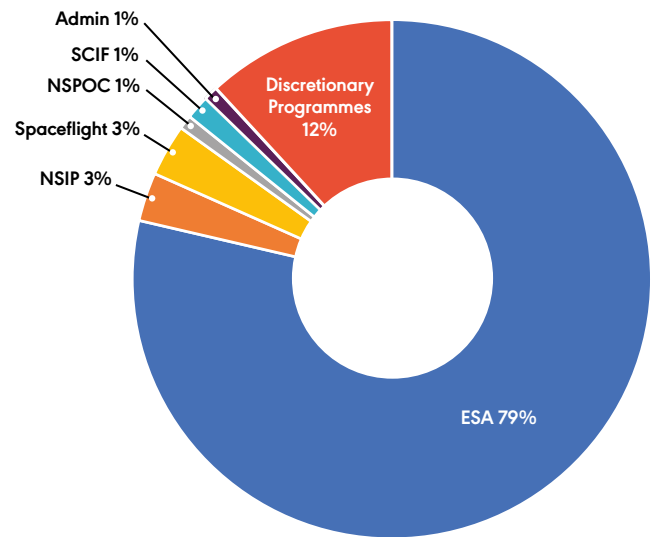
Other financial assets and liabilities including more information about the forward exchange contracts can be found on page 97 in Note 9 to the Financial Statements.

Ring-fences and Discretionary Spend

The Agency received funding from BEIS in 2022-23. When spending restrictions are put against a particular budget line, this is referred to as a ring-fenced budget. In line with the HM Treasury consolidated budgeting guidance, the Agency is not permitted to switch funding between ring-fences.

The graph below details the 2022-23 allocation, split by the various programmatic spend.

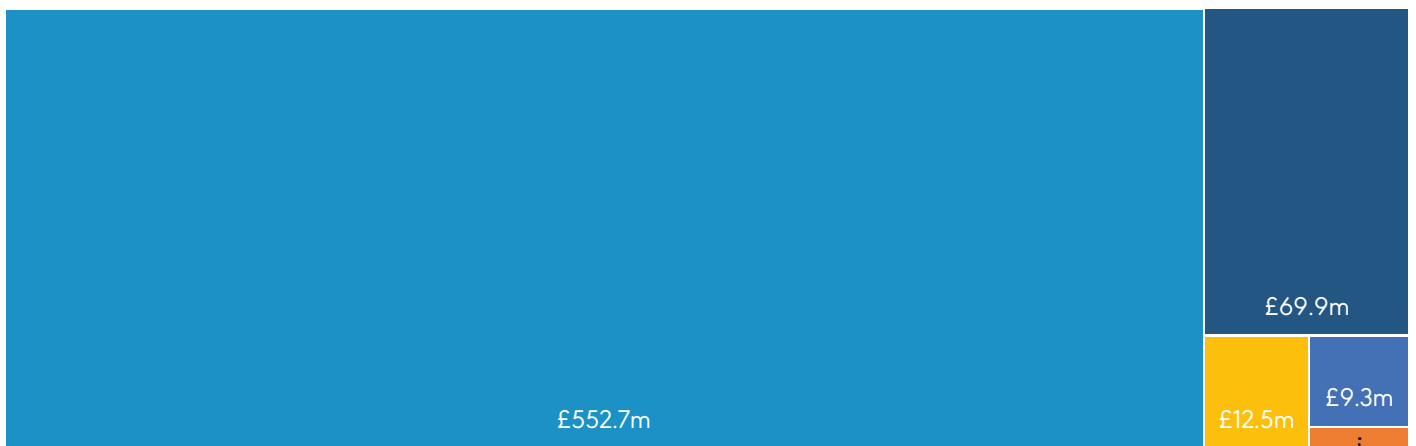
Graph 1: Agency Allocation Split Across Programmes



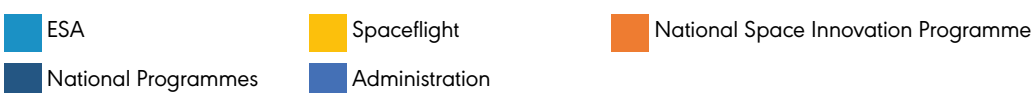
How we spent our 2022-23 Budget

Table 1 on page 27 includes delivery costs within the allocation; therefore, the figures are not directly comparable to those in the Note 4 to the Financial Statements, Total

Operating Expenditure on page 94, which details the outturn for 2022-23 across the Agency with further narrative below detailing the spending breakdown.



Graph 2: How the Agency spent the 2022-23 Budget



Detailed Spending Breakdown

1. European Space Agency (ESA)

During the reporting period, the Agency subscriptions to ESA totalled £552.7 million. This includes additional funding from HM Treasury to fund Earth Observation programmes as part of a £200.0 million Earth Observation (EO) investment package, launched in November 2022. The UK Space Agency allocated £122.6 million of this to expand the UK's investments in ESA EO projects at CMin22.

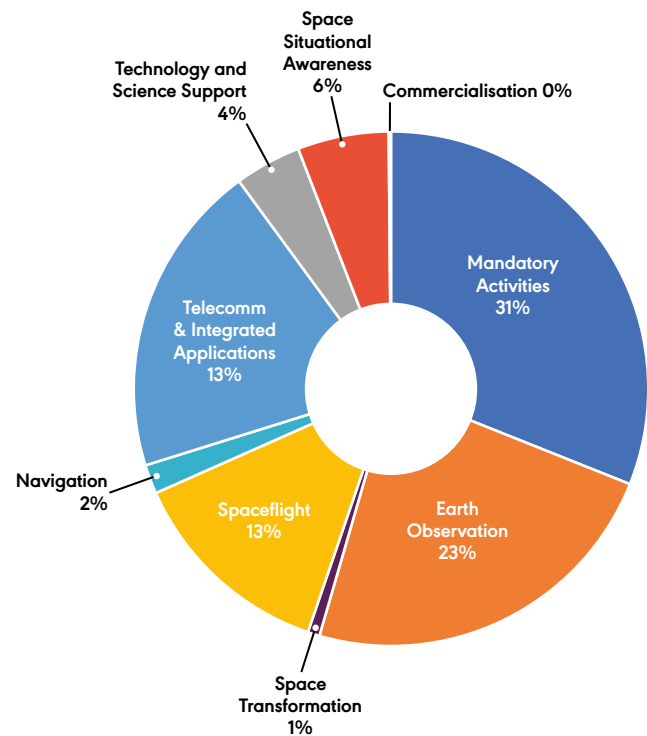
The Agency's commitments to ESA are agreed at Council of Ministers (Cmin) meetings, scheduled every two to four years. The most recent meeting was held in November 2022 (CMin22) where the UK announced it will invest £1.6 billion to deliver international space programmes over the next 5 years. This investment secured UK involvement in international space missions and the development of new technologies, including:

- UK leadership of the Rosalind Franklin mission to search for signs of life below the surface of Mars;
- A new satellite, TRUTHS, to calibrate climate measurements from space;
- Bolstering space safety through improving forecasting and resilience from dangerous space weather;
- Three new UK astronauts including the world's first para-astronaut
- Research in telecommunications to enable faster 5G and future 6G connectivity, and to support constellations of Low Earth Orbit satellites
- Strengthening space sustainability via satellite management, maintenance and removal.

¹ Sterling equivalent of Euro subscriptions pre inflation and subject to exchange rate movement as at 2022 indices.

The CMin22 subscriptions portfolio can be summarised into eight key categories shown on the graph below.

Graph 3: ESA Subscription Portfolio 2022-23



2. Non-ESA Programmes

These include expenditure on work undertaken within the UK either by the means of funding to research institutions or companies or expenditure on major national programmes. Highlighted below is a brief summary of programmatic expenditure carried out in 22-23 outside the ESA subscription as reflected in the graph on page 29.

2.1. National Programme

This category covers all non-ESA funded programmes except for major programmes (Spaceflight and NSIP). Including delivery costs, a total of £69.9 million was spent on National Programmes during the reporting period, covering a multitude of different projects and initiatives.

2.2. Spaceflight Programme

In 2022-23, the Spaceflight Programme, part of the launch priority, made considerable progress in the drive for the UK to achieving commercial small satellite launch. On 9 January 2023, the UK made history by conducting the first ever orbital launch from UK soil through Virgin Orbit at Spaceport Cornwall - clearly

demonstrating the UK's launch capability. Although the launch did not achieve the intention of putting satellites into orbit, it proves that the UK has the capability to position itself as a long-term provider of commercial small satellite launch services.

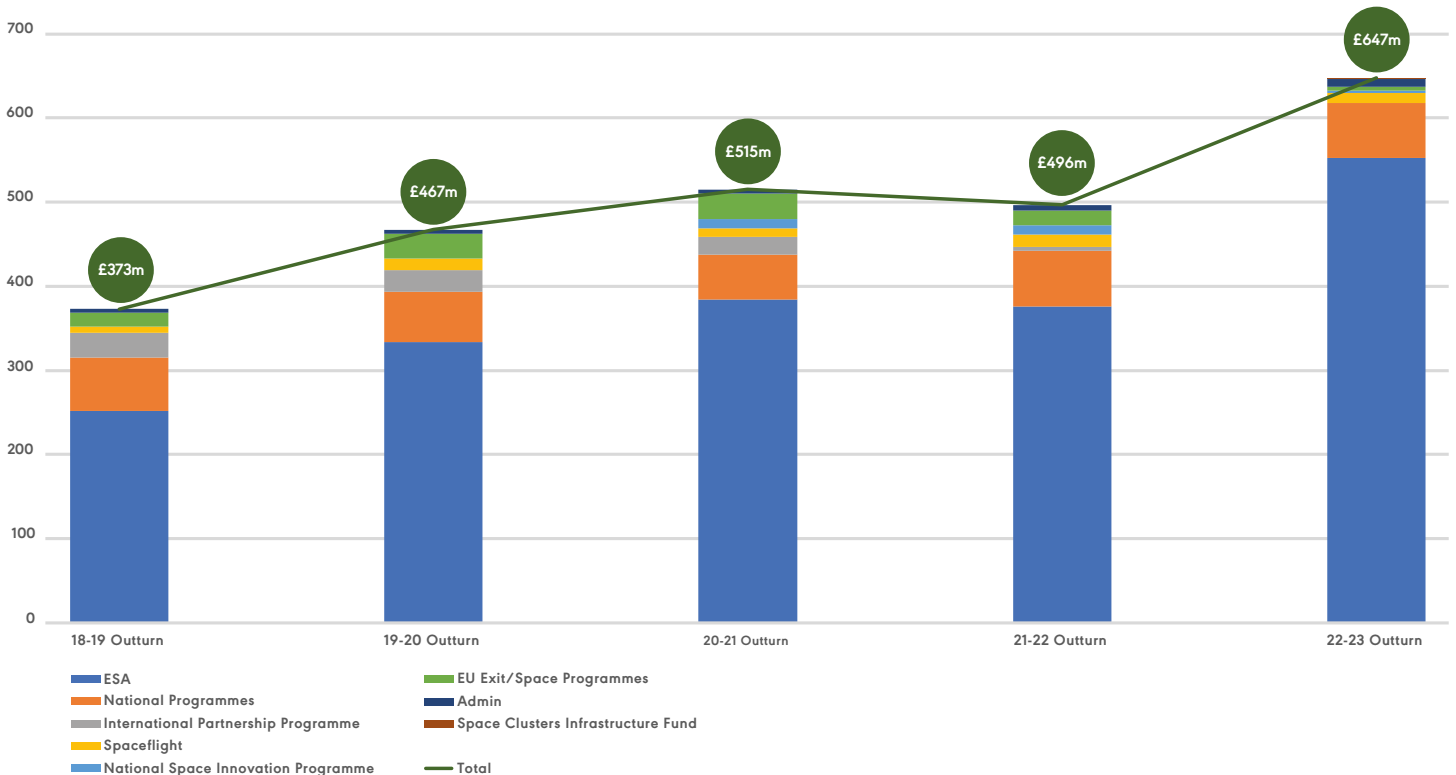
2.3. National Space Innovation Programme (NSIP)

Launched in March 2020 as a pathfinder programme, NSIP, part of the innovation priority, undertook a broad range of projects. The programme underspend reflects the delay in achieving milestones, including the completion of the business case and start of the competitive call. This affected programme participants' timing to complete funded activities.

2.4. Admin

In 2022-23, administrative costs amounted to £9.3 million (2021-22: £6.8 million) which was in line with the Agency's admin budget of £9.7 million.

Graph 4: UK Space Agency's Expenditure Trend from 2018-19 to 2022-23



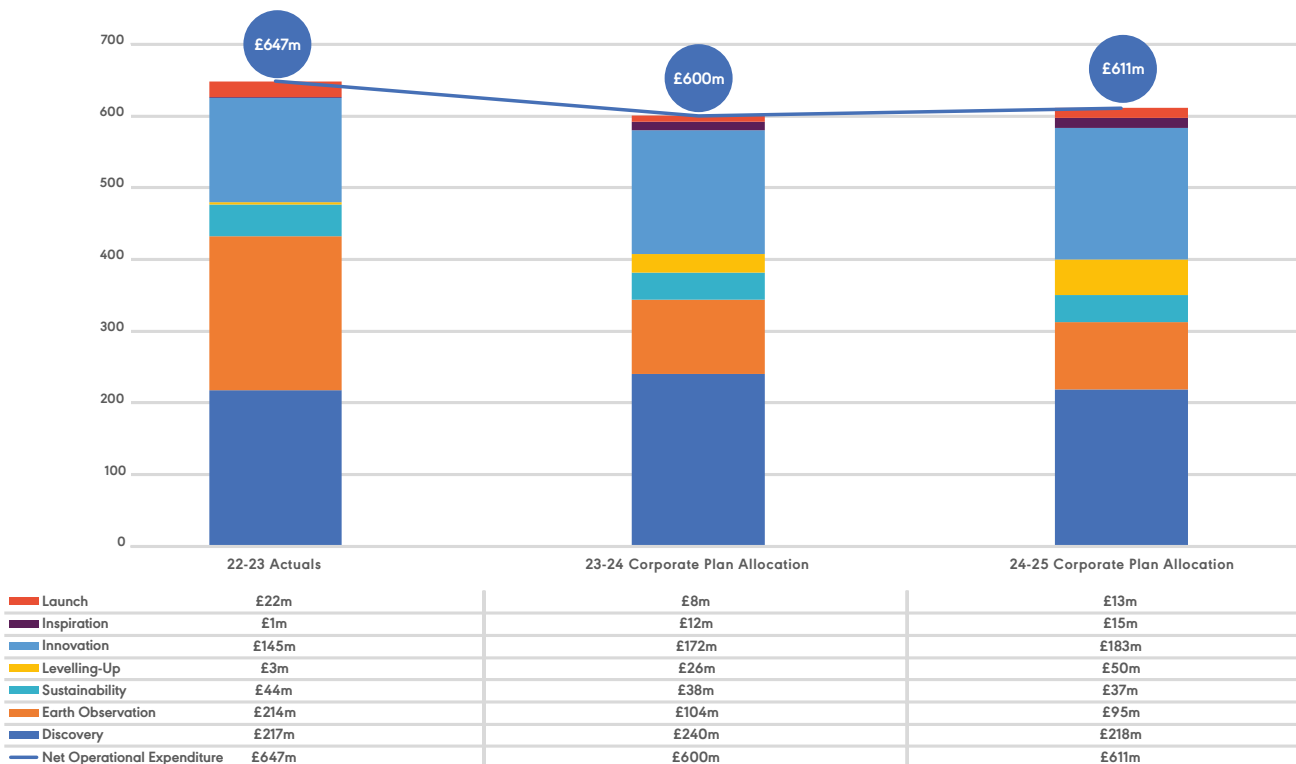
Expenditure Trend

The Agency has seen an increase in expenditure as shown in the graph on page 30. This additional funding has allowed the Agency to expand its subscriptions to ESA whilst maintaining its funding to the national programmes. Due to the nature of space science, expenditure on such programmes is managed across multi-year profiles.

The graph on page 30 shows the historic expenditure trend from 2018-19 to 2022-23 (before AME). Since 2018-19, the Agency's outturn has increased by 74.5%.

The graph below shows the 2022-23 outturn and indicative budget for 2023-24 and 2024-25 as included the published corporate plan priorities, confirmed as part of the BEIS Spending Review 21 settlement concluded in the first quarter of 2022. This has been refreshed recently by the Agency and will be published once finalised. Prior year spend was not aggregated into the priority level of spend as the agency's chart of accounts was only aligned to this categorisation in 2022-23.

Graph 5: UK Space Agency's 2022-23 Outturn and 2023-24 to 2024-25 Corporate Plan Allocation



How we have performed

Value Proposition, North Star Metric, and Priorities:

Our strategic direction for the UK Space Agency defines our role in delivering the National Space Strategy and helps us to prioritise our resource. Our strategic direction for the UK Space Agency defines our role in delivering the National Space Strategy and helps us to prioritise our resource.

Our **Performance Metrics** are our way of measuring how we are achieving this.

North Star Metric:

This describes the key metric that will help us to monitor delivery of our Value Proposition and ensure we're heading in the right direction, taking into account how access to investment can drive our space sector to deliver new science, products and services, and keep pace with other nations.

Maximise total investment into the UK space sector.

Value Proposition

This sets out the value the UK Space Agency delivers to our stakeholders, taking into account our role in empowering our sector, delivering programmes, and raising awareness and support for space:

Catalyse investment by deploying our funding and resources to multiply the value of non-Government contracts and private capital secured by UK space organisations and maximise the space sector's long-term growth.

Deliver missions and capabilities independently and with others that use space science technology and applications to meet national needs and help humanity to understand our universe.

Champion space encouraging other sectors to use space science technology and applications to deliver better services and tackle the climate emergency, inspiring STEM education and lifelong learning, and advocating for sustainable space activities.

Performance Metrics:

The delivery of the Value Proposition, North Star Metric and Delivery Priorities are measured by performance reporting to the Agency's Boards.

These targets are a measure of our success.

As part of our Corporate Plan, we detailed four themes which set out our performance metrics for the next 3 years. These are set out in the Summary of Metrics table below

Summary of Metrics:

A. Value Proposition Metrics

How well are we fulfilling our role?

1. Value (contract revenue and investment) in UK space sector attribute to UK Space Agency activity (North Star).
2. Confidence that UK Space Agency programmes that aim to deliver missions and capabilities will realise their benefits.
3. Time spent participating in UK Space Agency-supported activities that aim to champion space.

Overall Performance Metric status 2022-23

Performance Metrics were agreed in 2022, signed off by the board and formed as part of the Corporate Plan, to be tracked over the next three years (recognising that reporting would not start for some metrics in 2022-23). The Agency has now completed its first year. Overall there are 32 metrics.

The Portfolio Office is working together and engaging with various teams across the UK Space Agency to ensure accurate and consistent data, ready to be presented to the Boards including Exco (for Value proposition, Transformation and Organisational Health metrics) and Delivery Board (for Delivery metrics).

Each metric is assigned a status by metric leads as per the key below.

Key:

- Not on Target
- Close to Target
- On Target
- Delivered
- Reporting not started

Key:	Value Proposition	Delivery	Organisational Health	Transformation	%
Not on Target	1	2	3		19
Close to Target		1	1	1	9
On Target	2	12			44
Delivered				2	6
Reporting not started		6		1	22

At the end of FY our performance metrics reporting showed **6% Delivered, 49% On Target, 9% Close to Target, 18% Not on Target and 18% not started.**

The table above breaks this down by metric type. A full breakdown of each metric can be found on the following four pages.

B. Delivery Priority Metrics

How well are we delivering our priorities?

1. Launch
2. Discovery
3. Innovation
4. Levelling-up
5. EO
6. Sustainability
7. Inspiration
8. LEO

All delivery priorities have at least 1 metric per element of the value proposition

C. Organisation Health Metrics

How well are we running UK Space Agency?

1. Staff engagement with UK Space Agency
2. Bullying and harrasment in UK Space Agency
3. Discrimination in UK Space Agency
4. Financial outturn within +0/-1% of agreed target.

D. Transformation Metrics

How well are we transforming UK Space Agency?

1. Delivering the Discovery Phase
2. Improving staff confidence in change
3. Delivering financial benefits
4. Designing and Implementing a new organisational structure



Value Proposition

This sets out the value the UK Space Agency delivers to our stakeholders, taking into account our role in empowering our sector, delivering programmes, and raising awareness and support for space:

- | | |
|---|--|
| ■ | 1. North Star Metric - Catalyse Investment
Value (contract revenue and investment) in the UK space sector attributable to UK Space Agency activity (North Star Metric) |
| ■ | 2. Deliver missions and capabilities
Confidence that UK Space Agency programmes that aim to deliver capabilities/missions will realise their benefits. |
| ■ | 3. Champion space
Time spent participating in Agency supported activities that aim to champion space. |

Commentary

Championing Space: this metric is red currently, but work will progress over the CSR period with Delivery teams to turn this green.

Key:

■ Not on Target ■ Close to Target ■ On Target ■ Delivered ■ Not Started



Delivery Priorities

These describe the activities that we will put the most resource behind to deliver our Value Proposition. They form the basis for our budget and programme plans, and help us to design the structure, skills, and operating model we need. They also help us to know what to stop, so we can all manage our time and support our wellbeing (although some actions not listed in our priorities will continue to be a part of the UK Space Agency's work, where needed to comply with our legal, fiduciary, or Parliamentary duties).

