UK SPACE
AGENCY

Annual Report and Accounts

2021-22

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

HC 386

UK Space Agency
Annual Report and Accounts

2021-22

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Introduction from the Steering Board Chair

Lord David Willetts
Chair of the Steering Board

8 July 2022

This report covers the period before I became Chair of the Steering Board in April. The excellent progress set out in this report is therefore the result of the hard work of my predecessor Dr Sally Howes and the whole team across the UKSA. Dr Paul Bate arrived as our new CEO during the last year and has already made a big impact. He is energetically engaging with the many different players across the Space sector. At the same time he is leading a bold process of renewal across the organisation: this is not easy but I have already seen how he is working with great care and dedication and a commitment to treat our team at UKSA fairly and well. I look forward to working closely with Paul over the years ahead.

The Space landscape has become far more complex and substantial. I would not have dared hope when years ago as Minister I first raised the prospect of possible launch from the UK that we would see a strong and diverse new space launch sector emerge. We now have innovative forms of funding Space including a British Space technology fund, Seraphim. OneWeb, headquartered in Shepherds Bush, London is one of the world's leading LEO constellations. Our network of start-ups and SMEs is larger and more diverse than ever with new markets emerging such as for debris removal or manufacturing in micro-gravity. At the same time we have leading global Space companies active in the UK and considering doing even more here – we will work with other agencies across Government to promote that.

One of the most exciting things about Space is the dynamic interaction of technological innovation and scientific advance. We can be proud that British kit is a key part of the James Webb telescope with the Mid-Infrared Instrument (MIRI) to detect faint light from the earliest and most distant stars. We will continue to play a world leading role in such scientific projects with the TRUTHS mission to calibrate climate measurements developed at the National Physical Laboratory now moving forward. These programmes are delivered through our invaluable role as a key member of the European Space Agency.

We face important challenges in the year ahead. The complexity and dynamism of the Space Sector means that we at the UKSA must always be willing to change and work in new ways for new priorities. As a result our excellent staff at UKSA face real challenges. We will work with them and support them as UKSA changes to operate with maximum effectiveness and with new responsibilities. Working with my excellent colleagues on the Steering Board we will continue to monitor and support this process.

David Willetts

Lord David Willetts
Chair of the Steering Board

Chief Executive's statement

Dr Paul Bate
Chief Executive and
Accounting Officer

8 July 2022

I am pleased to publish the UK Space Agency's Annual Report and Accounts for 2021-22, following a landmark year for the UK's ambitions in space.

This report explains how the external landscape has changed dramatically over the past year and highlights the significant impact this had on the UK Space Agency, as we evolve into a modern, delivery-focused organisation.

I have no doubt that the publication of the National Space Strategy last September, and the changes that we have taken forward as a result, have put the UK in a commanding position to strengthen its role as a leading spacefaring nation.

We have faced a number of challenges over the past year, but it is positive to see that the Chair of our Audit Committee concludes that we are approaching issues in the right way, and that we have a significant opportunity to become even more strategic in our approach.

Shortly after the publication of the National Space Strategy, I wanted to take the pulse of the sector and see for myself the range of activities we are supporting. I visited 42 companies, universities and research establishments in Scotland, Wales, Northern Ireland and England, and had constructive conversations about the role of the UK Space Agency and how we can increase the value we provide. These insights and experiences informed the development of our new strategic direction and our value proposition, which is to catalyse investment, deliver missions and capabilities, and champion space.

Our staff should be proud of the significant achievements laid out in this report and how they responded to the challenges that we all faced last year. Space is a team sport, and it is incredibly important to celebrate our successes. There is no better example of this than the James Webb Space Telescope, one of the most complex missions ever imagined. Following a series of delays, the spacecraft launched successfully on Christmas Day 2021, carrying the Mid-Infrared Instrument designed and built by a team led by UK scientists.

There continues to be headwinds as we move through 2022, with shifts underway in the global space sector due to Russia's invasion of Ukraine, high inflation levels, and increases in the cost of living and doing business. The delay to the launch of the Rosalind Franklin Mars Rover weighs heavily on those in the sector who have spent their careers supporting international cooperation for the benefit of humanity.

We also have an opportunity to build on positive developments such as the successful COP26 in Glasgow, where the UK Space Agency worked alongside national and international partners to demonstrate the vital role that Earth Observation technologies play in monitoring, understanding and, ultimately, tackling climate change. As with many other organisations, we are developing new ways of working in this post-Covid world, reconnecting with colleagues, and enjoying the experience of working to support such a vibrant and exciting sector.

And importantly, we continue to be on track for the UK's first satellite launch in 2022. The space sector is attracting record levels of investment and we now have 47,000 people working in space jobs all across the UK. We can look forward to supporting humanity's return to the Moon as part of the NASA Artemis programme, whilst continuing to bring the benefits of space down to Earth by supporting cutting-edge Earth Observation and communications constellations.

We have strong foundations on which to build further, and I firmly believe that with the certainty of a national space framework, our three-year funding settlement and our clearer organisational role, we are in a better position than ever to deliver on the high ambitions the UK has for space.

Dr Paul Bate
Chief Executive and Accounting Officer

To learn more about the UK Space Agency, scan or click the code.

CEO's **UK** Roadtrip

To learn more, scan or click the codes.

The external space landscape

The 2021-22 reporting year saw significant changes to the external environment in which the UK Space Agency operates. Together they make our role clearer and simpler, and enhance our ability to provide space-based benefits to the UK.

The publication of the National Space Strategy was the most sweeping of these changes. Until its appearance in 2021, the UK's involvement in space had grown organically. The NSS, by contrast, is the result of almost three years of structured thinking by stakeholders, including BEIS and the Ministry of Defence.

A welcome outcome of the National Space Strategy for UKSA is to make it clear that UK space policy is made by government, not by this Agency.

The Agency's previous position as a delivery body that also made policy was an anomalous one. Removing this policy role gives us a focus on delivery and on championing the space sector. The Agency can now decide its priorities within a broad, national space framework.

Our task now is to build upon success. The most recent survey of the Size and Health of the UK Space Sector, published in April 2022, shows (see page 9) that the UK's direct space employment was about 47,000 in 2019-20. It comprised 0.14% of the UK workforce, and contributed 0.31% of UK GDP.

As we see it, the UK space market has three sectors, of which the first includes established space activity such as telecommunications. The second, encompassing for example the use of space data, covers fast-growing opportunities which are current or imminent. The third is made up of nascent activity that might become big business. It ranges from space-based solar power stations to long-term human habitation of space. We aim to develop mechanisms that support each type of activity in an appropriate way.

The NSS makes it clear that the UK will continue to be a major participant in the European Space Agency, one of the world's most important performers of major space missions.

To learn more about the National Space Strategy, scan or click the code.