Delivery Priority Metrics:

4.	LAUNCH - Target Value Contract revenue and investment in the UK space sector attributable to UK Space Agency activity.
5.	LAUNCH - Annual TRL improvement Average annual improvement in Technological Readiness Level for UK Space Agency supported projects
6.	LAUNCH - Pathfinder launches Completion of UK Space Agency supported pathfinder launches.
7.	LAUNCH - Target Hours Target number of hours participants spend in UK Space Agency supported activities.
8.	INNOVATION - Target Value Contract revenue and investment in the UK space sector attributable to Agency activity.
9.	INNOVATION - Improvement in TRL Average annual improvement in Technological Readiness Level for UK Space Agency supported projects
10.	INNOVATION - Target Hours Target number of hours participants spend in UK Space Agency supported activities.
11.	EO - Target Value. Target Value (contract revenue and investment) in the UK space sector attributable to Agency activity
12.	EO - Improvement in TRL Average annual Technological Readiness Level improvement in for UK Space Agency supported projects.
13.	EO - EO capability and benefits derived from space technology Stabilisation in number of EO jobs and capability, or increase in diversity of organisations able to benefit from EO space technology
14.	EO - Target Hours Target number of hours participants spend in Agency supported activities.
15.	LEO - Completion of LEO mandate scoping Completion of LEO mandate scoping exercise by September 2022 [further metrics to be set upon production of plan].

Delivery Metrics (continued):

	16. SUSTAINABILITY - Target Value Contract revenue and investment in the UK space sector attributable to UK Space Agency activity.
	17. SUSTAINABILITY - Improvement in TRL Average annual improvement in Technological Readiness Level per Agency supported projects
	18. SUSTAINABILITY - Percentage of UK-licensed satellite operators receiving UK timely Proportion of UK-licensed satellite operators receiving the UK's independent and timely warnings of orbital events
	19. SUSTAINABILITY - Target Hours Target number of hours participants spend in Agency supported activities.
	21. DISCOVERY - Number of leaders UK roles Number of leading UK roles in Agency supported discovery activities.
	22. DISCOVERY - Target Hours Target number of hours participants spend in Agency supported activities.
	23. LEVELLING-UP - Target Value Contract revenue and investment in the UK space sector attributable to UK Space Agency activity.
	24. LEVELLING-UP - Target Hours Target number of hours participants spend in Agency supported activities.
	25. INSPIRATION - Target Hours Target number of hours participants spend in Agency supported activities.

Commentary

Metric 20 is not listed as it has now no longer applicable and therefore is not reported on.

There is one delivery metric which remained inactive as of the end of the financial year 2022-23, as direction from Government was being sought: #15 Completion of LEO mandate scoping. Work will progress over the CSR with Delivery teams to start reporting on this metric.

Key:

Not on Target
 Close to Target
 On Target
 Delivered
 Not Started



Organisational Health

Delivering our Priorities depends on how we support our staff and manage our finances.

Organisational Health Metrics:

26. Forecast outturn budget spend within target margin

Forecast outturn budget spend within +0/-1% of agreed target.

27. Staff engagement within UK Space Agency

The rate of staff engagement with the Agency, based on results off the CS People Survey.

28. Bullying and harassment in UK Space Agency

Reducing bullying and harassment in the UK Space Agency.

29. Discrimination in UK Space Agency

Reducing discrimination and harassment in the UK Space Agency.

Commentary

Following the results of the People Survey in November 2022, the People team have brought a new survey tool into the Agency which will be used to look at how the relevant organisational health metrics can be improved.



Transformation

Transform the Agency into a delivery-focused organisation that puts its people first, is aligned to our Value Proposition and needs of our stakeholders and is 'match fit' to achieve our priorities.

Transformation Metrics:

30. Discovery Phase Delivery

Delivering the Discovery Phase.

31. UK Space Agency staff confidence in change

Improving staff confidence in change.

32. Deliver financial benefits

Delivery of Value for Money and its resulting financial benefits from UK Space Agency activity including transformation.

33. Designing and implementing a new organisational structure

Designing and implementing new UK Space Agency organisational structure.

Commentary

Work will progress over the CSR period by the Transformation team to start reporting on the remaining transformation metric which has not been reported on in FY 2022-23.

Dr Paul Bate

Chief Executive and Accounting Officer

7 July 2023

Delivery milestones

Our corporate plan, published in July 2022 (see page 10), detailed a number of milestones the UK Space Agency aimed to achieve in each financial year from 2022 to 2025. In the financial year 2022-2023 the Agency achieved 23 of these 31 milestones, as shown in the table below. Though not all aspects of some milestones are entirely within the UK Space Agency's control, these milestones provide an important mechanism to assess our delivery progress.

We will update our corporate plan and associated delivery milestones for future years in 2023.

CP 22/23 Milestones	Complete (Y/N)	Complete (Y/N)
31 Total	23 Complete (74%)	
Launch		
1st Horizontal Launch	Y	
Investment in Launch Technologies	Y	
Launch OBC Approval	N	
Earth Observation		
CEOI New Contract Secured	Y	
CEOI Calls for Technology Projects	Y	
Microcarb Instrument arrives in UK	Y	
SWOT Launch	Y	
Space 4 Climate/Space Climate Observatory Call	Y	
Data Architecture Requirements Agreed	Y	
		Completion of the Particle Vibration Experiment for the ISS
		Selection of Next Tranche of ISS Experiments
		UK participation in new ESA Fast Class and Medium Class mission candidates reviewed
		Preliminary Design Review of UK Led ARIEL Science Payload
		UK institutes play central role in third full data release from ESA's Gaia mission
		James Webb Space Telescope, and its UK built MIRI instrument, begin full science operations
Sustainability		
ADR FBC Approved	Y	
Innovation		
NSIP FBC Approved	N	
1st NSIP Funding Calls Open	N	
Final Selection of Major Partnership Proposals for CMIN-22	Y	
International Bilateral Fund Business Case Approved	Y	
LEO		
		Conduct Scoping Exercise to Understand Possible Opportunities
Levelling-Up		
		SCIF OBC Approved
		SCIF Funding Call Launched
		Local Growth Programme - Space Cluster Development Call Launched
		Local Growth programme - Space Cluster Development Projects Selected
Discovery		
1st UK Instrument On The Moon	N	
Adoption of UK Proposed Comet Interceptor mission by ESA Member States	Y	
FBC Approved for £30m Investment in UK Leadership of Ariel Exoplanet Mission	Y	
Selection of First Instruments to be funded by New Science and Exploration Bilateral Programme	Y	
Inspiration		
		National Space Skills Institute Briefing Event
		Interim Education and Skills Programme (assuming referencing BC approval)
		Championing Space Programme (Business Engagement) Business Case Approved

Size & Health of the UK Space Industry

Undertaken since 2010, the Size & Health of the UK Space Industry is a long-running study series that quantifies and tracks changes in the UK space industry. It measures if the industry is growing, and highlights the nature and source of the growth, including trends within sub-sectors, sources of income, and future expectations. It is the principal source of information on the UK space industry, and a key resource for the Government's evidence-based strategy, policy design and decision-making - but also for the wider industry (e.g. strategy, business cases, investor decks, scientific impact).



SIZE & HEALTH OF THE UK SPACE INDUSTRY 2022

£17.5bn

Total space industry income in 2020/21

1,590

UK-based organisations with space-related activities

48,800

Direct employees in 2020/21

2.5x

UK average labour productivity

12%

Space Manufacturing

9%

Space Operations

75%

Space Applications

4%

Ancillary Services

5.1%

Income growth (y-o-y)

1 in 4

Employees are female

£788m

R&D expenditure in 2020/21

3 in 4

Employees with a primary degree or higher

Exports

£5.9bn

Income from exports in 2020/21

Northern America	Rest of Europe	Asia & Oceania
19%	55%	12%
Other		
14%		

Employment by region

London	28%
South East	21%
Scotland	18%
Other	33%

INVESTMENT MONITOR

Investments into UK-headquartered space companies

2022		2012-2022	
£635m	34	£11.7bn	293
Total funds invested Investment deals		Total funds invested Investment deals	

GVA

£7.0bn

Direct contribution of the UK space industry to UK GDP

At least **£370bn** of UK GDP* is supported by satellite services

Earth Observation Meteorology Navigation Communications

+

3 in 5

Organisations expect income growth over the next three years

know.space

know.space (2023) Size & Health of the UK Space Industry 2022

Based on analysis of 1,590 UK-based space-related organisations.

* UK non-financial business economy only.

ACCOUNTABILITY REPORT



Audit committee Chair report

Having been a member of the Audit Committee since 2018, I was happy to take on the role of interim Chair until a new, permanent Chair is recruited, due to Shrinivas Honap stepping down in September. I would like to thank Shrin for his work on the committee and commitment to the UK Space Agency.

The Committee has oversight of the risk management and assurance framework, the internal and external audits, UK Space Agency governance and financial reporting of the Agency.

The GIAA internal audit programme for 2022-23 is detailed on page 63. GIAA has awarded an overall opinion of moderate for the year. There were no limited audit opinions, six moderate opinions and one substantial opinion. Overall the committee was pleased with the outcome of the internal audit for the year and recommended greater preparation by teams ahead of audits commencing in future. External audit has given an unqualified opinion for the year.

The Agency has continued work on maturing its risk management framework and has recently achieved the goal of improving from 1 to 3 on the maturity scale in four out of five capabilities; work is progressing on identifying next steps to embed the foundations and the Committee will continue to support this.

In September, the Committee reviewed the Risk Appetite Statement, acknowledging that the assessment was made during a period of rapid change for the agency due to the ongoing Integrated Transformation Programme (ITP) and thus the Agency was prepared to accept a higher degree of risk. Nonetheless the Committee recommended that these areas of high risk appetite are revisited within twelve months.

The Committee has continued with its scrutiny of security risks particularly in the context of the continuing war in Ukraine. The Committee reviewed the Senior Information Risk Owner (SIRO) dashboard at each meeting this year and had a specific update in June on cyber security risks; the Committee recommended greater collaboration with BEIS to explore a coordinated approach in the event of cyber-attacks given the reliance on them and UKSBS to provide services.

The other three main risks scrutinised by the Committee during 2022-23 were on delivery of the Transformation Programme, UK Launch Capability, and ESA Council of Ministers return on investment. Of these risks, the first continues to be a risk under review as the programme progresses; the second materialised into an issue upon the unsuccessful launch attempt in January 2023; and the Council of Ministers achieved a successful outcome in November, however the committee will review the outcome of some lessons learned.

In conclusion, I am content that the Agency is approaching these issues in the right way and is developing its strategic approach to risk and assurance in a positive direction.



Keira Shepperson
Interim Chair of the Audit Committee
7 July 2023



Directors' report

In last year's report we made a number of commitments for 2022-23. I am pleased to report that the Agency has made good progress in achieving these goals.

Integrated Transformation Programme (ITP): ITP is the vehicle behind improving the management of the Agency's Risk, Assurance and Governance practices and improving their maturity throughout this period.

This year, the UK Space Agency started a programme to transform into a delivery-focused organisation that is a great place to work, aligns to our Value Proposition, meets the needs of our stakeholders, and ensures the efficient delivery of our priorities.

Earlier this year, we ran a discovery phase to understand the extent to which the organisation needs to transform and identified several priority areas for improvement through transformation. Since then, the programme has achieved several milestones.

A new organisational design centred around our Value Proposition became operational on 1 April 2023. Alongside this, our governance structure has also changed with the introduction of Delivery Priority Programme Boards. These new Boards have been set-up to support the eight priorities outlined in our Corporate Plan, enabling the Agency to make informed decisions based on a continuous review of our delivery confidence, finances, benefits, milestones, risks, and resources. We are also developing plans to open new office locations across the UK and become a truly national space agency closer to the sector we serve.

The programme is actively engaging with our people to future proof the Agency and better equip us to fulfil our role in the National Space Strategy.

Risk Maturity: Increasing our maturity to Level 3 out of 5 (Moderate).

A GIAA audit at the end of 2022 has confirmed that risk management is now at a 'moderate' level, with a risk maturity score of Level 3 achieved for four out of five risk capabilities audited, including 'Risk Leadership'; 'Risk Strategy and Policies'; 'People' and 'Risk Management Processes'.

Assurance Framework and Strategy: Implementation of key documentation to increase our assurance maturity.

The Agency has made good progress in all areas of corporate assurance. This has given us the foundations to develop our portfolio, programme and project (P3) assurance, which we will focus on in the next financial year. Since last year's report the agency have implemented the following tools and products:

- A Corporate Assurance Framework and Process Guide
- An Integrated Assurance Map
- Integration of risk and assurance within the Agency

Internal Governance Framework: Development and implementation of a Governance Framework.

The Agency has developed a Capability Management Strategy (CMS) which is complementary to the Corporate Plan. It further describes our delivery priorities and how we will manage these as an integrated and coherent 'sub-portfolio'. It also describes how we will support the UK to build critical space capabilities and the management practices we will adopt to clarify our approach within the resources set out in the Spending Review. The CMS outlines the ends, ways and means of how the Agency will manage and govern its Priority Programmes and is aligned with the Government's project delivery functional standards.

Functional Standards: Embedding Cabinet Office mandated Functional Standards and driving continuous improvement to ensure the Agency is operating effectively to meet Governmental Departmental policy and procedures.

The Agency has now achieved 98.4% compliance with mandatory functional standards. For outstanding standard compliance, work is mostly complete but waiting for approval from the Executive Committee. All function leads are now responsible for developing continuous improvement plans to ensure the Agency keeps up to date with Functional Standard guidance and embed advisory standards.

Equality Duty: Establishing the Agency's compliance with the Public Sector Equality Duty and raising awareness to further embed this priority.

The Public Sector Equality Duty requires public bodies to consider how their policies or decisions affect people who are protected under the Equality Act. Specifically, it requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

At the Agency, we are taking steps to ensure compliance with the requirements of the Equality Duty and to integrate equality, diversity, and inclusion (EDI) into business processes and practices. Some of the actions so far taken include:

- Training and upskilling staff to effectively carry out People and Equality Impact Assessment, so that the adverse impact of policy decisions or change initiatives on staff, customers or stakeholders are minimised or eliminated.
- Reporting on Gender Pay Gap and putting appropriate plans in place to address identified issues.
- Increasing representation of ethnic minorities and women at senior leadership level.
- Raising awareness on EDI through a range of initiatives such as EDI training and webinars to mark events on the D&I calendar.
- Through the Integrated Transformation Programme, advancing the government's Levelling-Up agenda and the National Space Strategy goal – to grow and Levelling-Up the space economy – by accelerating the growth of new space clusters across local communities. Further information on the steps the Agency is taking to embed EDI in the organisation can be found in the UK Space Agency Corporate Plan 2022-25.

The Agency is making positive strides on EDI but there is still more to be done. Updates on the above actions and new initiatives implemented will be provided in the next annual report.

Counter-fraud: We will build on progress initiated in 2021-2022 to further develop and enhance the Agency's counter-fraud capability.

A new programme of fraud risk assessments has commenced which reviews the effectiveness of the controls in place to give a more accurate picture of the fraud risk across the Agency, including grant funding where there is a fraud risk assessment for each grant as per the Government Functional Standard for Grants.

The Agency continued to align with the Cabinet Office Government Functional Standard for Counter Fraud (GovS 013). The Agency's self-assessment was reviewed by the Government Internal Audit Agency (GIAA) in October 2021, detailing areas for improvement. Progress has been made during 2022-23 to address the required improvements. Fraud and error figures are also sent to BEIS and the Cabinet Office on a quarterly basis. We continue to attend BEIS Family Counter Fraud Network meetings and Cabinet Office Fraud Champions Network meetings remotely, where best practice is shared.

A new Counter Fraud Strategy 2023 to 2026 is being developed including an action plan of improvement objectives for 2022-23 to meet the requirements of the Government Functional Standard for Counter Fraud (GovS 013). This strategy outlines the actions we plan to take over the course of the next three years in detecting and preventing fraud. These actions cover a broad range of themes which include:

1. promoting a counter-fraud culture
2. assessing fraud risk
3. proactive counter fraud initiatives
4. counter fraud resourcing
5. outcome based metrics

Counter-fraud continues to be promoted by the finance team through workshops, internal communications, and the availability of training. This includes annual mandatory training provided by the Civil Service Learning platform for all staff and additional training tailored for line managers. Bespoke training was also provided to front line staff in high-risk areas, staff with financial delegation and staff in back office functions, such as finance, commercial and business managers.

Communications activity is ongoing. The Agency conducted a series of counter-fraud risk assessments in high-risk areas and refreshed its counter-fraud risk register accordingly. The counter fraud strategy is now completed.



Dr Paul Bate
Chief Executive and Accounting Officer
7 July 2023

Corporate Governance

Our leadership

The Agency Steering Board has continued to provide strategic leadership for the Agency in delivering its objectives through scrutiny, advice and challenge. The Board's non-executive members bring a wide range of experience, covering industry, academia, legal, and finance. The term of our Chair Dr Sally Howes, OBE, ended 31 March 2022 and the newly appointed Chair, The Rt Hon. Lord David Willetts FRS, joined in April 2022.

Non-executive members



The Rt Hon. Lord David Willetts FRS

Lord Willetts was appointed Steering Board Chair in April 2022. Lord Willetts is the President of the Resolution Foundation. He served as the Member of Parliament for Havant (1992-2015), as Minister for Universities and Science (2010-2014) and previously worked at HM Treasury and the No. 10 Policy Unit. He has held a range of Chair and Board positions across the space and science sector, including Chair of the British Science Association, Non-executive director on the Board of Surrey Satellites, member of the Space Policy Advisory Board for the EU External Action Service and of the ESA Expert Group on the Future of Space in Europe. He serves on the Board of UKRI. He is an Honorary Fellow of Nuffield College, Oxford.



Keira Shepperson, CPFA

Appointed Interim Chair of the Audit Committee in December 2022 and member of Audit Committee since May 2018. She is currently Director, Regional Funds at the British Business Bank, which is a government-owned business development bank dedicated to making finance markets work better for smaller businesses. Formerly Director, Future Fund which was set up to invest in companies who were struggling to raise finance during the Coronavirus pandemic and provided funding to 1190 companies. Keira has also worked in the change and finance teams during her seven years at the Bank. She previously held several finance roles at the Foreign and Commonwealth Office, the Department for International Development and Audit Scotland and is a Chartered Accountant.



Dr Kevin Shaw

Kevin Shaw was appointed in June 2021. With 34 years of military service, Kevin brings experience in senior leadership and building effective teams. With expertise in space technology, satellite operations and exploitation of space-derived data, he considers himself a well-rounded space systems engineer. More recently, he has delivered major change programmes for Defence. Kevin now supports MOD's space community, advising the teams delivering MOD's next-generation satellite communications programme. Kevin is a Chartered Company Director, advising organisations on security and multi-disciplinary resilience of critical infrastructure. He also mentors boards in the third sector and is a STEM Ambassador.



Dr Fiona Rayment OBE, FREng

Fiona was appointed to the Agency Steering Board in June 2021. Throughout her career she has actively engaged in the development of technical and business strategies and led on effective stakeholder engagement with government and commercial entities. She is currently Chief Science and Technology Officer and Executive Board Director at the UK National Nuclear Laboratory. Fiona has chaired and participated on a variety of boards, and advisory committees nationally and internationally. She was awarded an OBE in the 2017 Queen's Birthday Honours and Chevalier of the Legion d'Honneur from the French Republic in 2019.

Non-executive members



Peter Watkins CB, CBE

Peter joined the Steering Board in June 2021 after over three decades in government service working on defence and national security issues. From April 2014 to November 2018, he was the Director-General in the Ministry of Defence (MOD) responsible for strategic defence policy and planning, covering key multilateral and bilateral defence relationships as well as space, cyber and prosperity. Peter has several affiliations to universities and think-tanks, including as a Visiting Professor at King's College London and as an Associate Fellow of Chatham House. He is a Member of the Council (and of the Audit Committee) of Cranfield University.

Leavers



Dr Sally Howes OBE

Chair of the Steering Board

Dr Sally Howes term ended in March 2022 and was succeeded by Lord David Willetts.



Shrinivas Honap

ARAC Chair

Shrinivas resigned from his role as Chair of the Audit and Risk Committee at the end of September 2022 and was succeeded by Keira Shepperson on an interim basis.

Executive team

Our Executive team provides day-to-day leadership and management. It ensures that we operate efficiently and effectively, regularly reviewing performance and managing risks, and monitoring business delivery and financial performance.

Executive Committee members



Dr Paul Bate*

Chief Executive

Paul joined the UK Space Agency in September 2021, having previously worked in healthcare for fifteen years. He led global sales at Babylon Health, a digital healthcare provider and was on the executive team and board of the Care Quality Commission, the statutory regulator for health and care in England. Paul was the Prime Minister's senior health adviser in the Coalition government and led on health targets and finances in Tony Blair's Delivery Unit. As a consultant, Paul was an engagement manager at McKinsey & Co and director at 2020 Delivery Ltd. Paul holds a PhD in Particle Physics.



Ian Annett *

Deputy Chief Executive

Ian joined the UK Space Agency in January 2020 as Deputy CEO for Programme Delivery. He is responsible for the delivery of all National space programmes across the Agency, including the UK Spaceflight programme. He deputises for the Chief Executive in his absence, chairs the UK Space Agency Delivery Board, is the Agency's head of profession for programme and project delivery.