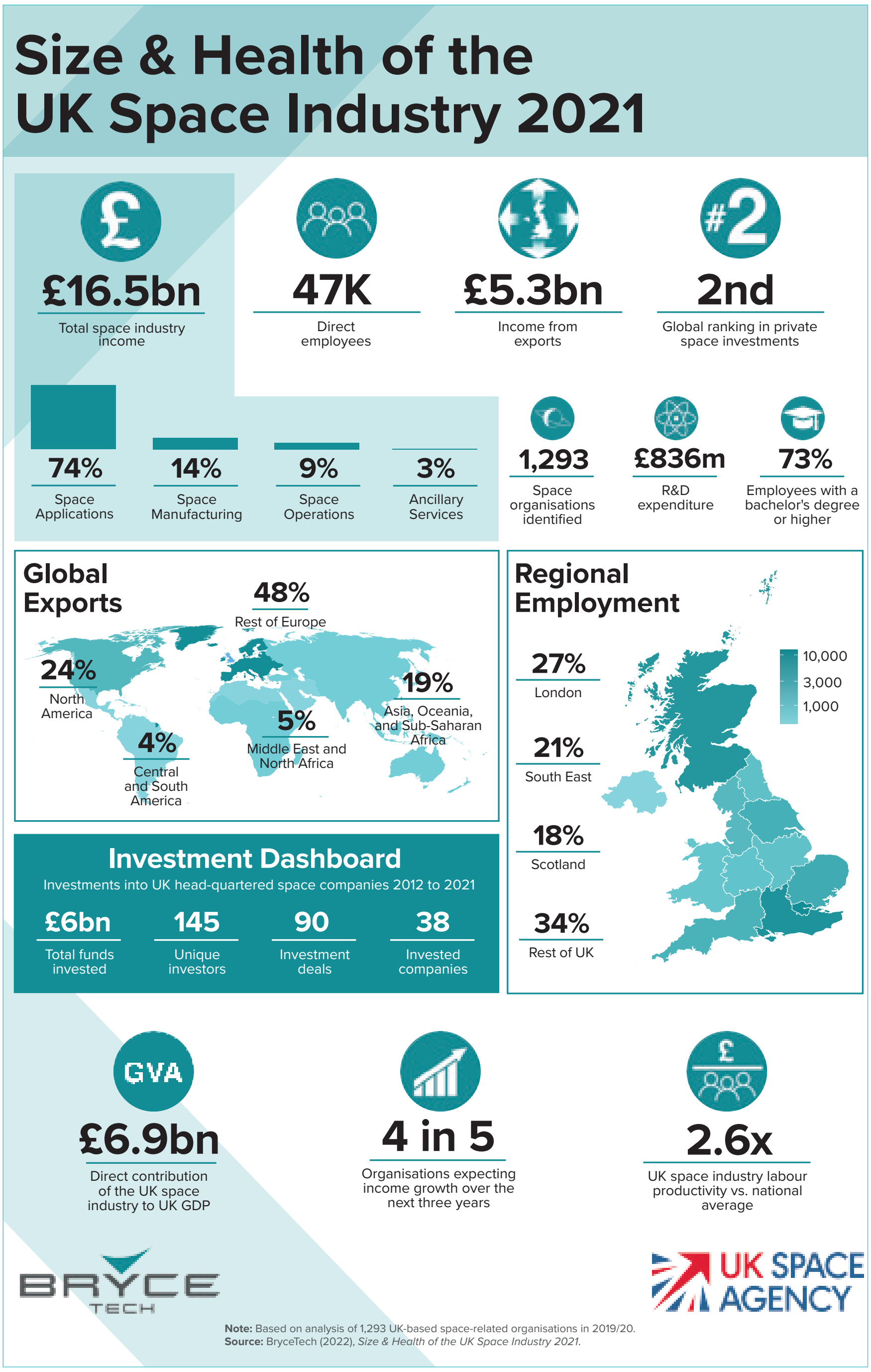
In addition, there is a new emphasis on forming bilateral space alliances which are capable of meeting specific demands quickly.

Nations with which the UK already has good relations, such as members of the 'Five Eyes' intelligence community, might be early partners for this form of working. But other nations may be involved too. The UK and Algerian space agencies worked together to launch the AlSat Nano satellite in 2016. This could be a model for future collaboration.

Such an approach would mean developing technology and expertise more rapidly than at present, in line with the faster pace of the emerging UK space industry.

It could allow challenges such as space debris or climate change to be addressed more quickly than in the past, and produce answers to emerging scientific questions sooner.

It would also help grow the UK space workforce. Smaller, faster and more numerous projects that develop new skills are vital to the UK space effort, because they help attract ambitious professionals into the sector. We anticipate that the UK space industry will need 30,000 new people by 2030. Many are sought-after technologists such as programmers, and are in demand from well-resourced employers. The prospect of working on important, tangible projects is key to attracting them to the space industry. In addition, we will continue to sustain a skills pipeline stretching from school to postgraduate level, described in more detail on page 26.



Size & Health of the UK Space Industry 2021

£16.5bn
Total space industry income

47K
Direct employees

£5.3bn
Income from exports

2nd
Global ranking in private space investments

74% Space Applications

14% Space Manufacturing

9% Space Operations

3% Ancillary Services

1,293
Space organisations identified

£836m
R&D expenditure

73%
Employees with a bachelor's degree or higher

Global Exports

48% Rest of Europe

24% North America

19% Asia, Oceania, and Sub-Saharan Africa

5% Middle East and North Africa

4% Central and South America

Regional Employment

27% London

21% South East

18% Scotland

34% Rest of UK

Investment Dashboard

Investments into UK head-quartered space companies 2012 to 2021

£6bn
Total funds invested

145
Unique investors

90
Investment deals

38
Invested companies

£6.9bn
Direct contribution of the UK space industry to UK GDP

4 in 5
Organisations expecting income growth over the next three years

2.6x
UK space industry labour productivity vs. national average

Note: Based on analysis of 1,293 UK-based space-related organisations in 2019/20.
Source: BryceTech (2022), *Size & Health of the UK Space Industry 2021.*

Goals and priorities

Our North Star: to maximise total investment in the UK space sector

The Agency manages its commitments by setting goals and priorities for the years ahead. In 2021 it embarked on a major revision of its objectives in response to the publication of the National Space Strategy.

Our starting point in deciding these objectives is that anything we do has to be consistent with our values. We are a united, knowledge-based organisation whose members support each other to grow the UK's involvement in productive and innovative space activity.

Next comes our Value Proposition. Anything we support has to offer tangible advantage to the UK space sector, to the UK, or to the world. In this spirit, we work with our partners to deliver space missions and develop space capacity, building on the UK's decades-long record of success in space.

A key aim for the Agency is to grow the UK in space by catalysing fresh investment. Our activities are designed to encourage new capital and new businesses into the sector.

We aim to attract both public and private investment into UK space. The UK spends less on space than comparable nations such as France, Germany, Italy and Japan. We want to bring new investors into the area, and growing UK space investment is our guiding North Star.

As the nation's champion for space activity, we encourage organisations that might not have thought about space to consider its many advantages. Examples include the use of Earth observation data, or novel space-based telecommunications activity.

New players bring new value to the space sector. We recognise that their success depends on national and international supply chains and partnerships, which we work to enhance.

The UK Space Agency is involved in rocket launch sites in Scotland and Cornwall, and in a rover on the surface of Mars. Its partners range from ESA and NASA to start-up businesses. And its concerns range from minimising space debris to maximising UK space investment.

To learn more about the 2021-22 Corporate Plan, scan or click the code.

How we will deliver the National Space Strategy

We deliver the promise of our Value Proposition through success in our priority activities. This underlies our budget and programme planning, and helps us to design the right size and shape for the Space Agency itself. These are the activities that we will put the most resource behind. They also help us to know what to stop doing.

We track progress with our priorities to see whether our strategy is being delivered. This report, and our Corporate Plan, detail the priorities and the steps we are taking to advance them.

At the moment, they include:

- The first small satellite launch from the UK, set to happen during 2022.
- A sustainable UK launch industry by 2030.
- Design and delivery of an Earth Observation programme that meets long-term UK needs.
- Growing the UK's assets in Low Earth Orbit, crucial for activities such as broadband, Earth observation, and position, navigation and timing.
- Making space more sustainable, by developing capacity to track and remove space debris, and by global leadership in regulation and standards to attack this problem.
- Delivering frequent space missions which grow UK ability in astronautics and space science, and which maintain the UK's position in the front rank of scientific discovery.
- Investing in high-risk, high-reward projects and technologies which can strengthen the UK in commercial markets.
- Backing the growth of space industry clusters which create jobs and investment, and which contribute to national levelling-up.
- Inspiring people to careers in UK space, and in STEM more widely.

This significant activity is reflected in detail in the 2022-23 Corporate Plan, and will be reported against in next year's Annual Report.

Performance against the 2021-22 Corporate Plan

In the 2021-22 Corporate Plan we promised to deliver UK strategic ambitions in space through four goals.

Resilient UK space capabilities

Ensuring the UK can access systems on the ground and in space to protect our critical national infrastructure, support our global climate leadership, and provide services that improve lives around the world.

Powerful global voice

Working with the European Space Agency, the UN and other institutions, to help the UK to grow trade and investment, take part in global space programmes and missions, and promote an open, safe and sustainable space environment.

Strong and competitive space sector

Supporting research that drives technical innovation and scientific discovery, making the UK a top destination for space industry and academia, and inspiring the next generation of space professionals.

A world-class space agency

Ensuring a diverse and inclusive UK Space Agency which is a great place to work, with the capabilities, processes and culture to thrive.

You can see how we have performed against our Key Performance Indicators on page 33.

The UK Space Agency is an Executive Agency of the Department for Business, Energy & Industrial Strategy (BEIS) and plays an important role in delivering the Department's mission.

Space underpins £360 billion of UK GDP. The UK space workforce is the most qualified of any industry. Over 87% of people in the sector have a vocational degree or a higher qualification. They are also highly productive, adding an average £146,000 of added value per person in 2019-20, against a UK average of £57,000.