Dr Craig Brown*

Investment Director

Craig joined the Agency in December 2022 as the Agency's Investment Director and is responsible for our innovation and Levelling-Up priorities, and owns the Catalysing Investment value proposition. This role will forge strong relationships with space investors, suppliers and customers, create opportunities to bring new investment and revenue into the sector, and lead the delivery of Agency programmes. Prior to this, Craig worked at SatixFy UK, where he helped grow the company from an SME to a public firm, spent five years as Innovation Lead for Space at Innovate UK, and six years at Airbus Defence and Space. Craig holds a PhD from Leicester University. He is an active member of the UK space community and leads the equality, diversity, and inclusion work for the Space Skills Advisory Panel.



Claire Barcham*

Director of Strategy and member of the Delivery Board

Claire qualified as a solicitor before joining UK government in 2009, and has delivered policy and programmes in the Department for Health, Home Office and HM Revenue & Customs. Claire joined the UK Space Agency in 2016 to lead the programme to enable space launch from the UK. In January 2020 Claire was appointed as Director of Strategy, and leads the Agency's corporate strategy, planning, communications, analyst and portfolio office teams.

Executive Committee members



Lucy Shirodkar

Transformation Director, SIRO from Nov 2022

Lucy Shirodkar joined the UK Space Agency as Transformation Director in October 2022. This challenging role supports the organisation's ambition to transform and adapt to a rapidly changing sector. Over the last 20 years Lucy has led several organisational transformations. Working across multiple sectors including Scientific Research (Research Councils), Policing (National and Local) and Defence (DIO and UKHO) gaining extensive experience of strategically and operationally leading; transformation and change including programme and portfolio delivery, digital, technology and data functions and services driving large scale complex transformation. The outcomes of delivering these initiatives realising improved organisational culture and experience, processes, capabilities, resilience, sustainability, and performance, providing significant operational benefits aligned to key strategic requirements.



Chloe Sowter

People Director

Chloe joined the Agency in June 2022 and has worked for Civil Service HR since 2010 and been a member of the SCS since 2018. A CIPD qualified career HR Business Partner, she specialises in large Transformation projects and delivery of HR Programmes, most notably during Brexit for BEIS.



Peter Finn*

Chief Operating and Finance Officer and Security, Information and Risk Officer (SIRO until Nov 2022)

Joined the Agency in February 2014. Peter was responsible for the UK Space Agency's operational performance, financial management and risk and assurance. Peter left the Agency on 31 March 2023.

*These members of the Executive Committee were also members of the Delivery Board.

Delivery Board Members



Matthew Archer
Commercial Space Director

Matt is the Commercial Space Director at the UK Space Agency, which incorporates his role as Programme Director for the UK Spaceflight Programme. He is responsible for delivering HMG's ambition of creating a safe and sustainable commercial market for small satellite launch in the UK by 2030, including enabling the first launch from Europe in January 2023.



Sarah Boyall
International Director

Sarah is Director of International at the UK Space Agency, where she is responsible for international engagement through multilateral and bilateral frameworks and capturing the wider societal benefits of space programmes. She also leads the Agency's work on harnessing the inspirational effect of space for skills and education. A former journalist, since joining the UK Space Agency in 2018 Sarah has also led work to create secondary legislation under the Space Industry Act 2018 and worked on international space programmes as part of the International directorate.



Professor Chris Castelli
Technology, Science & Exploration Director

Joined the Agency in November 2011 and was appointed as Director of Programmes from November 2014. Chris leads the Agency's involvement with ESA on space science, technology and exploration programmes. He was appointed Visiting Professor to the Open University in Jan 2019. Chris left the Agency on 31 March 2023.



Harshbir Sangha MBE FRSA
Growth Director

Harshbir joined the UK Space Agency in December 2018 to lead the Copernicus (EU Earth Observation) Programme. Through the UK-EU Trade Negotiations, Harshbir negotiated an agreement in principle for the UK to continue its participation in the programme. As Director of Growth, Harshbir and his team are responsible for the UK Space Agency's work to deliver the innovation and business environment which will grow and sustain the national capabilities required to meet the UK's space ambitions. This includes enabling the development of regional / local space clusters along with UK's capabilities in satellite Earth observation, space technology, telecommunications and space applications working through ESA, nationally and internationally.

People leaving Executive Committee and Delivery Board



Tim Guy

Director of Organisational Design

At the end of July 2022, Tim went on loan to National Savings & Investments and has now left the UK Space Agency.



Rebecca Norton Price

International Director

Rebecca was on temporary promotion until March 2023, as International Director, and was on maternity leave from October 2022.



Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, the Secretary of State with the consent of HM Treasury has directed the Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the UK Space Agency and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

- observe the Accounts Direction issued by the HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going-concern basis; and
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements.

The Department for Business, Energy and Industrial Strategy (BEIS) has appointed the Chief Executive as Accounting Officer of the Agency. 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 safeguarding the Agency's assets, are set out in Managing Public Money published by the HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.



Dr Paul Bate
Chief Executive and Accounting Officer
7 July 2023

Satellite Army ©Dreamstime Images



Governance statement

As Chief Executive and Accounting Officer, I am required to produce an annual governance statement. I have signed this statement after satisfying myself that there are no material ongoing governance issues affecting the Agency that I should declare within this statement.

1. Corporate governance

This governance statement sets out the governance, risk management and internal control arrangements for the Agency. It applies to the financial year 01-04-2022 to 31-03-2023 and up to the date of approval of the Annual Report and Accounts. I am supported in my role as Accounting Officer by a governance framework which includes the Agency's Boards, Committees and Senior Management. In forming my assessment, I have examined:

- The Board and Committees' assessment of the management of material risk.
- The policies and procedures in place impacting our risk governance framework.
- The work of internal audit and programme assurance, the Infrastructure & Projects Authority (IPA) gateway reviews of the Space Clusters Infrastructure Fund (SCIF) and Spaceflight Programme (SFP) and opinions expressed by internal and external audit.
- The inputs from the Audit and Risk Assurance Committee (ARAC).
- The assessments of my individual directors in the Director's Annual Assurance Statements of Internal Control.

2. Legal status

The Agency is an Executive Agency of the Department for Science, Innovation and Technology (DSIT) and does not have a separate legal status outside of DSIT. Therefore, in order to enter into contracts, delegated powers are conferred on the Agency by the Permanent Secretary. In the event of a contract being entered into, the Agency is a 'Contracting Authority' on behalf of the Secretary of State for DSIT, which is the 'Authority.'

Note:

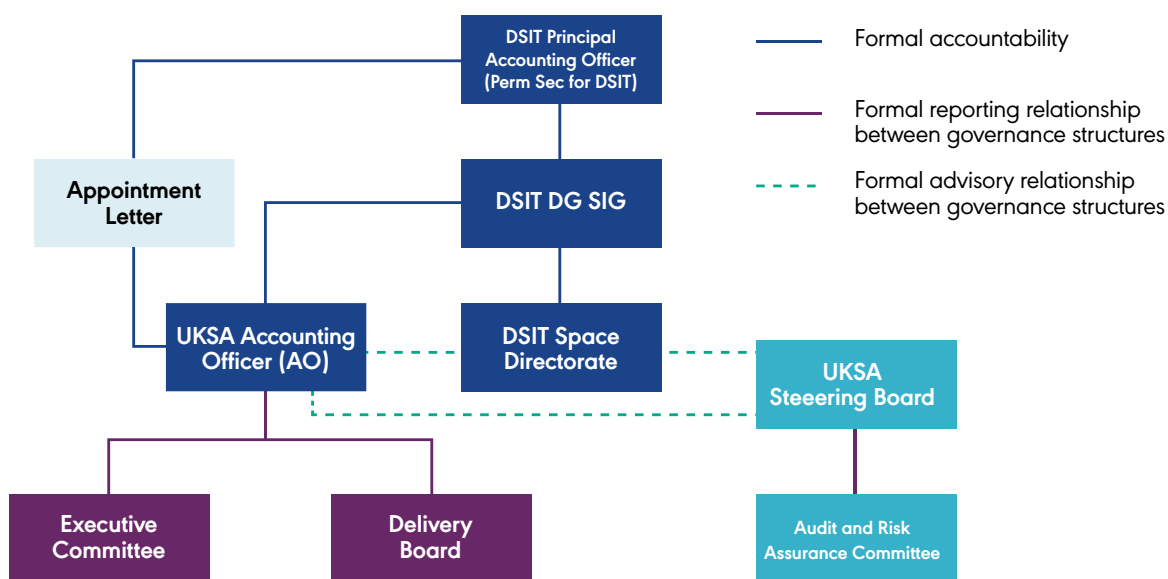
- (i) In February 2023, as a result of Machinery of Government changes, DSIT was created as one of a number of successor Departments to UK Space Agency's previous sponsor, Department of Business, Energy and Industrial Strategy (BEIS).

3. Governance structure

The Agency is accountable to Parliament for the funds it expends through our parent department, DSIT. Parliament monitors and influences the Agency through its Select Committees and the Parliamentary Ombudsman. The Agency’s working relationship and lines of accountability with DSIT are defined in its Framework Agreement, the Corporate Plan, Allocation Letter(s) and Letter(s) of Delegated Authority made to the Chief Executive as Accounting

Officer. These documents are subject to periodic review. The UK Space Agency Framework Document was reviewed and published in September 2022. The Agency is also held to account through regular performance reviews with our DSIT sponsor team. These reviews help ensure active engagement and a transparent relationship with our parent department.

UK Space Agency Governance structure



4. Steering Board

The Steering Board is an advisory board and its role is to advise Ministers on the strategic direction of the Agency, through the Director General, Science, Innovation and Growth at DSIT (previously BEIS). The Steering Board also provides guidance to the Chief Executive and the senior executive team on the operation and development of the Agency. The Steering Board fulfils this aspect using the benefit of its collective experience through advice and constructive challenge.

The Board regularly discusses reports provided by DSIT, UK Space Agency CEO and ARAC and features key discussions on Corporate Governance and Agency development, including People Survey Results and the Corporate Plan.

During 2022-23, the Steering Board met four times. All Steering Board meetings remained quorate throughout the year i.e., three or more of the members were in attendance including the Chairperson, or their representative, a Non-Executive Member, a representative from BEIS/DSIT and the Chief Executive or, in their absence, an authorised deputy. The Chair, Lord David Willetts, attended all meetings. Lord Willetts started his tenure as Chair in April 2022 following the departure of the previous Chair, Dr Sally Howes, in March 2022.

In accordance with the Cabinet Office guidance for Executive Agencies, the Steering Board underwent an externally facilitated Board Effectiveness Review. This was the first external review in recent years although an internal review has been completed annually. The review made several recommendations for continuous improvement and supported the proposals of the Chair to recruit additional non-executives to broaden the scope of the skills represented on the Steering Board and strengthen the collective effectiveness of the Board.

5. Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee supports the Chief Executive in their role as Accounting Officer. The Audit Committee’s functions are to ensure propriety and accountability of public funds through monitoring and promoting financial reporting and discipline. The Chair of the Audit Committee reports to the Steering Board.

Membership of the Audit Committee consists of three non-executive members (NEMs), but due to the Chair standing down mid-year there were only two non-executive members in place between October 2022 and March 2023. All meetings were quorate. Standing attendees included a DSIT (previously BEIS) appointee, the Chief Executive, the Deputy Chief Executive, Finance Director and the Agency’s Senior Information Risk Owner (SIRO). Meetings are attended by representatives from the Government Internal Audit Agency (GIAA) and the NAO. Meetings are open to other Steering Board members to attend.

The Audit Committee regularly reviews the Agency Dashboard and Corporate Risk Register, the Internal Audit Plan and GIAA’s findings, as well as receiving external challenge from the NAO as part of their audit plan and attendance at ARAC meetings. Key discussions in 2022-23 included progress against Risk Management and Assurance Maturity, cyber security and business continuity.

The Audit Committee generally meets on a quarterly basis but can meet more frequently to deal with exceptional matters. Four formal meetings were held during 2022-23.

The members of the Steering Board and Audit Committee, their Terms of Reference and a summary of topics discussed are accessible on the Agency’s website: www.gov.uk/government/organisations/uk-space-agency/about/our-governance

Board and Committee attendance (1 April 2022 to 31 March 2023)

Board/Committee Member	Steering Board	Audit Committee
Lord David Willetts (Chair)	4 (4)	N/A
Shrinivas Honap (ARAC Chair) ¹	0 (2)	2 (2)
Keira Shepperson (Independent member & ARAC Chair) ²	2 (2)	4 (4)
Paul Bate (CEO)	4 (4)	4 (4) ³
Peter Finn (SIRO)	2 (4)	4 (4) ³
Peter Watkins (NEM)	4 (4)	1 ⁴
Fiona Rayment (NEM)	4 (4)	n/a
Kevin Shaw (NEM)	4 (4)	3 (4)
BEIS/DSIT Representative	4 (4)	3 (4) ³

Figures in parentheses denote the total number of meetings that could have been attended by the individual as a Member, based on when they commenced or ended their role.

1 Shrinivas Honap stepped down from his role as Audit Committee Chair and NEM at the end of September 2022.

2 Keira Shepperson became interim Audit Committee Chair from October 2022.

3 Only Non-Executives are formal members of Audit Committee. Others noted here are standing attendees.

4 Peter Watkins attended Audit Committee in December to ensure quorum of the meeting due to availability of the permanent members.

6. Executive Committee

The Executive Committee (ExCo) provides strategic leadership of the Agency through effective and timely decisions on Agency strategic and corporate matters. Alongside supporting the Chief Executive in their Accounting Officer duties, a key role of the Committee is to approve material for the Steering Board and Audit Committee. The Committee convenes monthly, and its main responsibilities are to set the overall strategic direction for the Agency, monitor and improve the overall performance of the Agency, champion the Agency's People agenda to promote the right culture across the organisation, and shape the approach to the Integrated Transformation Programme (ITP) to ensure it delivers the benefits envisaged. There are ongoing changes to senior personnel roles at the Agency; a senior financial officer has been present at each ExCo, Steering Board, and ARAC meeting.

Delivery Board

The Delivery Board ensures the Agency's sub-portfolio of programmes and projects delivers the Agency's priorities and achieves progress against our North Star Metric. The Board convenes monthly, and its main responsibilities are to define the Agency's delivery sub-portfolio, deliver benefits through a Capability Management Strategy and Capability Management Plan, ensure coherence and commonality of approach across the sub-portfolio, and manage risks to the successful delivery of the sub-portfolio.

Executive Committee Member	Meetings attended
Paul Bate (CEO & Chair of ExCo)	11 (11)
Ian Annett (Deputy CEO)	11 (11)
Peter Finn	6 (11)
Tim Guy ¹	3 (4)
Claire Barcham	9 (11)
Chloe Sowter ²	9 (9)
Lucy Shirodkar ³	6 (6)
Craig Brown ⁴	3 (3)

Executive Committee attendance (1 April 2022 to 31 March 2023)

Figures in parentheses denote the total number of meetings that could have been attended by the individual as a Member.

- 1 Tim Guy went on loan in July 2022 to National Savings & Investments and has now left the Agency.
- 2 Chloe Sowter joined the Agency in June 2022.
- 3 Lucy Shirodkar joined the Agency in October 2022.
- 4 Craig Brown joined the Agency in December 2022.

Control activities

Our control activities aim to ensure that the policies and procedures governing the organisation and our governance arrangements are efficient and effective.

7. Annual review of effectiveness of internal controls

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Agency's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally accountable. This is done in accordance with the responsibilities assigned to me in HM Treasury's 'Managing Public Money', and the requirements set out in my appointment as the Agency Accounting Officer, including the delegation of financial authority from DSIT. My review is informed by the Agency's Risk Appetite Statement, and a range of outputs from key processes including: Director's Annual Assurance Statements of Internal Control; the annual internal audit programme; the Agency's assurance framework and internal procedures; and the external audit Management Letter.

8. Openness and transparency

The Agency is subject to the Freedom of Information Act 2000 (FoIA) and the Environmental Information Regulations 2004 (EIR). In Financial Year 2022-23 we responded to 50 requests, 49 of which were answered within the statutory time limits and 1 was responded to after the deadline. We received five internal review requests. One of the internal reviews upheld the original decision in part and three of the internal reviews upheld the original decision in full. The final one is still in progress.

We also responded to two Information Commissioner's Office (ICO) complaints under FoIA which were originally answered in January 2022 and February 2022. Both complaints were partially upheld. We also received a third ICO complaint which is still in progress.

9. Grant administration

Non-academic grant funding that is disbursed through National Programmes such as NSIP are managed by grant managers who are supported by the Agency Commercial Team. Academic grants are administered by UKRI on the Agency's behalf as part of the UKRI grants system. The governance of Agency-managed grants is carefully structured by the Agency to include:

- Fair and open themed calls for applicants to bid into for funding in accordance with the UK Space Agency Corporate Grant Policy and the Government Standards for General Grants.
- Advisory panels to provide financial, technical and impartial scrutiny and advice on which applications to fund, in accordance with the published evaluation criteria.
- Due diligence undertaken on proposed grant funded projects including value for money assessment, financial standing, and technical and commercial viability in accordance with the UK Space Agency Corporate Grant Policy and DSIT Subsidy Control policy.
- Programme staff monitor grant recipient performance in delivering project milestones, qualitatively assess output deliverables and scrutinise claims for grant funding to ensure that grant funded projects remain on track, change is controlled and assured by Commercial, and sound financial controls are in place. An independent annual audit of accounts and an additional third-party audit of all high value grants is provided to assure that funds have been expended in accordance with the Grant Funding Agreement.

The Agency continues to work in alignment with the Government Functional Standard for Grants.

10. Commercial and procurement

The UK Space Agency has responsibility for strategic sourcing, which covers all contract requirements that are not common Goods or Services that can be procured via existing government frameworks (with the exception of ICT). Procurement of ICT and common goods and services remains the responsibility of UK Shared Business Services (UKSBS).

The Commercial team is responsible for ensuring that all strategic sourcing contracts (with the exception of European Space Agency (ESA) programmes) are placed and managed in accordance with the Government Commercial functional Standards and Managing Public Money. Governance of strategic commercial activity is therefore structured to include:

- Fair and open competition by default that follows the principles of the European Public Contracts Regulations.
- Due diligence undertaken on bid submissions including value for money assessment, financial standing, and technical and commercial viability.
- Robust conflict of interest and tender evaluation panel processes using clear criteria designed to deliver value for money.
- Programme staff monitor supplier performance against the contracts, including qualitative assessment of deliverables, scrutiny of the payments and assured change control via the central Commercial team.

11. Payment policy

It is government policy to pay 90% of undisputed and valid invoices from SMEs within five days and for 100% of all undisputed and valid invoices to be paid within 30 days.

During 2022-23, UKSBS processed 2,631 invoices (2,681 in 2021-22) on behalf of the Agency with 84.42% of payments made within five working days of UKSBS receiving the invoice (84.04% in 2021-22) and 96.73% within 30 days (97.72% in 2021-22). In line with guidance published by the Cabinet Office, the prompt payment calculation includes supplier invoices and individual Government Procurement Card (GPC) transactions.

12. International subscriptions

The UK was one of the founding members when the European Space Agency (ESA) was established on 30 May 1975 and was a member of predecessor organisations (ELDO and ESRO) from 1964. ESA is a non-governmental organisation which has European Union (EU) and non-EU members.

The Agency budget for ESA programmes is on average £441m for this comprehensive spending review period from 2022-25. This is made up of a mandatory element (for the science programme and the basic activities programme) and a series of programmes where the UK chooses its participation levels. These programmes were confirmed within the Councils at Ministerial level in November 2022 and in effect set ESA subscription levels for a period of five years, with another Ministerial Council scheduled for November 2025.

These include programmes for research into telecommunications, earth observation, robotic and human space exploration, space safety and security (including space weather), technology, navigation innovation and commercial spaceflight services programmes. At CMin22 we supported the delivery of the Earth Observation Investment Package, of which £122.6 million was allocated to expand the UK's Investments in ESA Earth Observation projects.

For all ESA programmes, UK industry and academia benefit from contracts awarded in proportion to the overall subscription (in a process called geo-return).

The Agency actively oversees spending of these subscriptions through its membership of all ESA governance committees and project oversight boards. In addition, ESA's financial accounts are subject to independent audit.

13. Business continuity and disaster recovery

The UK Space Agency has a bespoke Business Continuity Plan (BCP), which is regularly reviewed and updated. A major revision has been completed to reflect the significant Organisational Design changes which commenced on 1st April 2023.

Throughout the period, the Business Continuity team has engaged with providers of critical business systems in response to the last remaining action from the 2020 BCP audit. Greater understanding of the BCP plans made by our key service providers, particularly their Disaster Recovery plans, and the potential impact on the Agency of a loss of service has been gained, and assurance given to the Audit Committee. The Business Continuity Plan will be tested in the next Financial Year.

14. UK General Data Protection Regulation (UK GDPR)

Training and awareness are key to supporting improved knowledge of data protection amongst staff. To set high standards for privacy and to promote a positive attitude and personal accountability of data protection across the Agency all staff and contractors are required to complete and pass mandatory biennial UK GDPR e-learning training.