In 2021-22, the Agency delivered the BEIS priorities of:

Enterprise
Backing long-term growth

Net Zero
Tackling climate change

Innovation
Unleashing a science super-power

Resilient UK space capabilities

Ensuring the UK can access systems on the ground and in space to protect our critical national infrastructure, support our global climate leadership, and provide services that improve lives around the world.

A priority for the UK's National Space Strategy is to ensure that the space sector can carry out its social, economic, governmental and scientific mission.

Threats to this capacity come from adversaries and competitors across the globe, from natural hazards, and from the vast growth in the number of satellites and other objects orbiting the Earth.

In the field of defence and security, the Strategy brings together the UK's commercial, civil and defence space activities. The aim is to create an integrated approach to threats such as cyber attacks and anti-satellite missiles.

However, not all spaceborne threats to the UK come from its rivals and competitors. Conditions on the Sun and in space, known as Space Weather, can damage the performance of power grids, electronics, satellite navigation and other vital equipment. This threat is a crucial risk on the UK National Risk Register. The National Severe Space Weather Preparedness Strategy sets out a five-year vision for boosting UK resilience to these hazards, involving government, industry, academia, and international partners. The UK already has expertise in this area, such as the Met Office Space Weather Operations Centre.

Orbital congestion and space debris remain one of the biggest challenges facing the space sector. There are currently estimated to be over 130 million pieces of space debris of varying sizes in orbit, and they can stay there for centuries. In November 2011, the issue was brought to global attention by the Russian test of an anti-satellite weapon. United States Space Command said that its use against a defunct Russian satellite left over 1,500 pieces of 'trackable' debris in orbit, and 'hundreds of thousands' of smaller but still potentially dangerous fragments.

We are working with the UN Office for Outer Space Affairs to support international efforts to promote space sustainability, and in addition are the biggest contributors to the ESA Space Safety Programme. Via ESA, we are supporting 13 projects aimed at tracking, and where possible removing, space junk. Some of these

Credit: Virgin Orbit

projects are researching ways to track space debris, to characterise it and to dispose of it safely. Others are looking at technology to enable active satellites to avoid a close encounter with space junk. The Agency has funded three national feasibility studies for a future Active Debris Removal mission. The studies we have funded could pave the way for a UK-led mission to de-orbit two or more targets from Low Earth Orbit.

The Agency has worked with the Ministry of Defence to launch an operational Space Surveillance and Tracking service. This new service uses data from optical and other telescopes, and specially developed software, to warn of hazards to satellites and of dangerous satellite re-entries into the Earth's atmosphere.

UKSA's Space Surveillance and Tracking Team has developed and launched Monitor your Satellites; a service to deliver collision warning information to operators of UK-licensed satellites. Monitor your Satellites is in the Beta phase, with plans to launch a full service later in 2022. There are several hundred of these, with satellite communications operator OneWeb the biggest single operator. There are plans for a full launch later in 2022.

The input data used for the service is from a mixture of open source, public, commercial and government telescope/radar data. The Agency's unique collision monitoring software produces alerts via a user-friendly front end for the satellite operator.

The Space Surveillance and Tracking service's development has been in collaboration with MoD and also aims to help support the UK satellite industry by expanding their access to space surveillance and tracking information and analysis.

The UK's space capability will grow decisively in 2022, when it becomes the first country to launch a satellite into orbit from Europe.

The UK Space Agency is backing spaceports across the country, from Cornwall to the Shetland Islands. They will be used mainly to launch small satellites into low orbits, a potential £4 billion market over the next decade, creating thousands of jobs and benefiting communities across the UK.

To support this initiative, we have backed a national rocket test facility which will allow companies and universities to test the engines which are used to move small satellites in space. It will also allow sustainable propellants such as hydrogen peroxide and liquid oxygen to be tested as possible replacements for current rocket fuels.

The National Space Propulsion Test Facility (NSPTF), which received £4 million in funding from the UK Space Agency, is based at the Westcott Space Cluster in Aylesbury Vale Enterprise Zone.