In 2022-23 Agency staff reported four personal data breaches to the DSIT Data Protection Officer. All were investigated and assessed as low risk. They did not require a referral to the Information Commissioner's Office (ICO).

15. Information Security

In support of the Government's Transforming For a Digital Future Strategy: 2022-2025, the Agency has recruited an experienced Chief Digital Information Officer (CDIO) to lead our Digital, Data and Technology (DDaT) function to ensure we use digital and data more efficiently. Our Security Advisor and CDIO work collaboratively with Government Security and the UK National Technical Authorities to harden our systems to cyber-attack and improve our resilience to known vulnerabilities and attack methods in line with the Government Cyber Security Strategy: 2022-2030.

The 2022 Government Departmental Security Health Check noted that the Agency had met all the mandatory and advisory cyber security controls recognising our "rapidly maturing cyber security awareness culture". To ensure this ongoing education and awareness all staff and contractors are required to complete mandatory annual e-learning training in Security & Data Protection with emphasis on classifying and sharing information correctly, identifying phishing emails and smishing texts, social engineering, asset protection and reporting incidents. All new staff undergo 1-2-1 security inductions on joining the Agency and regular briefings are held at directorate team meetings on emerging cyber threats.

The GIAA carried out an audit of Information Governance and Management in November 2022, with the subsequent recommendations incorporated into an action plan for further improvement.

16. Counter fraud

The Agency is committed to creating a transparent environment and has a policy framework in place covering counter-fraud (incorporating bribery and corruption). This policy provides guidance to staff and is reviewed for relevance and clarity. The Board is particularly committed to ensuring staff feel empowered, supported and protected should they need to raise any areas of concern.

The Agency's control environment is managed across three lines of defence. The finance team, UKSBS and DSIT together provide independent oversight in the prevention and detection of fraud. Any transactions that are deemed to be unusual are reported to the Agency's finance team.

A new programme of fraud risk assessments was delivered in 2022-23 to review the effectiveness of controls in place to give a more accurate picture of the fraud risk across the Agency and to update our counter fraud risk register.

The Agency continued to align with the Cabinet Office Government Functional Standard for Counter Fraud (GovS 013). The Agency's self-assessment was reviewed by the Government Internal Audit Agency (GIAA) in October 2021, which identified areas for improvement. Where appropriate, we will identify actions to improve compliance, noting that partial compliance may be proportional and therefore satisfactory for the Agency.

Counter-fraud continues to be promoted by the finance team through workshops, internal communications, and the availability of training. This includes annual mandatory training provided by the Civil Service Learning platform for all staff and additional training tailored for line managers.

17. Anti-bribery and anti-corruption

No cases of bribery or corruption were identified within the Agency in 2022-23.

We have continued working with DSIT to maintain standards and implement best practice. The Agency fully adopted the DSIT policy on gifts, hospitality, bribery and corruption. The Agency maintains a Gifts and Hospitality register to record on a quarterly basis all gifts and hospitality and any reciprocal gifts received. The Agency's register is submitted to DSIT for independent scrutiny by the DSIT Counter Fraud team.

The Civil Service Code (www.gov.uk/government/publications/civil-service-code) states that civil servants must not accept gifts or hospitality or receive other benefits from anyone which might reasonably be seen to compromise their personal judgement or integrity. All Agency employees are regularly informed that they must not accept offers of gifts or hospitality without considering whether it would be both legal and proper to do so, and without seeking appropriate clearance if required to do so. During 2022-23, the Agency has continued to require all staff to declare whether any reportable gifts or hospitality has been received, including submissions of nil returns. This allows monitoring of submitted declarations by all staff.

18. Conflicts of interest

All staff must comply with the Civil Service Code and DSIT standards of conduct. Any outside employment, business interests and financial interests or political activities must be declared and approved by a Director. The Agency's executives and non-executive members are required to provide declarations of private, professional and commercial interests, which are maintained on a register of interests. At each Board meeting the members are reminded to declare any potential conflict of interest in the business of the meeting.

19. Whistleblowing and raising concern policy

The Agency adopts the principles of the DSIT Whistleblowing and Raising a Concern Policy, while adhering to an internal escalation process. In 2021-22 the Agency launched a whistleblowing hotline, which is monitored by trained personnel and can be used by all staff to report a concern under the policy. The Agency makes every effort to ensure that the policy and associated guidance is made available to all staff. The Agency has not been notified of any instances of whistleblowing under this policy in 2022-23.

20. Tax arrangements for public sector appointees

In line with the Alexander Review (2012) recommendations, all Senior Civil Servants and Non-Executive Members are paid through formal payroll resulting in appropriate tax and National Insurance contributions being deducted at source.

The Agency is required to determine the Employment Status for tax purposes of all off-payroll workers, typically contractors, to ensure full compliance with the IR35 legislation. If an off-payroll engagement is deemed in scope of IR35, the Agency ensures that tax and national insurance contributions are deducted at source.

In 2020-21, the Agency set up a virtual contingent labour team to ensure IR35 assessments are completed consistently for all contingent labour assignments.

21. Health and Safety

The UK Space Agency Health and Safety Policy was reviewed in February 2023 and sets out our general approach to health and safety and explains how we will manage health and safety on the Agency. Key to this is ensuring that all levels of the organisation understand their health and safety responsibilities. With the support Trade Union Representatives, all staff and contractors are required to complete mandatory annual e-learning training in Health and Safety. During 2022-23, there were no reportable injuries within the Agency under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 2013.

All Agency staff and contractors are required to complete the mandatory Health & Safety e-learning training, with additional support provided to encourage safe office and home working in the form of Display Screen Equipment (DSE) training and assessments. A new accident reporting application (VelocityEHS) has been introduced to allow better scrutiny and analysis of incidents and near misses.

22. Bought-in services Assurance

The Agency recognises that some reliance is placed on third party service providers, either when such services are provided by other public sector organisations as part of pan-government initiatives, or from private sector organisations where the relevant technical expertise is not available within the Agency or wider Government.

Third party service providers are detailed in the table on page 103.

23. Implementation of the Macpherson Review of Quality Assurance (QA) of Government Analytical Models

UK Space Agency analysis and research quality assurance follows The Aqua Book (guidance on producing quality analysis for government) which is the implementation of the Macpherson Review recommendations.

A financial modelling error was detected by the Agency in its ESA CMin (Council of Ministers) business case in Autumn 2022. Whilst this did not lead to any financial loss, it had a significant impact on the Agency's investment plans with ESA which needed to be revisited to ascertain affordability. The model has been reviewed internally and quality assured. In addition, the Agency commissioned an advisory audit with GIAA to review its approach to modelling and make recommendations for any further improvements necessary.

Risk and assurance

24. Risk management

Risk is managed in line with the Agency’s Risk Management Policy, Risk Management Process Guide and Risk Appetite Statement. These documents have been approved by the Executive Committee, endorsed by ARAC and audited by GIAA. The Agency’s current Risk Appetite Statement, published in October 2022, was developed to align to both the Departmental Risk Appetite in DSIT and The Orange Book published by HM Treasury. This is subject to annual review, or more frequent if transformational changes occur to the organisation in the interim.

Corporate Risks are managed by a dedicated Agency Risk Manager, alongside Risk Owners. The full Corporate Risk log is reviewed at each monthly Executive Committee meeting alongside proposals for new Corporate risks and key insight on escalations. The Corporate risk log is also reported to both the Steering Board and ARAC on a quarterly basis.

In response to the GIAA review of Risk Maturity in 2021, a project was set up to mature the Agency’s risk management capability with a goal of achieving a Level 3/Moderate by December 2022. Reports from GIAA in February 2023 have confirmed that the Agency is now at a ‘moderate’ level, with a risk maturity score of Level 3 achieved for four out of five risk capabilities audited, including ‘Risk Leadership’; ‘Risk Strategy and Policies’; ‘People’ and ‘Risk Management Processes’. Further work will continue throughout 2023-24 towards a Level 3 in outstanding areas and embedding an overall Moderate rating.

25. Director’s Annual Assurance Statements of Internal Control (DAASIC)

DAASIC allows the Agency to review the evidence of the

effectiveness of its internal control framework in each of its directorates. The DAASIC process has been enhanced in 2022-23 with the introduction of a revised format to facilitate Subject Matter Expert (SME) feedback and increase assurance against supporting evidence.

Directors were asked to ensure that within their areas of responsibility there are measures that:

- Underpin the reliability of financial and other information.
- Achieve compliance with internal policies and external legislation and regulations.
- Ensure the development, implementation and monitoring of controls which manage the risks for which they are the lead director.

Directors provided an Agency-defined assurance level of substantial, moderate, limited, or unsatisfactory over the adequacy and appropriateness of key internal controls within their area of responsibility. This covered 53 key controls, categorised into 9 control areas. Although the current approach to the DAASIC is evidence based, there are limitations to the data collection. As a result, other performance metrics should be reviewed alongside the DAASIC. An example of this is the DAASIC does not highlight the modelling error referenced earlier in this report as this did not lead to any loss of public funds, due to there being a significant weighting in favour of preventative controls protecting against misuse of public funds rather than financial performance or management. The 2022-23 underspends are not covered through this assessment. Over the next year, the Agency will take further steps to improve the DAASIC process such as widening the scope, which could include weighting ratings in high priority areas and greater evidence requirements.

Control area	Overall assurance rating
1. Financial Control	Substantial
2. Human Resources	Substantial
3. Safety and Security	Substantial
4. Programmes and Projects	Substantial
5. Comms and Promo Activities	Substantial
6. Planning and Performance	Substantial
7. Awarding and Managing Grant Funding	Substantial
8. Business Agreements	Substantial
9. External Regulation and Statute Compliance	See notes
10. Delegated Space Regulatory Functions	Substantial

Notes:

Substantial Assurance is a sound system of internal control likely to achieve the system objectives and which is operating effectively in practice.

Moderate Assurance is a basically sound system of internal control, but where there are a few weaknesses that may put achievement of some system objectives at risk but not considered to be sufficient to significantly undermine the general control environment.

Limited Assurance is a system of internal control that is satisfactory in part, but which contains a number of weaknesses that are likely to undermine the achievement of system objectives and leave it vulnerable to material error or abuse or threatening risk.

Unsatisfactory Assurance is a system of internal control containing fundamental weaknesses creating serious doubts over the achievement of system objectives and leaving it vulnerable to significant error or abuse.

Control Area 9. External Regulation and Statute Compliance has been integrated and assessed amongst the other control areas.

26. Functional standards

In accordance with the 2021-22 mandate for all Central Government Departments and their Arm's Length Bodies (ALBs) to embed the usage of Functional Standards, an Agency-devised self-assessment was conducted to establish compliance, ensuring application of the Standards was proportionate in accordance with the scale and complexity of the work being done. Our self-assessment, updated in March 2023 now demonstrates that we are 98% compliant against applicable mandatory elements across the suite of 14 Functional Standards, and implementation plans are in place to embed outstanding elements. Work is ongoing to develop continuous improvements plans over the next financial year.

27. Assurance maturity and integration

As part of the Directors' report in the Agency's 2021-22 Annual Report the Agency made a commitment to increase their Assurance maturity by the end of the financial year. To achieve this, the Agency developed a maturity plan, which identified key areas necessary for increased maturity; this included:

- A Corporate Assurance Framework and Process Guide
- An Integrated Assurance Map
- Improvements to the DAASIC process
- Visible leadership and support
- Developing assurance skills and knowledge in our people
- Integration of risk and assurance within the Agency

Over the year, the assurance team developed an Integrated Assurance Map, made improvements to the DAASIC process and produced an Integrated Assurance Framework and process guide. They will continue to develop these tools through a Centre of Excellence and ensure wider communication with teams over the next year. This has given us the foundations to develop our portfolio, programme and project assurance, which we will focus on in the next financial year.

28. Internal audit and assurance

Internal audit was provided independently by the Government Internal Audit Agency (GIAA). GIAA reports annually to the Accounting Officer. The internal audit assurance programme is managed by GIAA and developed annually in consultation with the Agency and its Audit Committee.

In agreeing the 2022-23 audit programme with GIAA, the following areas were considered:

- The Agency's objectives and priorities.
- The key performance indicators.
- Risks to achievement of the Agency objectives.
- Risk management arrangements.
- Risk register areas where the effectiveness of controls could be improved.

The 2022-23 audit plan was then set by the UK Space Agency's Audit Committee and senior stakeholders.

GIAA subsequently undertook seven audits in 2022-23, and one advisory assessment. Of the original programme, two audits were rescheduled due to changes in the internal priorities. The audit reports identified a number of areas where management controls could be further strengthened.

No misappropriation, or risk of misappropriation, of funds was identified by GIAA as part of any of these audits. The Agency takes all audit recommendations seriously. Action plans are developed to address the findings of all audits where the Agency received and accepted recommendations, and the Agency is committed to implementing these. Further details can be found in the table on page 62. Overall, the Agency received a moderate assurance from GIAA in its audit conclusion.

The cost of internal audits undertaken during 2022-23 was £103,520 (2021-22: £110,535). The Agency did not purchase any non-audit purchase services from GIAA in 2022-23 (2021-22: £4,619).

Summary of internal audit work undertaken in 2022-23

Audit scope	Audit opinion
Integrated Transformation Programme	Moderate
Risk Management	Moderate
Information Governance & Management	Moderate
Grants Policy	Moderate
Business Case Development	Moderate
Delegation Framework	Substantial
Key Financial Controls - Payroll	Moderate
Risk Maturity	Advisory

GIAA assurance definitions	Assurance key
The framework of Governance, Risk Management and Control is adequate and effective	Substantial
Some improvements are required to enhance the adequacy and effectiveness of the framework of Governance, Risk Management and Control	Moderate
There are significant weaknesses in the framework of Governance, Risk Management and Control such that it could become inadequate	Limited
There are fundamental weaknesses in the framework of Governance, Risk Management and Control such that it is inadequate and ineffective or is likely to fail	Unsatisfactory
Advisory work on risk and control issues driven by risk-based planning, typically on areas where risk and control are not in existence or well established (this could relate to new systems or to areas undergoing significant change where there is no system of internal control)	Advisory

29. Outstanding audit recommendations from previous financial years

There are no outstanding actions from previous years. Of the actions agreed for 2022-23 audits, 33 have either been closed or are not yet due for closure. The audit around the Agency's Delegation Framework received no recommendations.

	Previous year's recommendations	2022-23
Number of audits with outstanding actions	0	5
Actions cleared in 2022-23	5	13
Actions overdue	0	0
Actions not due for completion	0	20
2022-23 Audits with actions still outstanding		ITP Real time assurance Key financial controls – Payroll Grant Policy review Review of Business Case Development Review of risk Management

30. Infrastructure and Projects Authority (IPA) review

Two Agency projects have been subject to IPA review:

- The Space Clusters and Infrastructure Fund (SCIF) Programme was subject to an Infrastructure and Project Authority Gate 2 Review in December 2022, ahead of Outline Business Case submission in March 2023. SCIF is a new pilot programme being established to support the build or upgrade of space R&D infrastructure in the UK. 17 recommendations were made, of which 4 were critical. The review team noted that a positive theme evident during the review was 'the degree to which all stakeholders interviewed are united behind the overall vision and aims of the programme, and the degree of collaboration and positive engagement amongst all the stakeholders involved. This is of particular relevance, given the challenging timelines involved in approvals and the delivery of the programme'. There will be further IPA Gateway reviews as the SCIF pilot programme proceeds through the various approvals, and has recently been approved by the Projects and Investment Committee. The Projects & Investment Committee (PIC) is responsible for approving new business cases and assessing Gateway Reviews over an agreed financial threshold of £20m.

- The Spaceflight Programme (SFP), as defined in the National Space Strategy (NSS), aims for the UK to become the leading provider of commercial small satellite launch in Europe by 2030. Phase 1 covers a series of pathfinder launches and Phase 2 of the SFP contains a number of further interventions. Phase 1 and Phase 2 are collectively designed to ensure the NSS goal is achieved. Phase 1 is in delivery stage and phase 2 is in planning stage.

Phase 2 was subject to a BEIS Gate 2 Review in March 2022, ahead of an Outline Business Case submission. Seven recommendations were made, of which two were critical. In November 2022, an Assurance of Action Plan was undertaken to review progress against the recommendations from the Gate 2 Review. Of the original seven recommendations, three were deemed complete and a further new recommendation was made. The review team noted that good progress had been made in terms of programme delivery across Phase 1 and Phase 2. There will be further Gateway reviews as Phase 1 concludes and Phase 2 moves through to implementation and delivery of intended outcomes.

31. External Audit

The National Audit Office is the Agency's external auditor. No significant internal control issues were identified during the year.

32. Accounting officer's conclusion

As Chief Executive, I am assured that the Agency has appropriate levels of internal control and governance to manage the

business, consistent with my responsibilities as the Accounting Officer. I have been provided with evidence of:

- Board and committee effectiveness in managing risks, finance and operational performance.
- The policies in place impacting on risks such as counter-fraud, bribery and whistleblowing.
- The work of internal audit, which in 2022-23 awarded the Agency an overall Moderate assurance.
- The assessments of my individual directors in the DAASIC providing an overall rating of Substantial. Equally, I am confident from the evidence provided by UK Space Agency senior finance officials and the assurance from the external auditors are a true and fair reflection of the organisation and accord with Treasury guidance. I conclude that the Agency has satisfactory governance and risk management systems in place to safeguard public money.

Whilst the Agency will continue to focus on assurance processes, I recognise we have a number of assurance goals.

My review has identified the following internal control and governance improvements that the Agency will address during 2023-24:

- Integrated Transformation Programme (ITP): ITP is the vehicle behind improving the management of the Agency's Risk, Assurance and Governance practices and improving their maturity throughout this period.
- UK Space Agency Risk Maturity: Further work will continue throughout 2023 towards a Level 3 in outstanding areas and embedding the overall Moderate rating.
- UK Space Agency Assurance: work towards introducing portfolio, programme and project (P3) assurance over the next financial year.
- UK Space Agency Internal Governance Framework: introduction of new internal programme governance model.
- Functional Standards: Embedding Cabinet Office mandated Functional Standards and driving continuous improvement to ensure the Agency is operating effectively to meet Governmental Departmental policy and procedures.
- Equality Duty: The actions will be progressed, and new initiatives implemented to improve compliance with our Public Sector Equality Duty.
- Counter-Fraud: We will produce a counter-fraud strategy and action plan for 2023-24, and the GIAA will assess our approach.
- Financial Management: The Agency has identified areas of financial performance that could be improved and will aim to develop and enhance their Financial Management capability.

Delivering against these in 2023-24 will enable the Agency to build upon the good progress made over the last year.



Dr Paul Bate
Chief Executive and Accounting Officer
7 July 2023

Remuneration and staff report

Senior Civil Service remuneration policy

Remuneration policy

The remuneration arrangements for Senior Civil Servants (SCS) are set by the Prime Minister following independent advice from the Senior Salaries Review Body (SSRB).

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at:

<https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

Performance and reward

The Senior Civil Service pay system consists of relative performance assessments. The highest performing individuals in BEIS were awarded a non-consolidated performance reward for their performance against objectives in 2021-22 which was paid in 2022-23.

In 2022-23, government departments continued to have discretion to make in-year non-consolidated award payments to recognise outstanding contribution. These performance awards varied in amount within an overall cost envelope of 3.3% of the departmental SCS pay budget (2021-22: 3.3%).

As part of the 2021 SCS Pay Award, there had been no base pay increases for SCS staff. Pay increases were reintroduced in 2022 with a 2% increase to anyone below their pay range maximum and a further 1% to raise people up to the new pay range minimum.

Further information about the performance and reward arrangements for Senior Civil Servants can be found at: <https://www.gov.uk/government/collections/senior-civil-service-performance-management-and-reward>

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit based on fair and open competition. The Recruitment Principles published by the Civil Service Commission also specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The notice period for all Senior Civil Servants covered by this report is in line with the Civil Service terms and conditions.

Further information about the work of the Civil Service Commission can be found at: www.civilservicecommission.org.uk

Audited information

Salary and pension entitlements

The following table shows the remuneration of Executive Committee members during 2022-23, including the details of their salary and pension entitlements. All Board members are Senior Civil Servants.

Table 1: Remuneration of Executive Board members 2022-23^(vii)

Name	Salary ⁽ⁱ⁾ in bands of £5,000		Performance reward payments ⁽ⁱⁱ⁾ in bands of £5,000		Benefits in kind to nearest £100		Pension benefits ⁽ⁱⁱⁱ⁾ to nearest £1,000		Single total figure of remuneration in bands of £5,000	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Paul Bate ^(ix)	150-155	80-85	-	-	-	-	59	33	210 - 215	115-120
Ian Annett	120-125	115-120	-	-	-	-	-	-	120 - 125	115 - 120
Claire Barcham	75-80	75-80	-	0-5	-	-	31	30	110 - 115	105-110
Peter Finn ^(iv)	70-75	70-75	-	-	-	-	(13)	11	60-65	80-85
Chloe Sowter ^(v)	65-70	Not in Post	5-10	Not in Post	-	Not in Post	26	Not in Post	95 - 100	Not in Post
Tim Guy ^(vi)	35-40	110-115	-	5-10	-	-	14	43	50 - 55	160 - 165
Craig Brown ^(vii)	25-30	Not in Post	-	Not in Post	-	Not in Post	11	Not in Post	35 - 40	Not in Post

Notes:

- (i) Salary levels disclosed have been recorded on an actual basis.
- (ii) Performance rewards are non-consolidated payments.
- (iii) The value of pension benefits accrued during the year is calculated by MyCSP 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 increase excludes increases due to inflation or any increases or decreases due to a transfer of pension rights.
- (iv) Peter Finn left the agency on 31 March 2023.
- (v) Chloe Sowter joined the Agency on loan from Home Office on 20 June 2022 as temporary director of HR. Her annualised salary would have been £80-85k.
- (vi) Tim Guy left the Agency on 1 August 2022 on a one-year loan to National Savings and Investments. His annualised salary would have been £110-115k.
- (vii) Craig Brown was appointed Director of Investment on 12 December 2022. His annualised salary would have been £85-90k.
- (viii) Officials covered in this table were members of the Executive Committee during 2022-23. All other executive directors are standing attendees who hold no voting rights and, on that basis, are not included in the above table.
- (ix) Paul Bate was appointed as the Chief Executive Officer from 6 September 2021. His annualised salary in 2021-22 would have been £145-150k.

Salary

Salary includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances or payments to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Agency and thus recorded in these accounts. The payment of legitimate expenses is not part of the salary.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by HM Revenue and Customs as a taxable emolument. No Senior Civil Servant covered by this report received any benefits in kind during the year.

Bonuses

Bonuses are non-consolidated award payments, based on performance levels attained and are made as part of the appraisal process. The bonuses reported in 2022-23 relate to performance in 2021-22 and the comparative bonuses reported for 2021-22 relate to performance in 2020-21.

Single total figure of remuneration

Single total figure of remuneration includes salary, non-consolidated performance-related pay, benefits in kind, compensation payments and pension benefits accrued during the reporting period. It does not include severance payments; employer pension contributions; the cash equivalent transfer value of pensions; and the payment of legitimate expenses.

Fair pay disclosure

The Agency is required to disclose the relationship between the remuneration of the highest-paid director in the Agency and the median remuneration of the Agency's workforce.

	2022-23	2021-22	Change
Band of Highest Paid Director's Total Remuneration ⁽ⁱ⁾	£150 - 155k	£145 - 150k	3.4%
Median Total Pay and Benefits of the workforce ⁽ⁱⁱ⁾	£48,586	£46,101	6.0%
Ratio	3.14	3.20	(1.9%)

Notes:

- (i) The highest paid director in 2022-23 was Paul Bate, Chief Executive Officer (2021-22: Paul Bate, Chief Executive Officer).
The median calculation is based on the full-time equivalent staff at 31 March 2023 on an annualised basis.

The banded remuneration of the highest paid director in the Agency in the financial year 2022-23 was £150,000 to £155,000 (2021-22: £145,000 to £150,000). This was:

- 3.12 times (2021-22: 3.20 times) the median remuneration of the workforce, which was £48,586 (2021-22: £46,101);
- 3.76 times (2021-22: 3.91 times) the 25th percentile of total remuneration which was £40,508 (2021-22: £37,739);
- 2.67 times (2021-22: 2.60 times) the 75th percentile of total remuneration which was £57,149 (2021-22: £56,731).

There was a 6.0% increase in median employee pay for 2022-23. There were no bonuses or benefits for the highest paid director

in either year. The median pay ratio is consistent with the pay, reward, and progression policies in the Agency. The average percentage change from previous financial year in respect of the employees of the entity taken as a whole was a 3.4% increase.

In 2022-23, no employee received remuneration in excess of the highest-paid director (2021-22: no employee). Remuneration in the Agency ranged from £25,650 to £151,980 (2021-22: £24,570 to £149,000). Total remuneration includes full year equivalent salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits

Civil Service Pensions

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

Prior to 1 April 2015, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four defined benefit schemes: three 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. The PCSPS is now closed to new members.

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 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report). 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. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of actual pensionable earnings regardless of whether members are in classic, classic plus, premium, nuvos or 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 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 commute pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the employee at the beginning of the tax year). 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 age-related contribution).

Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover such as death in service and ill health retirement referred to as mini-Accruing Superannuation Liability Charges (mini- ASLCs).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha.

All sections of the PCSPS and CSOPS schemes have provision for death and medical retirement benefits. Anyone entitled to be covered by these schemes is also covered by the Civil Service Injury Benefit Scheme in the event of sustaining an injury at work.

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Table 2: Pension benefits of Executive Committee members 2022-23⁽ⁱ⁾.

All Executive Committee Members are SCS.

Name	Accrued pension at pension age as at 31/3/2023 and (if applicable) related lump sum in bands of £5,000	Pension increase in real terms and (if applicable) related lump sum at pension age in bands of £2,500	CETV at 31/3/2023 to the nearest £1,000	CETV at 31/3/2022 to the nearest £1,000	Real increase in the CETV as funded by the employer, to the nearest £1,000	Employer contribution to partnership pension account to the nearest £100
Paul Bate	5 - 10	2.5 - 5	64	22	29	-
Ian Annett ⁽ⁱⁱ⁾	-	-	-	-	-	17,700
Claire Barcham	20 - 25	0 - 2.5	193	168	10	-
Peter Finn ⁽ⁱⁱⁱ⁾	35 - 40 plus a lump sum of 70 - 80	-	727	670	(21)	-
Chloe Sowter	15 - 20	0 - 2.5	132	120	8	-
Tim Guy	35 - 40	0 - 2.5	496	479	9	-
Craig Brown	0 - 5	0 - 2.5	6	-	4	-

- Notes:**
- (i) The pension figures quoted show pension earned in PCSPS and CSOPS (alpha) as appropriate. Where the official has benefits in both the PCSPS and CSOPS the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.
 - (ii) Ian Annett opted to have a partnership pension account rather than join the Civil Service pension scheme.
 - (iii) Taking account of inflation, the CETV funded by the employer has decreased in real terms.

Real increase in pension and lump sum

Real increase in pension and lump sum represents the increase in the value of the pension over the year after considering the effect of inflation.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Remuneration of Steering Board and Audit Committee Non-Executive Members

Appointments to the Agency's Steering Board and Audit Committee are made by DSIT Ministers, in accordance with the Commissioner for Public Appointments' Code of Practice for Ministerial Appointments to Partner Organisations.

In line with the other governance bodies within the DSIT family of partner organisations, the Agency's non-executive members receive an honorarium of £8,000 per annum (previously £6,000). Shrinivas Honap received an additional £2,000 honorarium for his role as the Chair of Audit Committee pro-rata for his time in post. The Chair of the Steering Board received an honorarium of £20,000 per annum.

Non-executive members are also reimbursed for any legitimate expenses incurred on behalf of the Agency which are not disclosed in the below table. Their remuneration is subject to tax deductions at source.

Table 3: Remuneration of Steering Board and Audit Committee Non-Executive Members 2022-23

Non-Executive Member	Position	Period of Appointment	Honoraria	
			2022-23 £000	2021-22 £000
Lord David Willetts ⁽ⁱ⁾	Chair of Steering Board	April 2022 - March 2025	20	Not in post
Shrinivas Honap ⁽ⁱⁱ⁾	Chair of Audit Committee and Non-Executive Steering Board member	June 2021 - September 2022	5	8
Keira Shepperson ⁽ⁱⁱⁱ⁾	Interim Chair of Audit Committee and Non-Executive Audit Committee member	May 2018 - September 2023	Nil	Nil
Kevin Shaw ^(iv)	Non-Executive Steering Board and Audit Committee member	June 2021 - May 2024	8	6
Peter Watkins ^(v)	Non-Executive Steering Board member	June 2021 - May 2024	8	6
Fiona Rayment ^(v)	Non-Executive Steering Board member	June 2021 - May 2024	8	6

Notes:

- (i) Lord David Willetts was appointed as Chair of Steering Board with effect from 1 April 2022 for a period of three years.
- (ii) Shrinivas Honap was appointed as Chair of Audit Committee and Non-Executive Steering Board member with effect from 1 June 2021 for a period of three years. Ended appointment 30 September 2022.
- (iii) Keira Shepperson initially joined the Audit Committee as an independent member with effect from 1 May 2018 for a period of 3 years. She was re-appointed 1 October 2022 as Interim Chair of Audit Committee. She is an employee at the British Business Bank. She is not remunerated for her work as honorarium is not payable to members who are civil servants, employees of the UK Space Agency or full-time employees of organisations whose funds are derived from Votes of Parliament.
- (iv) Kevin Shaw was appointed as Non-Executive Steering Board member and Non-Executive Audit Committee member from 1 June 2021 for a period of three years.
- (v) Fiona Rayment and Peter Watkins were appointed as Non-Executive Steering Board members from 1 June 2021 for a period of three years.

Staff Report

The Agency's employees are eligible to be members of the Principal Civil Service Pension Scheme (PCSPS) and Public Service (Civil Service and Others) Pension Scheme (CSOPS) known as alpha which came into force from 1 April 2015. The PCSPS is now closed to new members.

In this document, the term 'Scheme' covers both PCSPS and CSOPS arrangements. The Scheme is unfunded, defined benefit, contributory, public service occupational pension scheme in which the UK Space Agency is unable to identify its share of the underlying assets and liabilities.

The Scheme is subject to periodic actuary valuations. Contributions are paid both by employers and employees at a combined level, determined by the scheme actuary, sufficient to meet the liabilities being built up by the active membership (as adjusted to reflect any surplus or shortfall in the Scheme). The scheme actuary reviews employer contributions every four years following a full scheme valuation.

The last full actuarial valuation was carried out as at 31 March 2016 and determined that from 1 April 2019 the average employer contribution will increase to 27.3% of pensionable earnings. In the previous year, the average employer rate of 21.1% was maintained in line with the recommendations made in the actuarial valuation as at 31 March 2012. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

More information can be found at the Civil Service Pensions website at: <https://www.civilservicepensionscheme.org.uk/>

During 2022-23, employer contributions of £3,397,363 were payable to the Scheme (2021-22: £3,267,795) at one of four rates in the range 26.6% to 30.3% of pensionable earnings (2021-22: 26.6% to 30.3%), based on salary bands.

Under the Partnership scheme employees have the option of opening a partnership pension account with Legal & General. Stakeholder pensions are a type of personal pension with employer contributions which are age related and from 1 October 2015 range from 8% to 14.75% of pensionable earnings (3% to 12.5% up to 30 September 2015). Employee contributions are voluntary, and unlimited, and are matched by employer contributions up to 3% of pensionable earnings (the maximum possible employer contribution therefore is 17.75%). During 2022-23, employer contributions of £17,744 were payable to partnership pension provider (2021-22: £33,986). There were no prepaid contributions at 31 March 2023.

In addition, employer mini-ASLC contributions of £601.50 (2021-22: £1,185), from 1 October 2015 set at 0.5% of pensionable pay regardless of salary bands (0.8% up to 30 September 2015), were payable to the Scheme during 2022-23 for provision of risk benefits to those employees opting for partnership pension arrangements. These contributions cover the cost of the future provision of lump sum benefits on death in service or ill-health retirement of these employees.

No members of staff retired early on ill-health grounds (2021-22: 1). There were other departure costs of £95k paid during the year (2021-22: none). No redundancy costs were paid in 2022-23 and 2021-22. The cost of contingent labour during the year was £4,610k (2021-22: £3,798k).

Table 4: Analysis of staff costs and average number of persons

The Agency has continued to grow in order to deliver on its projects and programmes which is reflected in the tables below.

	2022-23			2021-22		
	Permanently employed £000	Other £000	Total £000	Permanently employed £000	Other £000	Total £000
Wages and salaries	12,673	-	12,673	12,394	-	12,394
Social security costs	1,502	-	1,502	1,396	-	1,396
Other pension costs	3,415	-	3,415	3,302	-	3,302
Subtotal	17,590	-	17,590	17,092	-	17,092
Add cost of inwards secondments/loans	-	52	52	-	515	515
Less recoveries in respect of outward secondments/loans	-	(13)	(13)	-	(164)	(164)
Total staff costs	17,590	39	17,629	17,092	351	17,443
	FTE	FTE	FTE	FTE	FTE	FTE
Average number of persons employed⁽ⁱ⁾⁽ⁱⁱ⁾	259.2	2.0	261.2	257.5	2.8	260.3

Notes:

- (i) There have been on average 1.0 FTE outward secondees during the year (2021-22: 1.8 FTE) when the Agency's staff have been seconded to other organisations.
(ii) There have been on average 2.0 FTE inward secondees (2021-22: 2.8 FTE).

Unaudited information on recruitment policies
Recruitment position for UK Space Agency – 2022-23

Number of recruitment campaigns run in 2022-23		176		
Total number of applicants:	3101			
Civil Service Internal:	1486	External:	1615	
Potential posts available:	195	Total posts filled: 123		
	UKSA Internal on Promotion:	UKSA Internal on Lateral Transfer:	From OGDs:	External:
	27	12	64	19
Time to hire:				
On average we fill our posts within:		58 working days		
The average target for Civil Service to fill is:		63.5 working days		

Notes:

figures provided by GRS (Government Recruitment Service) - some of the campaigns/posts available relate to duplicate campaigns which initially were not successful.

Off payroll engagements

The table below and top right present data on our off-payroll engagements. Off-payroll engagements refer to workers who are paid off-payroll, without deducting tax and national insurance at source, typically contractors.

Highly paid off-payroll worker engagements as at 31st March 2023, earning £245 per day or greater. Of which, the number that existed for UK Space Agency	
No. of existing engagements as of 31 March 2023	37
< 1 year (1st April 22 to 31st March 23)	22
Between 1 and 2 years (1st April 21 to 31st March 22)	9
Between 2 and 3 years (1st April 20 to 31st March 21)	5
Between 3 and 4 years (1st April 19 to 31st March 20)	1
4 or more years (earliest date to 31st March 19)	0

All highly paid off-payroll workers engaged at any point during the year ended 31st March 23, earning £245 per day or greater at UK Space Agency

No, of all off-payroll workers engaged during the year ended 31st March 2023	47
Of which, not subject to off-payroll legislation	0
Of which, subject to off-payroll legislation and determined as in-scope of IR35	47
Of which, subject to off-payroll legislation and determined as out-of-scope of IR35	0
No. of engagements reassessed for compliance or assurance purposes during the year	0
Of which, No. of engagements that saw a change to IR35 status following review	0

Consultancy costs of £5,230k were incurred during 2022-23 (2021-22: £7,345k).

The cost of contingent labour during the year was £4,610k (2021-22 £3,798k).

Remuneration Policy

The remuneration policy adopted by the UK Space Agency is in line with the BEIS departmental policy. The Agency implemented the 2022 pay award in line with the increases approved. This was effective from 1 August 2022. The BEIS 2021-22 pay offer had been restricted to an uplift in the spot rate for Administrative Officer National salary – all other salary ranges above £24,000 remained the same as the previous year. For 2022 the majority of staff received a 2.75% increase with revalorisation of the pay ranges.

The Agency operates an In-Year Award Scheme which is a cash and non-cash bonus scheme for individual payments recommended by line managers and colleagues for specific projects or outstanding pieces of work. These are managed by Directors and awarded quarterly following directorate panels.

These payments are non-consolidated and the maximum amount available is capped to 0.7% of the total annual pay bill (excluding SCS pay). During 2022–23 we issued 281 awards at a cost of £153,625 (in 2021–22 we issued 299 awards totalling £143,825).

Staff Composition

The internal Workforce Resourcing Group plays a key part in ensuring that the Agency has both the capacity and capability to deliver the aims and objectives of the Agency.

We have continued to source specialist skills where necessary to support frontline delivery and fill business critical posts whilst maintaining the Agency’s headcount at a sustainable level.

UK Space Agency grades	2022-23		2021-22	
	Actual number	% of workforce	Actual number	% of workforce
Administrative Assistants and Administrative Officers	1	0.36	1	0.38
Executive Officers	12	4.36	15	5.75
Higher Executive Officers and Senior Executive Officers	129	46.91	123	47.13
Grade 7/6	124	45.09	115	44.06
Senior Civil Servants ⁽ⁱ⁾	9	3.27	7	2.68

Notes:

(i) These are substantive grades as at 31st March. Two of our SCS members were on temporary promotion

Equality, diversity and inclusion

The UK Space Agency is fully committed to have a truly diverse workforce and a culture of openness and inclusivity to help us deliver better outcomes for the community we serve. The Agency follows the Civil Service Diversity and Inclusion Strategy and guidelines; our aim is to mainstream the delivery of inclusion by building on and expanding on the Protected Characteristics to deliver for all our people to incorporate a broader definition of diversity to include socioeconomic, work experience and geographic backgrounds. The Agency will embrace this diverse range of experience, skills and backgrounds to provide an equality of opportunity for all our people and build teams where diverse perspectives are welcomed and encouraged.

We have a dedicated Diversity and Inclusion (D&I) and Wellbeing team; as members of the Cross Government Head of Diversity and Diversity Leads Group we are committed to being at the forefront of initiatives creating a forward thinking, diverse and truly inclusive UK Space Agency.

Some of the activities delivered so far include a D&I Maturity Assessment, an initial Agency D&I and Wellbeing Strategy, active and collaborative Staff Networks supported by SCS D&I Champions and meeting the legal requirements of the Public Equality Duty. The team will continue to focus on delivering initiatives, working closely with key Stakeholders, to help advance staff skills and capability in delivering D&I and Wellbeing in their teams. We have an active Respect at Work Campaign that encapsulates our philosophy that we want the UK Space Agency to be a great place to work for all our people, supported by a Respect at Work Charter and a dedicated fully trained team of Respect at Work First Responders. The Agency additionally holds a corporate membership of Women in Aerospace which is dedicated to expanding women’s opportunities for leadership and increasing their visibility in the aerospace community worldwide.

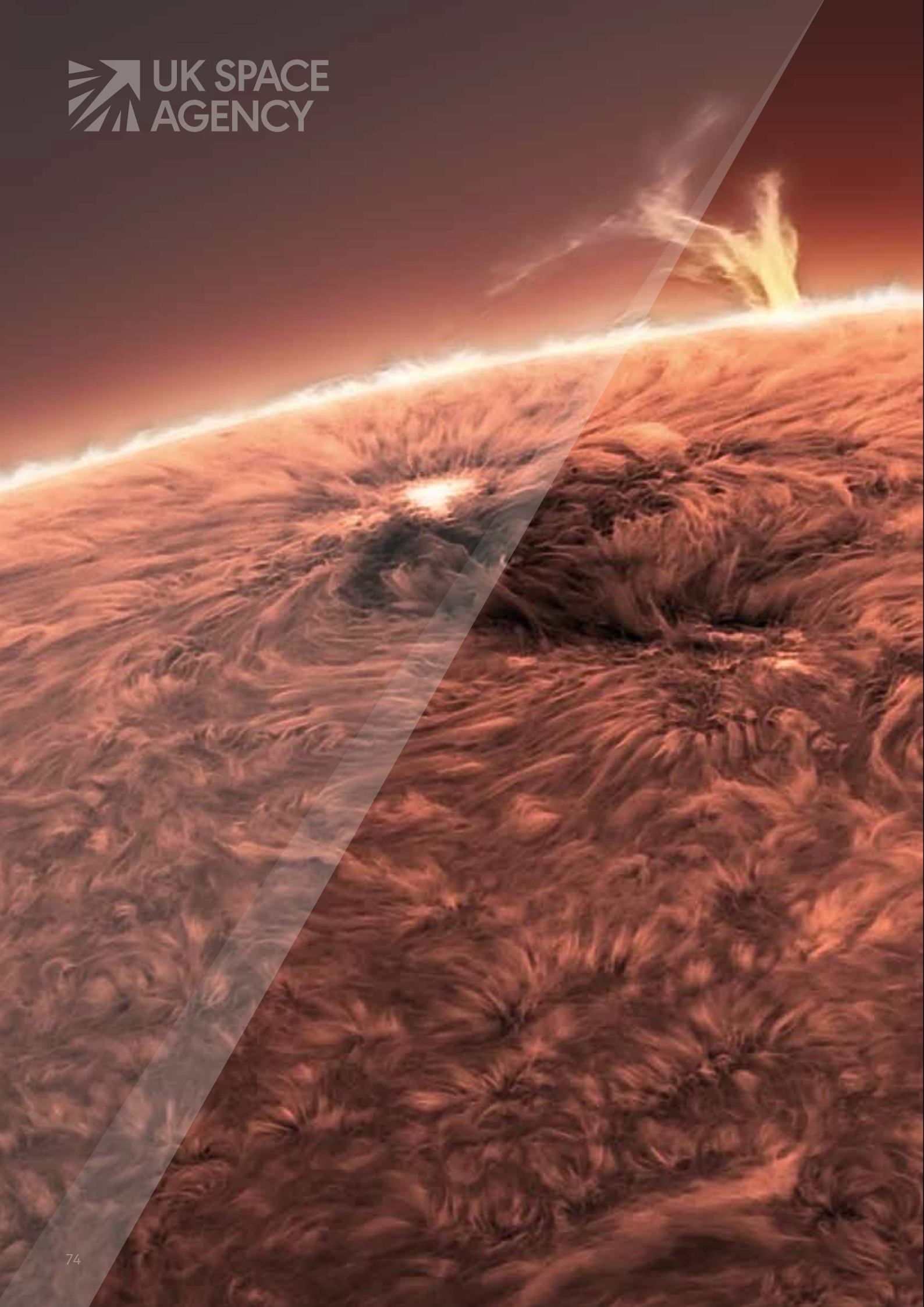
See accompanying tables on the page opposite.

Workforce Statistics	2022-23		2021-22	
	Actual number	% of workforce	Actual number	% of workforce
Gender Male	144	52	136	50
Gender Female	133	48	138	50
Working Pattern Full-time	255	92	263	96
Working Pattern Part-time	16	6	11	4
Disability Yes	21	8	24	8.70
Disability No	123	44	131	47.46
Disability Prefer not to Say/Undisclosed	133	48	121	43.84
Ethnicity White-English	126	45	121	54.16
Ethnicity White-Irish	2	1	1	0.36
Ethnicity White-Welsh	7	3	6	2.19
Ethnicity White -Scottish	4	1	5	1.82
Ethnicity Black - African	3	1	3	1.09
Ethnicity Black – Black, Black Scottish, Black British	3	1	1	0.36
Ethnicity Asian - Indian	7	3	7	2.55
Ethnicity Asian - Bangladeshi	4	1	4	1.46
Ethnicity Asian - Pakistani	3	1	3	1.09
Ethnicity White and Black Caribbean	1	0	1	0.36
Ethnicity Other White Background	14	5	13	4.74
Ethnicity Other Asian Background	9	3	6	2.19
Ethnicity Mixed – Any other mixed background	5	2	4	1.46
Ethnicity Prefer not to Say/Unknown	89	32	82	29.93

Workforce diversity (Executive Board only)	2022-23 % declared	2021-22 % declared
Ethnic minorities	10	17
Women	20	17
Disabled	0	0
Working pattern – part-time	0	0

Sickness absence

In the 12-month period April 2022–March 2023 the average working days lost through recorded sickness absence was 6.79 days per employee absent through sickness. In the same period April 2021–March 2022 average working days lost through recorded sickness absence was 7 days per employee absent through sickness, which was a year still disrupted by the Covid Pandemic with people continuing to work from home more at the beginning of the year.





Parliamentary accountability and audit

These pages present information about the Agency that is useful to readers for accountability and decision-making purposes that is not covered elsewhere in the report.

Our Chief Executive is personally accountable to Parliament for our performance. Our financial statements are subject to audit by the Comptroller and Auditor General, who heads up the National Audit Office and is responsible for scrutinising public spending and safeguarding the interests of taxpayers on behalf of Parliament. The Comptroller and Auditor General's audit certification is presented on page 71.

Regularity of expenditure Fees and charges income (audited)

The Outer Space Act 1986 is the basis for the regulation of activities in outer space carried out overseas by organisations or individuals established in the United Kingdom, or in one of its overseas territories or Crown dependencies.

It confers licensing and other powers on the Secretary of State for Business, Energy and Industrial Strategy, who acts through the UK Civil Aviation Authority and the UK Space Agency to exercise these powers.

The UK Space Agency is responsible for the charging of fees for licences issued wholly under the Outer Space Act 1986. In 2022-23, the total statutory licence fees collected by the Agency amounted to £788,000 (2021-22: £1,946,100)

Losses and special payments (audited)

There were no reportable losses or special payments incurred during the year.

Remote contingent liabilities (audited)

Under international (UN) convention, the UK Government is ultimately liable for third party costs from accidental damage arising from UK space activities. To manage the risk to the Government, the Outer Space Act 1986 requires licensees to indemnify HMG against any proven third-party costs. In March 2015, the Outer Space Act 1986 was amended to provide for a limit of liability to be applied in licences to

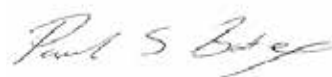
what was previously an unlimited liability to indemnify HMG for licensed activities. The Outer Space Act now regulates spaceflight activities carried out overseas by UK entities only. With the coming into force of the Space Industry Act on 29 July 2021, this Act now regulates licensed spaceflight activities in the UK. The Act requires the licensee to indemnify claims made against the UK government and also claims made by third-parties against the licensee with respect to damage arising in the UK. Limits of operator liability are to be included as licence conditions in licences issued under the Act. Therefore, no operator will be facing unlimited liability for activities carried out in compliance with the Act.

BEIS holds the contingent liability arising from satellite operations and procuring a launch under both the Space Industry Act and the Outer Space Act. The Department for Transport will hold the contingent liability for launch activities taking place from the UK.

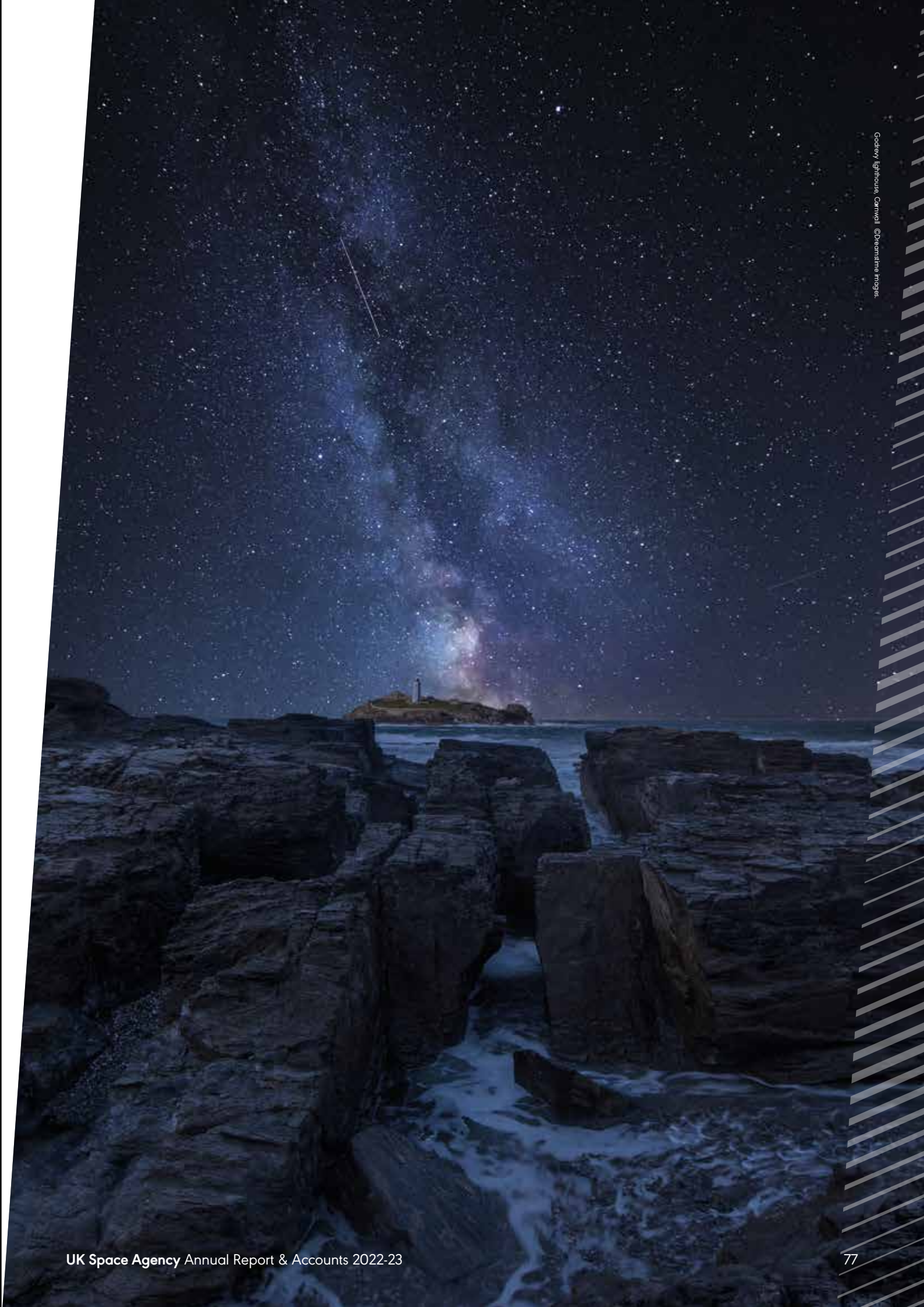
For satellite operations, an operator's limit of liability for licenses issued under either the Outer Space Act and the Space Industry Act is currently set at €60 million for standard missions licensed and can be increased for higher risk missions. For procuring a launch, the limit of liability is currently set at €60m for launches taking place overseas and the limit of liability for the procurement of a UK launch will be set in licences at the same level as the limit of liability applying to the launch vehicle. There is a requirement on licensees to obtain third party liability insurance to the level of the limit of liability set out in the licence for the duration of the licensed activity, with the UK Government a named beneficiary.

These requirements are currently under review as part of a wider review of insurance requirements and liability limits (see the government's response to the call for evidence issued in October 2021 for further information about recommendations arising from the review - <https://www.gov.uk/government/consultations/call-for-evidence-to-inform-orbital-liability-and-insurance-policy>).

The UK Government is therefore exposed to a potential liability for third party costs which are not recoverable from the licensee. This liability is unquantifiable at the time of reporting.



Dr Paul Bate
Chief Executive and
Accounting Officer
7 July 2023





The certificate and report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the UK Space Agency for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000. The financial statements comprise: the UK Space Agency's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the UK Space Agency's affairs as at 31 March 2023 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the UK Space Agency 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.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the UK Space Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 the UK Space Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The going concern basis of accounting for the UK Space Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Performance and Accountability Reports but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is 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 certificate, I do not express any form of assurance conclusion thereon.

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

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the UK Space Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- Adequate accounting records have not been kept by the UK Space Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the UK Space Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the UK Space Agency'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 Accounting Officer anticipates that the services provided by the UK Space Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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 certificate 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of

the UK Space Agency's accounting policies and performance incentives.

- inquired of management, the UK Space Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the UK Space
- Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the UK Space Agency's controls relating to the UK Space Agency's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- inquired of management, the UK Space Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the UK Space Agency for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the UK Space Agency's framework of authority and other legal and regulatory frameworks in which the UK Space Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the UK Space Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money and relevant employment law and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and concerning actual and potential litigation and claims;

- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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 certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
10 July 2023

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

ACCOUNTS



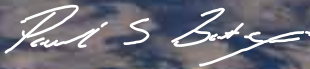
Our Annual Report and Accounts 2022-23

Our Annual Report and Accounts are presented to Parliament following certification of our financial statements by the Comptroller and Auditor General to the House of Commons (see page 79). The cost of the audit was £53,000. No remuneration was paid to the external auditors in respect of non-audit work in 2022-23.

Our Chair of the Audit and Risk Assurance Committee endorsed this report on 7 July 2023. Our Annual Report and Accounts is prepared in accordance with the Government Financial Report Manual (FRoM), Managing Public Money and any applicable HM Treasury (HMT) instructions.

I believe that the information we have presented in our Performance Report (pages 32-37) provides a fair, balanced and understandable analysis of our performance. As required, I have signed and dated my Directors' Report on page 42, as well as signing here our Accountability Report, which meets our key accountability requirements to Parliament.

Our fully audited financial statements follow in the rest of this document, which give a true and fair view of the Agency's state of affairs and of its comprehensive net expenditure, changes in taxpayers' equity and cash flows. I have signed our Statement of Financial Position on page 85.



Dr Paul Bate
Chief Executive and Accounting Officer
7 July 2023

Financial statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Income from operating activities	5	(1,293)	(1,946)
Total operating income		(1,293)	(1,946)
Staff costs	3	17,629	17,443
International subscriptions, grants and other funding	4	609,531	451,579
Technical contracts and contract management	4	10,550	22,342
Depreciation	6 & 8	745	598
Finance lease interest - unwinding of discount		25	30
Other operating expenditure	4	10,837	7,678
Total operating expenditure		649,317	499,670
Net operating expenditure		648,024	497,724
Other comprehensive net expenditure			
Items which will not be reclassified to net operating costs			
Net (loss)/gain released on the disposal of cash flow hedges ⁽ⁱ⁾	9	1,682	(6,302)
Items which may be reclassified subsequently to net operating costs:			
Net (gain)/loss on revaluation of cash flow hedges ⁽ⁱⁱ⁾	9	(10,103)	(361)
Net (gain)/loss on revaluation of tangible assets ⁽ⁱⁱⁱ⁾	8	(2,996)	-
Total comprehensive net expenditure for the year ended 31 March 2023		636,607	491,061

Notes:

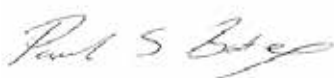
- (i) The reported gains on disposal of cash flow hedges are notional gains which represent the total cumulative unrealised gains for the disposed contracts previously recognised in the revaluation reserve. More information can be found in Note 4 - Total operating expenditure and Note 9 - Other financial assets and liabilities.
- (ii) The reported gains on revaluation of forward exchange contracts in 2022-23 are notional gains caused by a increase in the fair value of the contracts held at 31 March 2023 compared to the fair value of contracts initial value on 6th May 2022. The UK Space Agency abides by the HM Treasury and DSIT group rules relating to hedging. More information can be found in Note 9 - Other financial assets and liabilities.
- (iii) The reported gain on revaluation of tangible assets in 2022-23 are notional gains caused by the increase in the fair value of the asset held at 31 March 2022 compared to the fair value of the asset held at 31 March 2023.

The notes on pages 88 to 102 form part of these financial statements.

Statement of Financial Position as at 31 March 2023

	Note	31 March 2023 £000	31 March 2022 £000
Non-current assets			
Right of use assets	6	2,095	2,692
Intangible assets	7	600	600
Tangible assets	8	3,314	-
Finance lease receivable		-	261
Other financial assets	9	5,718	-
Total non-current assets		11,727	3,553
Current assets			
Trade & other receivables	10	65,739	56,587
Finance lease receivables		-	317
Cash & cash equivalents	11	20,612	12,800
Other financial assets	9	2,703	-
Total current assets		89,054	69,704
Total assets		100,781	73,257
Current liabilities			
Trade & Other payables	12	41,506	48,055
Lease liabilities	15	596	1,111
Total current liabilities		42,102	49,166
Total assets less current liabilities		58,679	24,091
Non-current liabilities			
Lease liabilities	15	1,529	2,387
Provisions	17	385	385
Other financial liabilities		-	-
Total non-current liabilities		1,914	2,772
Total assets less total liabilities		56,765	21,319
Taxpayers' equity and other reserves			
General fund		45,348	21,319
Revaluation reserve		11,417	-
Total equity		56,765	21,319

The notes on pages 88 to 102 form part of these financial statements.



Dr Paul Bate
Chief Executive and Accounting Officer
7 July 2023

Statement of Cash Flows for the year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Net operating expenditure for the year	SoCNE	(648,024)	(497,724)
Adjustment for non cash transactions - ROU asset depreciation	6 & 8	745	598
Adjustments for non cash transactions - auditor's remuneration	4	53	45
Decrease/(Increase) in trade and other receivables	10	(9,152)	823
(Decrease)/Increase in trade and other payables	12	(6,550)	(9,802)
Decrease in finance lease receivables		(203)	202
Interest on lease liabilities		25	30
Net cash outflow from operating activities		(663,106)	(505,828)
Cash flows from investing activities			
Capital expenditure	8	(466)	-
Net cash outflow from investing activities		(466)	-
Cash flows from financing activities			
Net parliamentary funding - drawn down		672,000	507,717
Payment of lease liabilities		(616)	(603)
Net cash flow from financing activities		671,384	507,114
Net increase in cash and cash equivalents in the period		7,812	1,286
Cash and cash equivalents at the beginning of the period			
Cash and cash equivalents at the beginning of the period	11	12,800	11,514
Cash and cash equivalents at the end of the period	11	20,612	12,800

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

2022-23	General fund ⁽ⁱ⁾	Revaluation reserve ⁽ⁱⁱ⁾	Total
	£000	£000	£000
Balance at 01 April 2022	21,319	-	21,319
Net Parliamentary Funding - drawn down	672,000	-	672,000
Net operating expenditure for the year	(648,024)	-	(648,024)
Non-cash adjustments:			
Non-cash charges - auditor's remuneration	53	-	53
Movements in reserves:			
Additions	-	(187)	(187)
Disposals	-	(1,682)	(1,682)
Revaluations ⁽ⁱⁱⁱ⁾	-	13,286	13,286
Balance at 31 March 2023	45,348	11,417	56,765

2021-22	General fund ⁽ⁱ⁾	Revaluation reserve ⁽ⁱⁱ⁾	Total
	£000	£000	£000
Balance at 01 April 2021	11,281	(6,664)	4,617
Net Parliamentary Funding - drawn down	507,717	-	507,717
Net operating expenditure for the year	(497,724)	-	(497,724)
Non-cash adjustments:			
Non-cash charges - auditor's remuneration	45	-	45
Movements in reserves:			
Additions	-	(406)	(406)
Disposals	-	6,302	6,302
Revaluations	-	768	768
Balance at 31 March 2022	21,319	-	21,319

Notes:

- (i) The general fund is used to support the on-going operations of the Agency and represents the investment made by the Agency or parent Department.
- (ii) The Revaluation reserve represents the increase in value of financial derivatives in relation to the cashflow hedge instruments and the increase in value of tangible assets.
- (iii) Revaluations includes the movement on cash flow hedges (on initiation and at year end) and the revaluation of the Westcott Facility included in tangible assets (for more information see Note 8).

The notes on pages 88 to 102 form part of these financial statements.

Notes to the financial statements

1. Statement of Accounting Policies

1.1 Basis of accounting

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FRoM), as set out in a statutory Accounts Direction issued pursuant to section 7(2) of the Government Resources and Accounts Act 2000.

The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the UK Space Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material in relation to the accounts.

On 7th February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments, including BEIS, and created three new departments, the Department for Business and Trade, the Department for Digital, Science, Innovation and Technology, and the Department for Energy Security and Net Zero.

UK Space Agency has been designated to Department of Science, Innovation and Technology with accounting officer responsibilities formally transferred from 1st April 2023.

1.2 Going concern

The financial statements cover the activities of the UK Space Agency and are prepared on a going concern basis. In line with the 2022-23 FRoM guidance on IAS 1 interpretation of going concern for the public sector non-trading entity, the Directors are satisfied that the 2022-23 financial statements have been prepared on a going concern basis. The Directors have assessed the financial position as at 31 March 2023, giving consideration to the impact of the conflict in Ukraine and Civil Service Industrial action and the anticipated continuation of the statutory basis of the Agency's services, and are content not to doubt the Agency's continuing existence for 2023-24 and beyond. The UK Space Agency is an Executive Agency of the Department for Business, Energy and Industrial Strategy (BEIS) (replaced by the Department for Science, Innovation and Technology (DSIT)), and the Department has agreed 2023-24 budget for the Agency. Moreover, the Department's estimates and forward plans include provision for the Agency's continuation beyond 2023-24. It has therefore been considered appropriate to prepare these accounts on a going concern basis.

1.3 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of financial assets and financial liabilities.

1.4 Presentational currency

The financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£'000). The functional currency of the Agency is pounds sterling.

1.5 Intangible non-current assets

Intangible non-current assets are capitalised if they are intended for use on a continuing basis and their original carrying value, on an individual or asset pool basis, exceeds the capitalisation threshold of £10,000. Where there is an active market, the valuation is derived from the active market. Where there is no active market, intangible non-current assets are valued at depreciated replacement cost as Agency's intangible non-current assets are not income-generating and do not therefore have value in use. They are amortised on a straight-line basis over the following period

Patents, licences and royalties	15 years
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1.6 Tangible non-current assets

Tangible non-current assets are capitalised if they are intended for use on a continuing basis and their original carrying value, on an individual or asset pool basis, exceeds the capitalisation threshold of £10,000. Where there is an active market, the valuation is derived from the active market. Where there is no active market, tangible non-current assets are valued at depreciated replacement cost. They are depreciated on a straight-line basis over the following periods

Plant and machinery	4-24 years
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1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash is held with the Government Banking Service and the credit risk is therefore assessed as low.

1.8 Financial instruments

The Agency recognises and measures financial instruments in accordance with IFRS 9 Financial Instruments as interpreted by the FRoM for public sector.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Agency becomes a party to the contractual provisions of an instrument.

The fair value of financial instruments is determined by reference to quoted market prices where an active market exists for the trade of these instruments. The fair value of financial instruments which are not traded in an active market is determined using generally accepted valuation techniques, including estimated discounted cash flows.

Financial assets are de-recognised when the rights to receive future cash flows have expired or are transferred and the Agency has transferred substantially all the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

1.8.1 Financial assets

In accordance with IFRS 9 Financial Instruments, the Agency classifies financial assets into the following categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVTPL).

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The impairment model is forward looking and is based on expected credit loss (ECL) model which applies to the following financial assets:

- Financial assets measured at amortised cost;
- Trade receivables, contract assets and lease receivables;
- FVOCI loans; and
- Financial guarantees.

1.8.2 Financial liabilities

In accordance with IFRS 9 Financial Instruments, the Agency classifies financial liabilities as either:

- Amortised cost, or
- Fair value through profit or loss (FVTPL).

Financial liabilities are measured at amortised cost unless either:

- The financial liability is held for trading (i.e. it is held with principal purpose of selling or repurchasing it in the near term), therefore it must be measured at FVTPL; or
- The Agency elects to measure the financial liability at FVTPL.^{1.7}

1.9 Hedge accounting under IFRS 9 Financial Instruments

Derivative financial instruments comprise forward exchange contracts held to hedge the Agency's exposure to foreign currency risk. They are designated as cash flow hedges. The effective portion of change in the fair value is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Net Expenditure. Amounts accumulated in equity are recycled to the Statement of Comprehensive Net Expenditure in the periods when the hedged item affects the Statement of Comprehensive Net Expenditure.

Financial instruments held to hedge foreign currency risk exposures are designated as cash flow hedges if the criteria for applying cash flow hedge accounting under IFRS 9 are met. If the criteria are not met, such as when a forecast transaction is no longer expected to occur, the forward contract is accounted for as a financial instrument held for trading purposes and any cumulative gain or loss that was reported in taxpayer's equity is immediately transferred to the Statement of Comprehensive Net Expenditure.

The Agency does not hold or issue derivative financial instruments for trading purposes.

1.10 Operating income

Operating income is income that relates directly to the operating activities of the Agency as well as income generated from Agency assets and is measured at the fair value of consideration received or receivable and is shown net of trade discounts; value added tax and other taxes. It comprises, principally, statutory licence fees for activities covered by the Outer Space Act (OSA) 1986; co-funding income from other public sector bodies; grant funding from the EU; income from the hiring out of Agency assets and charges for services provided, on a full cost basis, to external customers. Operating income is recorded in accordance with IFRS 15.

1.11 Grants payable and receivable

Grants payable are recognised in the period in which the grant recipient carries out the activity that creates an entitlement to grant. Recognition of entitlement varies according to the details of individual schemes and the terms of the offers made. Unpaid and unclaimed grants are charged to the Statement of Comprehensive Net Expenditure on the basis of estimates of claims not received and are included in accruals in the Statement of Financial Position.

1.12 Ownership of equipment purchased by research grant

Equipment that has been purchased by an Institution with research grant funds supplied by the Agency belongs to that Institution. Through the Conditions of Grant applied to funded institutions, the Agency reserves the right to determine how such equipment shall be disposed of and how any disposal proceeds are to be utilised. Such equipment is excluded from these financial statements.

1.13 Insurance

As an Executive Agency of the Department for Business, Energy and Industrial Strategy (BEIS), the Agency, along with other public bodies of the Departmental group, do not generally insure. Insurance will only be obtained on items which, with the agreement of the Department, require it due to the risks involved. Insurance premiums are charged to the Statement of Comprehensive Net Expenditure. Staff travelling overseas on business are covered by the Department's insurance policy for any medical costs incurred abroad, but are expected to take out their own travel insurance policy to cover any loss or damage to personal property. Claims directly related to business property are considered under DSIT expenses policy guidelines.

1.14 Foreign exchange

Transactions that are denominated in a foreign currency are translated into pound sterling at the rate of exchange prevailing on the date of each transaction unless covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the rates of exchange ruling at that date. These translation differences are recognised in the Statement of Comprehensive Net Expenditure.

1.15 Pensions

The Agency's staff are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and Civil Servants And Others Pension Scheme (CSOPS) as described in the Remuneration and Staff Report. Defined benefit schemes are unfunded. The Agency recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS and CSOPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS/CSOPS. In respect of the defined contribution elements of the Schemes, the Agency recognises the contributions payable for the year. Contributions to the defined benefit pension scheme are charged to the Statement of Comprehensive Net Expenditure in accordance with actuarial recommendations so as to spread the cost of the pensions over the employee's expected working lives. Further details of the pension schemes can be found on the Civil Service Pensions website at www.civilservicepensionscheme.org.uk

1.16 Employee benefits

In accordance with IAS 19 Employee Benefits, the Agency is required to recognise short-term employee benefits when an employee has rendered service in exchange for those benefits. Included in the financial statements is an accrual for the outstanding employee holiday entitlement at 31 March 2023 on an undiscounted basis.

1.17 Taxation

The Agency, as an Executive Agency of BEIS, is exempt from income and corporation tax by way of its Crown exemption. Value Added Tax (VAT) is accounted for in the financial statements, in that amounts are shown net of VAT except:

- irrecoverable VAT is charged to the Statement of Comprehensive Net Expenditure, and included under the relevant expenditure heading;
- irrecoverable VAT on the purchase of an asset is included in additions.

The net amount due to, or from, HM Revenue and Customs in respect of VAT is included within other receivables and payables in the Statement of Financial Position.

1.18 Leases from 1 April 2021

In line with the parent Department, the Agency adopted IFRS 16 Leases from 1 April 2021, in agreement with HM Treasury.

IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model. IFRS 16 requires recognition of assets and liabilities for all leases in the Statement of Financial Position (SoFP), with exemption given to low value leases and short-term leases, i.e. those with lease terms of less than 12 months. The adoption of the standard results in the recognition of a right-of-use asset, representing a right to use the underlying leased asset and a lease liability, representing an obligation to make lease payments.

1.18.1. Agency as lessee

Leases previously classified as operating leases: transition to IFRS 16

The Agency adopted IFRS 16 in 2021-22 on the cumulative catch-up basis as mandated in the FReM, and therefore the cumulative impact on previous years' results has been recognised within reserves at the prior year. Under the 'grandfathering' rules mandated in the FReM for the initial transition to IFRS 16, a right-of-use asset and lease liability has been recognised for all relevant leases not previously recognised as finance leases for accounting purposes under IAS 17.

Practical expedients on transition

The Agency has elected to adopt the following practical expedients mandated in the FReM:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- Not reassess whether contracts are or contain a lease or not at the date of initial application
- Apply the 'cumulative catch-up' approach for adopting IFRS 16
- Exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Use hindsight to determine lease terms in contracts which contain options to extend or terminate or are rolling.

The definition of a contract is expanded under the FReM definition to include intra-UK government agreements where non-performance may not be enforceable by law.

This includes, for example, the Memorandum of Terms of Occupation (MOTO) agreements.

Measurement of right-of-use asset on transition

On initial application, the right-of-use asset is measured at an amount equal to the lease liability.

Measurement of lease liability on transition

On initial application, the lease liability is measured at the present value of the remaining lease payments using the HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined.

Measurement of right-of-use assets

Initial measurement

At the commencement date, the Agency measures the right-of-use asset at cost, which comprises:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs incurred
- An estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lease terms and conditions.

Subsequent measurement

Right-of-use assets are subsequently measured in line with the cost model for IFRS 16 which is used as a proxy for valuation except where:

- A longer-term contract that has no provisions to assess lease payments for market conditions
- There is a significant period of time between these assessments
- The valuation of the underlying asset is likely to fluctuate significantly due to changes in market prices.

Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis from commencement date to the end of the lease term.

Impairment of right-of-use assets

The Agency applies IAS 36 'Impairment of Assets' to determine whether a right-of-use asset is impaired and to account for any impairment loss identified.

Measurement of lease liabilities

Initial measurement

At the commencement date, the Agency measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using the HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined.

The Agency has applied the HM Treasury discount rate of 0.91% prevailing at the time of adoption (from 1 January 2021 to 31 December 2021).

At the commencement date, lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the term not paid at the commencement date:

- Fixed payments, including any in-substance fixed payments less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date, for example, payments linked to a consumer price index or a benchmark interest rate
- Amounts expected to be payable by the Agency under a residual value guarantee
- The exercise price of a purchase option if the Agency is reasonably certain to exercise that option
- Payments of penalties for terminating the lease if the lease term reflects the Agency exercising the option to terminate the lease and the Agency is reasonably certain to exercise this option.

Subsequent measurement

The lease liability is remeasured to reflect changes to the lease payments. The Agency remeasures the lease liability by discounting the revised lease payments using a revised discount rate if there is a change in:

- Lease term
- The Agency's assessment of an option to purchase the underlying asset, assessed considering events and circumstances in the context of a purchase option. The Agency determines the revised lease payments to reflect the change in amounts payable under the purchase option
- Amounts expected to be payable by the Agency under a residual value guarantee
- Future lease payments resulting from a change in the index or rate used to determine these future lease payments, including a change to reflect changes in market rental rates following a market rent review. The Agency remeasures the lease liability to reflect those revised lease payments only when there is a change in the cash flows (this will be when the adjustment to the lease payments takes effect).

The amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset, where there is a balance on the right-of-use asset.

However, if the carrying amount of the right-of-use asset is £nil and there is a further reduction in the measurement of the lease liability, the Agency recognises the remaining amount of the remeasurement of the lease liability in the Statement of Comprehensive Net Expenditure.

1.18.2. Agency as lessor

The Agency's accounting policies as lessor are materially unchanged on adoption of IFRS 16 Leases.

Classification

The Agency classifies leases where it is lessor as either an operating lease or a finance lease. The Agency classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If it does not, then the lease is classified as an operating lease.

Finance leases: recognition and measurement

At the commencement date, the Agency recognises assets held under a finance lease within the Statement of Financial Position and presents them as a receivable at an amount equal to the net investment in the lease using the interest rate implicit in the lease to measure the net investment in the lease. Initial direct costs are included in the net investment in the lease. Finance lease income is allocated over the lease term so as to reflect a constant periodic rate of return on the Agency's net investment outstanding in respect of the leases.

Operating leases: recognition and measurement

The Agency recognises lease payments from operating leases as income on a straight-line basis. The Agency recognises costs, including depreciation incurred in earning the lease income as an expense. Initial direct costs incurred in obtaining the operating lease are added to the carrying amount of the underlying asset and these are expensed over the lease term on the same straight-line basis as the rental income.

1.19 Contingent liabilities

The Agency discloses contingent liabilities in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. In the event that a contingent liability crystallises, it is expected that the parent department, DSIT, will fund this liability.

1.20 Provisions

A provision is recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation (legal or constructive) that can be reliably measured and which results from a past event. Where the time value of money is material the provision is measured at present value using discount rates prescribed by HM Treasury. No provision presented in these financial statements has been discounted as the impact of the time value of money was deemed to be immaterial.

1.21 Reporting by operating segment

Under HM Treasury guidance in the FReM, the UK Space Agency is expected to meet the requirements of IFRS 8 Operating Segments to report information concerning operating segments where the criteria under IFRS 8 are met. Although the Agency considers that its activities contribute to an overall mission within the same business environment; nevertheless, there are separable operating segments on a geographical basis, namely National and International. See Note 2 Statement of operating costs by operating segment for further details.

1.22 Estimation techniques used and key judgements

The preparation of the Agency's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience

and other factors, including expectations or future events that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying value of the asset or liability. Where applicable, these uncertainties are disclosed in the notes to the financial statements.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Accounting Policies, revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are fluctuations in the fair value of financial assets/liabilities measured using forward market exchange rates (see Note 9 Other financial assets and liabilities for further information).

1.23 Changes in accounting policies

The Agency has introduced an accounting policy for tangible non-current assets in the current period. Please see 1.6 for further details.

1.24 Changes to International Financial Reporting Standards (IFRS) and 2021-22 Financial Reporting Manual (FReM)

1.24.1 Changes to IFRS

In accordance with the FReM, these financial statements apply EU adopted IFRS and Interpretations in place as

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts, will replace IFRS 4 Insurance Contracts, and requires reporters to identify insurance contracts, and for those contracts recognise an insurance contract liability. The insurance contract liability is calculated as the present value of future insurance cashflows (the fulfilment cash flows) plus a subsequent risk adjustment. The IASB announced the deferral of IFRS 17 until 1 January 2023 and, therefore, the implementation timetable in the public sector is being extended to the earliest of 1 April 2023. The Financial Reporting Advisory Board has since agreed a further two-year deferral to require adoption on 1 April 2025. The Agency is currently assessing the impact of the IFRS 17 adoption.

1.25.2 Changes to the FReM

There were no changes adopted in the 2022-23 FReM.

2. Statement of operating costs by operating segment

The Agency has two main geographical segments namely, international and national, and it is on this basis that reportable segments have been identified.

Funding is received from BEIS to cover the cost of international subscriptions to the European Space Agency and the remainder of its programme work at a national level. National programme work includes being responsible for delivering aspects of specific project work in the UK as well as funding universities and companies to undertake various research and development activities.

The activities within the two segments are reported monthly to the Executive Committee and Delivery Board using a management accounts format which analyses at budget ring fences and is compared against funding allocations. This is further analysed at a directorate level enabling full financial control to be maintained.

The segments are separate for decision making purposes and there are no transactions between the two segments.

There have been no changes in segmental identification since the previous reporting period.

Statement of Financial Position analysis by segment is not reported to the Executive Committee and Delivery Board and, therefore, in accordance with IFRS 8 Operating Segments, is not disclosed in these financial statements.

	2022-23			2021-22		
	National segment	International segment	Total	National segment	International segment	Total
	£000	£000	£000	£000	£000	£000
Gross expenditure	89,942	559,375	649,317	113,661	386,009	499,670
Income	(1,293)	-	(1,293)	(1,946)	-	(1,946)
Net operating costs	88,649	559,375	648,024	111,715	386,009	497,724

Description of segments

The national segment mainly consists of expenditure on work undertaken within the UK either by the means of funding to research institutions or companies or expenditure on major national programmes.

The international segment mainly consists of expenditure with the European Space Agency in the form of subscriptions which are used to fund, along with subscriptions from other national governments, its various space programmes.

Central administrative and operational costs are reported under the national segment reflecting the way they are reported to the Executive Committee and Delivery Board.

3. Staff costs

	2022-23	2021-22
	£000	£000
Wages and salaries	12,673	12,394
Social security costs	1,502	1,396
Other pension costs	3,415	3,302
Subtotal	17,590	17,092
Add cost of inward secondments	52	515
Less recoveries in respect of outward secondments	(13)	(164)
Total staff costs	17,629	17,443

Further analysis of staff costs, average number of persons employed and other relevant disclosures can be found in the Remuneration and Staff Report.

4. Total operating expenditure⁽ⁱ⁾

	Note	2022-23 £000	2021-22 £000
International subscriptions			
European Space Agency	(ii)	555,158	370,422
Recognised gain/(loss) on forward exchange contracts		(1,682)	6,302
Net loss on foreign exchange spot rate (non-hedge)		(808)	(337)
Total ESA subscriptions		552,667	376,387
Other international subscriptions		32	3,773
Other international grants & payments			
ESA ECSAT2 development		3,762	2,558
French Space Agreement (CNES) bilateral agreements		1,521	1,685
ESA mandatory tax adjustment	(iii)	1,266	1,271
Other		127	335
National grants and other funding			
Academic grants	(iv)	28,164	24,619
National Space Innovation Programme		508	11,085
Spaceflight Programme		7,713	10,799
Spectrum charges		4,297	4,017
SABRE		473	3,836
International Partnership Programme		171	3,679
National Space Technology Programme		(114)	3,348
Other national programme grants and funding		8,944	4,187
Total subscriptions, grants and other funding		609,531	451,579
Technical contracts and contract management		10,550	22,342
Other operating expenditure			
Temporary staff costs		4,610	3,798
Accommodation		573	1,377
Payments for departmental shared services	(v)	1,657	759
Travel and subsistence		1,184	204
Training and other staff costs		450	115
Auditors remuneration (external)		53	45
Other		2,310	1,380
Total operational costs		10,837	7,678
Total operating expenditure		630,918	481,599

Notes:

- (i) Total operating expenditure disclosed in SoCNE also includes staff costs as per Note 3, depreciation as per Note 6 Right of Use assets and Note 8 Tangible assets, and interest element of lease payments.
- (ii) The Agency pays an annual subscription to ESA in Euros. To manage our budgets effectively, the Agency entered into forward exchange contracts with the Bank of England to hedge about 90% of its total commitments to ESA between June 2022 and January 2026.
- (iii) The Agency is liable in accordance with Article 42 of the Coordinated Organisation's Pension Scheme Rules, for the amount of tax adjustment applicable to pensions borne by the Member State in which the recipient is subject to taxes on income. The 2022-23 tax liability of £1,266k (2021-22: £1,271k) relates to tax of the recipients in the United Kingdom for the European Space Agency.
- (iv) Prior to the creation of the Agency the responsibility for provision of academic research grants was undertaken by the Science Technology and Facilities Council (STFC), now part of UK Research and Innovation (UKRI). Since 1 April 2011, such grants are the responsibility of the Agency. Due to the ongoing nature of some of the grants and the expertise that UKRI have in this area it has been agreed that UKRI would continue to maintain the process and make any necessary payments, recharging the Agency for the costs of such grants. The cost of maintaining and processing these payments is minimal and UKRI has agreed to undertake this activity on a nil cost basis. Therefore there is no charge for this activity to the Agency.
- (v) Payments for departmental shared services include the costs of centrally provided information technology and legal advice. From 1 April 2017 legal services are provided by the Government Legal Department via an SLA with DSIT. The overall charge for legal advice costs in 2022-23 was £122k (2021-22: £154k).

5. Income from operating activities

	Note	2022-23 £000	2021-22 £000
Outer Space Act 1986 licence fees		788	1,946
Other Income	(i)	505	-
Total		1,293	1,946

Note:

- (i) Other Income is mainly due to fees charged for use of Westcott Facility.

6. Right of use assets

	Land £000	Buildings £000
Cost or valuation		
Balance at 1 April 2022	646	2,644
Balance at 31 March 2023	646	2,644
Depreciation		
Balance at 01 April 2022	(43)	(554)
Charged in year	(43)	(554)
Balance at 31 March 2023	(86)	(1,108)
Carrying amount at 31 March 2023	560	1,535
Carrying value at 31 March 2022	603	2,089
Asset financing:		
Owned	-	-
Finance leased	560	1,535
Carrying amount at 31 March 2023	560	1,535

7. Intangible assets

	Note	2022-23	2021-22
		£000	£000
Patents, licences and royalties⁽ⁱ⁾	(i)		
Cost or valuation			
Balance at 01 April 2022		600	600
Additions		-	-
Balance at 31 March 2023		600	600
Amortisation			
Balance at 01 April 2022		-	-
Charged in year		-	-
Balance at 31 March 2023		-	-
Carrying value at 31 March 2023		600	600
Asset financing:			
Owned		600	600
Carrying value at 31 March 2023		600	600

Note:

(i) During 2020-21, the Agency purchased specialist software. The software was not brought into full operational use and therefore no amortisation charges were recognised in these financial statements.

8. Tangible assets

	Note	2022-23	2021-22
		£000	£000
Plant and Machinery			
Cost or valuation			
Balance at 01 April 2022		-	-
Additions	(i)	466	-
Revaluations	(ii)	2,996	-
Balance at 31 March 2023		3,462	-
Amortisation			
Balance at 01 April 2022		-	-
Charged in year		(148)	-
Balance at 31 March 2023		(148)	-
Carrying value at 31 March 2023		3,314	-
Asset financing:			
Owned		3,314	-
Carrying value at 31 March 2023		3,314	-

Note:

(i) During the year the Agency purchased a life-size replica of the first rocket to be launched from UK soil. The asset has been brought into use and will be depreciated over its useful life.

(ii) In 2021-22 the Agency received an asset transfer of the Westcott Facility at nil value. This National Space Propulsion Test Facility was developed in collaboration with ESA, the Science and Technology Facilities Council's RAL Space Facility and NAMMO UK. During the year the Agency revalued the Westcott Facility which comprises of a plume intercooler and other component parts. The asset has been brought into use and will be depreciated over its useful life.

9. Other financial assets / liabilities

Historically, the UK Space Agency had a number of derivative contracts that were designated as cashflow hedges to better plan currency fluctuations in relation to international subscriptions commitments payable to the European Space Agency (ESA) in Euros. These contracts were revalued at each year end based on the future forward market rates, as provided by the Bank of England, at that time. Any such revaluations at the year end therefore reflected unrealised gains and losses at that time.

The UK Space Agency uses forward exchange contracts as part of a balanced portfolio of hedges designed to control foreign currency risk in line with the level of risk appetite adopted by the Executive Committee. The Agency is fully compliant with the DSIT departmental hedging policy, which forbids using financial instruments for speculative purposes. Forward exchange contracts may be placed with the Bank of England where the expected cost at the current exchange rate represents at least 2% of the total budget or the value of the transaction is greater than £2,000,000. The only form of hedging foreign currency risk allowed within the DSIT family of partner organisations is the use of forward exchange contracts so as to provide a greater budgetary certainty and therefore plan the future expenditure more effectively.

On 6 May 2022, the Agency entered into twelve forward exchange contracts to hedge 90% of existing international subscriptions commitments payable to ESA between June 2022 and January 2026. During the reporting period, three forward contracts reached maturity and were disposed of accordingly.

	Note	2022-23 £000	2021-22 £000
Balance at 01 April 2022		-	(6,664)
Additions (contracts purchased in year)		(187)	(406)
Disposals (contracts settled in year)	(i)	(1,682)	6,302
Revaluation movement	(ii)	10,290	768
Balance at 31 March 2022		8,421	-
Non-current other financial assets		5,718	-
Current financial assets		2,703	-
Total other financial assets		8,421	-
Non-current other financial liabilities		-	-
Current financial liabilities		-	-
Total other financial liabilities		-	-
Total net other financial assets and liabilities		8,421	-
Net change in value of cash flow hedges impacting reserves	(iii)	8,421	6,664

Notes:

- (i) The disposal value arose through the completion of three forward exchange contracts with settlement dates falling in the reporting period. This notional value represents the total cumulative unrealised loss/(gain) for each of these contracts previously recognised in the revaluation reserve and removed on completion.
- (ii) Revaluation movement represents the difference in the fair value of the contracts on inception as compared to the fair value of the contracts at their settlement date. The GBP to EUR forward rate moved from 1.16 to 1.14 during the period from inception, on 6th May 2022, and year end.
- (iii) Further information on the reported change in the value of cash flow hedges can be found in the Statement of Changes in Taxpayers' Equity on page 87 under the Revaluation Reserve disclosures.

Cashflow hedge contracts

The hedge contract is designed to allow for cash flow planning and enables effective budgeting to align with the comprehensive spending reviews which are normally undertaken by the government every three years. The hedge contract is not designed to protect against currency risk which will result in an unrealised gain or loss arising each year end when hedges are revalued. On completion of the contract, there will be either an opportunity gained or lost resulting from the movement in the exchange rate. As this is outside management control, and in line with the HM Treasury's Consolidated Budgeting Guidance 2022-23, these gains and losses are only recognised under the resource annually managed expenditure (RAME) budgetary category.

During the reporting period the Agency maintained in total a hedge portfolio of twelve forward exchange contracts, three of which matured during the year. On 6 May 2022, the Agency entered into several forward exchange contracts to hedge 90% of existing international subscription payable to ESA in Euros between June 2022 and January 2026.

The fair value of forward exchange contracts is determined by comparing the contractually agreed cost on creation of the contract with the fair value of the contract translated at the future forward market rate provided by the Bank of England at close of trading on 31 March 2022 for the relevant forward exchange contracts' settlement dates. These are indicative rates only, and therefore in accordance with IFRS 13 Fair Value Measurements, the valuation inputs are classified as Level 2.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The UK Space Agency does not issue any loans, apart from staff loans, and does not have any outstanding loans. Any staff loans in issue are not material and do not present any credit risk to the organisation.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In common with other government agencies, the future financing of its liabilities is to be met by future funding from the parent department, namely the Department for Business, Energy and Industrial Strategy, which receives its funding by means of Supply, voted annually by Parliament. There is no reason to believe that future approvals will not be forthcoming, therefore, on this basis the UK Space Agency is not exposed to liquidity risks.

Market risk

Foreign currency risk

The UK Space Agency's exposure to foreign currency risk during the year was significant, though this was considerably mitigated by the use of cashflow hedge contracts. The expenditure on international subscriptions to the European Space Agency, in Euros, was made in three instalments during the year. The Agency aims to manage a portfolio of forward contracts to purchase Euros at approximately 80% of the annual subscription payable to ESA during a calendar year thereby fixing the exchange rate to be used. Depending on the movement of exchange rates and risk appetite, this percentage (coverage) can fluctuate by 10%. The remaining 10-30% is translated at the prevailing spot rate.

The Agency also has limited transactional currency exposure arising from occasional payments made in currencies other than sterling and through reimbursing foreign travel and subsistence costs for staff travelling to international bodies. Such transactions are translated at the prevailing spot rate and the amounts involved are not material.

Interest rate risk

The UK Space Agency does not invest or access funds from commercial sources. The UK Space Agency does not have any loans or contracts that are subject to interest rate fluctuation and is not subject to any interest rate risk.

The UK Space Agency does not participate in any market reliant activities and is not subject to market risk.

10. Trade receivables and other current assets

	Note	31 March 2023	31 March 2022
		£000	£000
Trade and other receivables less than one year			
Trade receivables		1,324	475
Other receivables		14	16
Prepayments & accrued income	(i)	64,702	56,626
VAT		(301)	(530)
Total		65,739	56,587

Note:

(i) Prepayments and accrued income include a prepayment made to the European Space Agency of £63,683k (2021-22: £56,334k).

11. Cash and cash equivalents

	Note	31 March 2023	31 March 2022
		£000	£000
Cash and cash equivalents			
Balance at 1 April 2022 and 2023		12,800	11,514
Net change in cash and cash equivalents		7,812	1,286
Balance at 31 March 2022 and 2023		20,612	12,800
The following balances at 31 March 2022 and 2023 were held at:			
Government Banking Service	(i)	20,612	12,800

Note:

(i) Included in the cash balance is £473,377 (2021-22: £473,377) held on behalf of the Ministry of Defence, who are third party beneficiary in the EU SST programme. This funding was received from the EU.

12. Trade payables and other current liabilities

	Note	31 March 2023	31 March 2022
		£000	£000
Trade and other payables less than one year			
Trade payables		1,401	1,000
Other payables		1,647	750
Accruals	(i)	37,866	43,890
Contract liabilities	(ii)	234	1,280
Deferred income	(iii)	358	1,135
Total		41,506	48,055

Notes:

(i) Accruals include accrued expenditure in respect of National Programme (via UKRI) of £12,572k (2021-22: £18,211k); NSIP of £869k (2021-22: £5,462k); Spaceflight Programme of £6,159k (2021-22: £4,411k); ESA Harwell of £3,762k (2021-22: £2,558k); NSTP of £66k (2021-22: £1,760k); National Exploration Programme £2,617k (2021-22: none); Local Growth Programme £1,076k (2021-22: none); Future Science and Exploration Bilaterals £1,130k (2021-22: none). The remaining balance of £9,615k is made up of other programmatic and operating expenditure accruals, including the employee benefits accrual in respect of untaken annual leave.

(ii) In accordance with IFRS15, contract liabilities of £234k were recognised with regards to OSA licence fees received in 2021-22 for licences not yet issued as at 31 March 2023 (2021-22: £1,280k).

(iii) Deferred income balance relates to funding received from the EU in respect of ongoing EU funded programmes in which the Agency continues to participate.

13. Capital commitments

There were no capital commitments as at 31 March 2023 (2021-22: none).

14. Other financial commitments

14.1 International subscriptions commitments

The UK Space Agency entered into non-cancellable forward contracts (which were not leases or PFI contracts), in connection with a financial instrument for hedging international subscription payments. As at 31 March 2023, the Agency had 9 such contracts in place. There were the following payments to which the Agency was committed as at that date.

	31 March 2023	31 March 2022
	£000	£000
ESA		
Not later than one year	312,845	-
Later than one year and not later than five years	473,254	-
Total	786,099	-

Note:

On 6 May 2022, the Agency entered into several forward exchange contracts to hedge 90% of existing international subscriptions commitments payable to ESA in Euros between June 2022 and January 2026.

14.2 Grants commitments

	31 March 2023	31 March 2022
	£000	£000
Not later than one year		
Spaceflight Programme	1,233	9,568
Space Surveillance & Tracking Pilot Project	-	3,598
Academic Grant Commitments	16,251	1,830
National Space Innovation Programme	-	500
International Partnership Programme	-	299
SABRE	-	293
Space Cluster Development	2,017	-
Enabling Technologies Programme	911	-
Space Academic Network	110	-
Exploration National Programme	4,253	-
Active Debris Removal	2,270	-
Microgravity	1,515	-
Sub-total	28,560	16,088
Later than one year and not later than five years		
Academic Grant Commitments	6,729	253
Spaceflight Programme	-	-
Space Cluster Development	2,618	-
Enabling Technologies Programme	1,191	-
Space Academic Network	110	-
Exploration National Programme	3,384	-
Microgravity	1,499	-
	15,531	253
Total	44,091	16,341

Note: During 2022-23, the Agency obtained approval for a three year funding settlement. This has enabled the Agency to commit to multi-year grant expenditure.

15. Lease liabilities

In line with the parent department, the Agency adopted IFRS 16 Leases from 1 April 2021, in agreement with HM Treasury. Please see note 1 Accounting Policies for further information.

Total future minimum lease payments are given in the table below:

	31 March 2023	31 March 2022
	£000	£000
Land:		
Not later than one year	47	47
Later than one year and not later than five years	190	190
Later than five years	377	425
Sub-total	614	662
Less interest element	(37)	(43)
Present value of obligations	577	619
Buildings:		
Not later than one year	568	1,095
Later than one year and not later than five years	1,008	1,840
Later than five years	-	-
Sub-total	1,576	2,935
Less interest element	(27)	(56)
Present value of obligations	1,549	2,879
Total present value of obligations	2,126	3,498

Notes:

Land:

Westcott

In March 2021, the Agency entered into a lease agreement with BNP Paribas Depository Services for the land at Westcott site for a lease term of 15 years, with an early surrender option in March 2028.

Buildings:

NATS Swanwick Control Centre

In 2013-14, the Agency entered into a lease agreement with NATS (En Route) Plc for office accommodation at the NATS Swanwick Control Centre. The lease commenced on 7 January 2014 and was due to expire on 31 December 2030. There was no security of tenure after this date.

In the prior year, the Agency intended to exercise an early lease surrender option in line with the break clause in the lease agreement on 31 October 2023. The total minimum lease payments on an undiscounted basis up to that point are included in the above table.

On 31 March 2023, the Agency executed an early lease surrender option in line with the break clause in the lease agreement. No future lease payments are recognised in the current year.

Government Property Agency, 10 Victoria Street, London

In August 2019, the Agency entered into a lease agreement with the Government Property Agency (GPA) for office accommodation at 10 Victoria Street, London, for the SBPP (formerly GNSS) programme staff. The lease commenced on 27 August 2019 and will expire on 18 February 2026. There is no security of tenure after this date.

In September 2019, the Agency entered into an additional lease agreement with the Government Property Agency (GPA) for office accommodation at 10 Victoria Street, London. The lease commenced on 30 September 2019 and will expire on 18 February 2026. There is no security of tenure after this date.

Electron Building, Harwell

In April 2020, the Agency entered into a short-term lease agreement with Satellite Applications Catapult Limited for office accommodation at the Electron Building based within the Harwell Oxford campus for a lease term up to 31 March 2021. During 2020-21, the Agency exercised the option to extend the lease from 1 April 2021 to 31 March 2024. There is no security of tenure after this date.

16. Head office accommodation

The UK Space Agency operates out of the UK Research and Innovation site in Swindon, which is owned by the Government Property Agency (GPA) on a joint tenancy agreement. All relevant costs are charged and recorded against operating costs as incurred. There are no capital commitments.

17. Provisions for liabilities and charges

	2022-23	2021-22
	£000	£000
Dilapidations⁽ⁱ⁾		
Balance at 1 April 2022	385	385
Provided in the year	-	-
Provisions not required written back	-	-
Provisions utilised in the year	-	-
Balance at 31 March 2023	385	385

Note:

(i) In 2013-14, the UK Space Agency entered into a lease agreement with NATS (En Route) Plc (NERL) for office accommodation at the NATS Swanwick Control Centre. At the end of the lease term in December 2030 or in the event of an early surrender of the lease, the Landlord (NERL) had the contractual right to enforce the Agency to pay for costs of dilapidations which as at 31 March 2021 were estimated at £770,400. In 2020-21, the Agency entered into a Memorandum of Terms of Occupation with the Ministry of Defence (MoD) for these premises. MoD agreed to equally share the costs of dilapidations, therefore the provision was reduced accordingly. In 2022-23, the Agency surrendered the lease and the MoD entered into a lease with NERL occupying the space in its current condition. The Agency entered into a Memorandum of Understanding with the MoD to honour the existing agreement to share the costs of dilapidations when MoD either surrenders the lease or the lease term ends.

18. Related party transactions

During 2022-23, the UK Space Agency was an Executive Agency of the Department for Science, Innovation and Technology (DSIT) and DSIT was regarded as a related party with which the Agency had various material transactions. In addition, the back-office function for processing national grants was outsourced to UK Research and Innovation (UKRI), formerly the Science and Technology Facilities Council (STFC), which was also recognised as a related party. UKRI are an entity for which DSIT is regarded as the parent Department.

Employee benefits received by Agency's key management personnel are disclosed in the Remuneration and Staff Report on page 64. In addition, the UK Space Agency made the following aggregated payments to third parties where Agency's directors and non-executive members are also senior members of staff:

Name	Position with related party	Description of transactions	Value of transactions
			£000
Paul Bate	Trustee of National Space Centre	Programme expenditure	187
Craig Brown	Lay member of Council at University of Leicester	Programme expenditure	1,439
Chris Castelli	Professor at Open University	Programme expenditure	922
	Non-Executive Director - Surrey Satellite Technology Limited	Programme expenditure	194
Lord David Willetts	Non-Executive Board Member - UKRI	Programme expenditure	6,034
	Chancellor - University of Leicester	Programme expenditure	As above
Peter Watkins	Independent Member of Council of Cranfield University	Programme expenditure	132
	Member of Council of Advisors - RAND Europe	Programme expenditure	119
	MOD - Consultant	Programme expenditure	1,620
Kevin Shaw	MOD - Consultant	Programme expenditure	As above

19. Events after the reporting period

There have been no events between the Statement of Financial Position date and the date the accounts were authorised for issue requiring an adjustment to the financial statements.

The date the accounts were authorised for issue is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

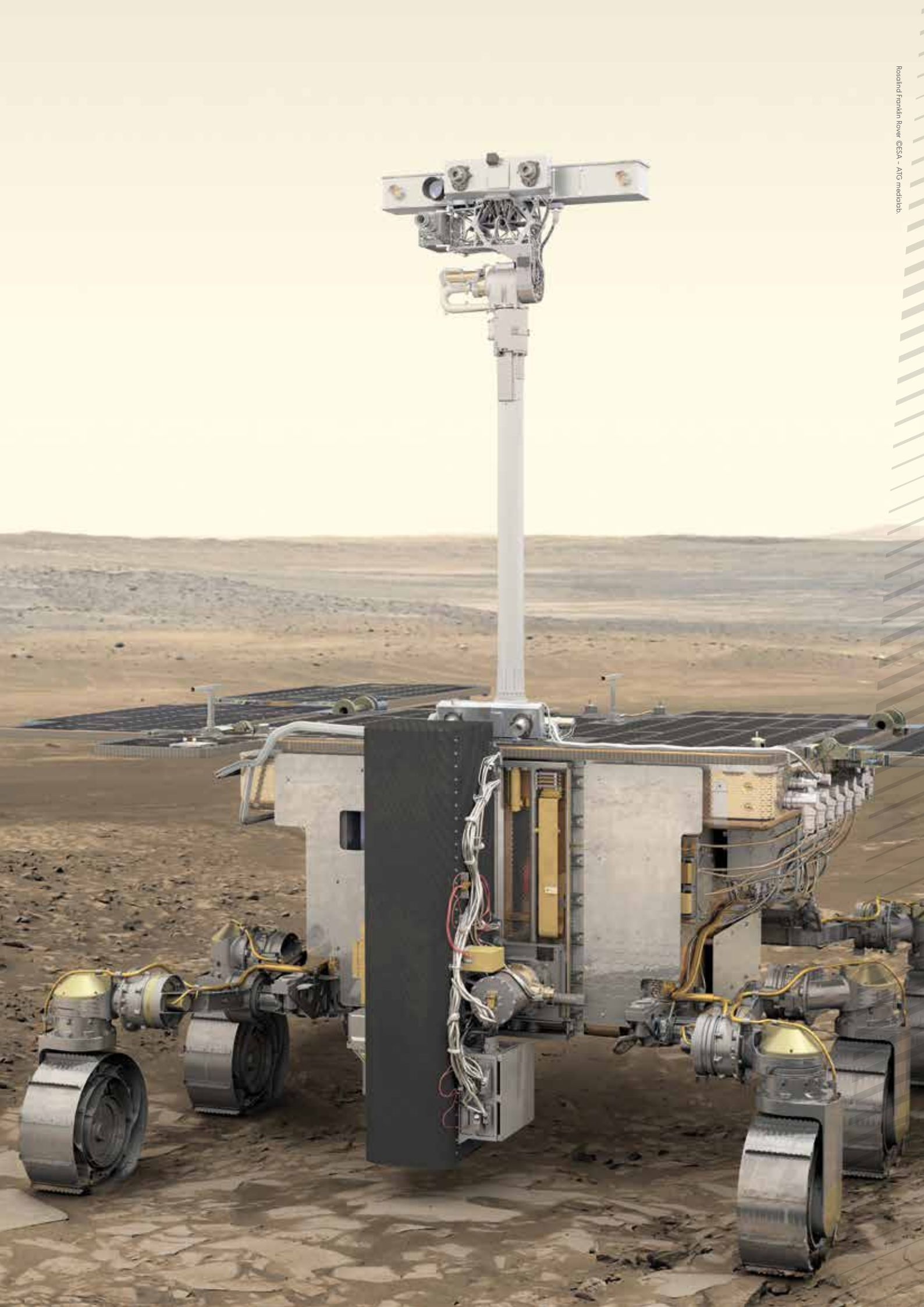
Annex 1

Bought-in services

Organisation	Service provided
UK Shared Business Services (UKSBS)	To support our business delivery, the Agency uses BEIS's partner organisation, UKSBS, to provide operational procurement, and transactional services in finance, payroll and human resources. The assurance on the internal control for each of these services is provided by BEIS as part of the Department's Shared Services Programme. The Government Internal Audit Agency (GIAA) is UKSBS's internal auditor. GIAA's internal audit reports provide input to UKSBS Executive Director's Quarterly Management Assurance letters to Accounting Officers. At the end of 2020-21, the overall assurance for UKSBS customer facing operations was assessed as Amber. Further narrative is available in the Governance Statement for UK SBS, which is published as part of its Annual Report and Accounts.
BEIS ICT services	The Agency uses BEIS's contracted provider for ICT. The assurance on the internal controls for these services is undertaken by BEIS.
Government Legal Department (GLD)	The Agency makes use of the services of GLD for the provision of the majority of legal advice sought by the Agency. The assurance on the internal control for these services is undertaken by BEIS as part of the Departmental Service Level Agreement with GLD.
Government Actuary's Department (GAD)	The Agency uses the GAD for actuarial analysis to help inform policy development where appropriate.
Government Recruitment Service (GRS)	To support the Agency's resourcing needs, we use GRS for delivering our recruitment and resourcing requirements. UK Space Agency provides the information and GRS delivers the placing of job adverts on the CS Jobs Portal both for internal and external vacancies, together with information that supports the sifting and interview process and elements that support the on-boarding. Assurance is maintained on the effectiveness of the service being provided through the SLA, Management Information and meetings with the GRS Account Manager.
The Ministry of Justice (MOJ)	The MOJ's advisory service manages all Agency HR Casework. Assurance is maintained on the service through data received from Civil Service HR Casework through the BEIS single point of contact and regular client meetings with the Account Manager. In addition, feedback is provided as required by the Agency Managers, who use the service to highlight any strengths or weakness that may need to be resolved.
UK Security Vetting (UKSV)	The Agency uses UKSV to provide all our National Security Vetting (NSV) requirements.

Glossary

AME	Annually Managed Expenditure	JAXA	Japan Aerospace Exploration Agency
ARAC	Audit and Risk Assurance Committee	JWST	James Webb Space Telescope
ARIEL	Atmospheric Remote-Sensing Infrared Exoplanet Large-survey	KPI	Key Performance Indicator
ARTES	Advanced Research in Telecommunications Systems Programme	MoU	Memorandum of Understanding
ASLC	Accruing Superannuation Liability Charges	MOJ	Ministry of Justice
BCM	Business Continuity Management	NAO	National Audit Office
BEIS	Department for Business, Energy and Industrial Strategy	NASA	National Aeronautics and Space Administration
CAA	Civil Aviation Authority	NCSC	National Cyber Security Centre
CETV	Cash Equivalent Transfer Values	NGO	Non-government Organisation
CSOPS	Public Service (Civil Service and Others Pension Scheme)	NSSI	National Space Skills Institute
CPNI	Centre for the Protection of National Infrastructure	NSTP	National Space Technology Programme
CNI	Critical National Infrastructure	ODA	Official Development Assistance
DAASICS	Director's Annual Assurance Statements of Internal Control	OSS	Oxford Space Systems
DDaT	Digital Data and Technology	PLATO	PLANetary Transits and Oscillations of stars
DEL	Departmental Expenditure Limits	PNT	Positioning, Navigation and Timing
DSIT	Department of Science, Innovation and Technology	PSA	Programme Support Activities
DSTL	Defence, Science and Technology Laboratory	PCSPS	Principal Civil Service Pension Scheme
ECSAT	European Centre for Satellite Applications and Telecommunications	SABRE	Synergistic Air-breathing Rocket Engine
EEl	Employee Engagement Index	STSC	Science and Technical Sub-Committee
ESA	European Space Agency	SAR	Synthetic Aperture Radar
EU	European Union	SCS	Senior Civil Service
FCDO	Foreign, Commonwealth and Development Office	SCIF	Space Cluster Infrastructure Funding
FTE	Full-time equivalent	SEO	Senior Executive Officer
GCRF	Global Challenges Research Fund	SFP	Specialised Foundation Programme
GIAA	Government Internal Audit Agency	SIRO	Security, Information and Risk Officer
GIS	Government Interview Scheme	SLA	Service Level Agreement
GSTP	General Support Technology Programme	SME	Small and Medium-sized Enterprise
HEO	Higher Executive Officer	SoXSA	Scottish Centre of Excellence in Satellite Applications
HSE	Health and Safety Executive	SPIN	Space Placements in Industry
IADC	Inter-Agency Space Debris Coordination Committee	SSC	Space Sector Council
ICAI	International Commission on Aid Impact	SSGP	Space for Smarter Government Programme
IPP	International Partnership Programme	STEM	Science, technology, engineering, and mathematics,
ISS	International Space Station	STSC	Science and Technical Sub-Committee
		TRUTHS	Traceable Radiometry Underpinning Terrestrial - and Helio-Studies
		UN	United Nations
		UN COPUOS	United Nations Committee on the Peaceful Use of Outer Space





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