Ensuring safe launch

The UK Space Agency works with partner organisations to ensure the safety of the UK's future launch industry. There has been significant regulatory and legislative action in this area. In July 2021 the Space Industry Act 2018 and the accompanying Space Industry Regulations 2021 came into force to enable launches to take place from the UK from 2022. The regulations were drawn up by the Agency, the Department for Transport, BEIS, the Civil Aviation Authority and the Health and Safety Executive. The Agency also worked with the Civil Aviation Authority in order to establish it as the independent UK Space Regulator.

The US-UK Technology Safeguards Agreement came into force in July 2021. It paves the way for US companies to operate from UK spaceports, a significant business opportunity for the UK launch industry. We also secured the cooperation of the Faroe Islands and Iceland for UK launch, through agreements setting out how we will manage launches which fly over or near their territory.

To learn more about orbital congestion and space debris, scan or click the code.

To learn more about UK Spaceports, scan or click the code.

Strong and competitive space sector

Supporting research that drives technical innovation and scientific discovery, making the UK a top destination for space industry and academia, and inspiring the next generation of space professionals.

We know that even before the UK becomes a centre for space launcher activity, the UK space sector is generating new jobs. The latest 'Size and Health of the UK Space Industry' report reveals that in 2018-19, compared to the previous survey in 2016-17:

- Income has risen from £14.8 billion to £16.4 billion.
- Employment is up by 3,200 from 41,900 to 45,100.
- Over £360 billion of UK economic activity is now supported by satellites, up from £300 billion.

The survey found 1,218 UK businesses in the space sector, 95 of them founded during the two-year survey period.

The Agency is setting up ten regional hubs, known as space clusters, to support new and growing space companies. This priority is in line with the Government's Levelling Up plan to spread opportunity to all parts of the UK, and with the National Space Strategy and level up the space sector across the UK.

The UK space sector's global competitiveness was demonstrated during the year by a range of innovative projects. One was the launch of the first satellite capable of being reprogrammed in space. Eutelsat Quantum was backed by UK Space Agency funding and built in Britain by Airbus in Portsmouth and Surrey Satellite Technology in Guildford. It is the first of a new generation of fully reconfigurable satellites that can respond while in orbit to changing demands on Earth, for example to switch between broadcasting TV to delivering data connections to aircraft, or to providing connectivity for driverless cars.

A further three UK satellites, launched on a SpaceX rocket during 2021, prove the value of space technology once again in tackling headline problems on Earth. Three small 'CubeSats' from Lacuna Space in the UK gather data from sensors that fit into the palm of the hand, helping to monitor climate change, assess crop and livestock health, or track endangered wildlife. UK companies received nearly £15 million from the UK Space Agency to develop the satellites, through the European Space Agency's Pioneer Partnership Programme.

The UK continues to be a valued user of the International Space Station. An ISS experiment from the University of Liverpool, funded by the UK Space Agency, is asking why human muscles get weaker as we get older.

When astronauts spend time in space, away from the pull of gravity, their muscles get weaker, just as they do in older age for those on Earth. But astronauts' muscles recover when they return home. The research is looking at what happens to muscle tissue in space and comparing the findings to what we observe on Earth.

The Liverpool experiment, called MicroAge, will take human muscle cells the size of a grain of rice, grown in a lab and sent into space in 3D-printed holders the size of a pencil sharpener. The cells are electrically stimulated to induce contractions in the muscle tissue. As well as yielding new physiological knowledge, the project has involved developing automated and miniaturised systems that could have wider application in the future.

ESA astronaut Mattias Maurer installs the MicroAge experiment in the Kubik facility in the Columbus Module on the International Space Station.

ESA/NASA

As part of our mission to bring new people into UK space as a whole, and into the Agency itself, we supported 61 students to take an 8-week placement in the industry during the summer of 2021. Over 400 students have now been through SPIN, the Space Placements in Industry scheme, and over 60% have since taken up jobs in the space sector.

The space sector itself is the key player in our One Million Interactions programme, launched in 2019. Run by the Space Education Office and the Careers and Enterprise Company, it is a straightforward way for industry professionals to meet young people and encourage them into STEM careers, within or outside space. By 2021, 733 industry ambassadors had met more than 800,000 young people through this programme.

Powerful global voice

Working with the European Space Agency, the UN and other institutions, to help the UK to grow trade and investment, take part in global space programmes and missions, and promote an open, safe and sustainable space environment.

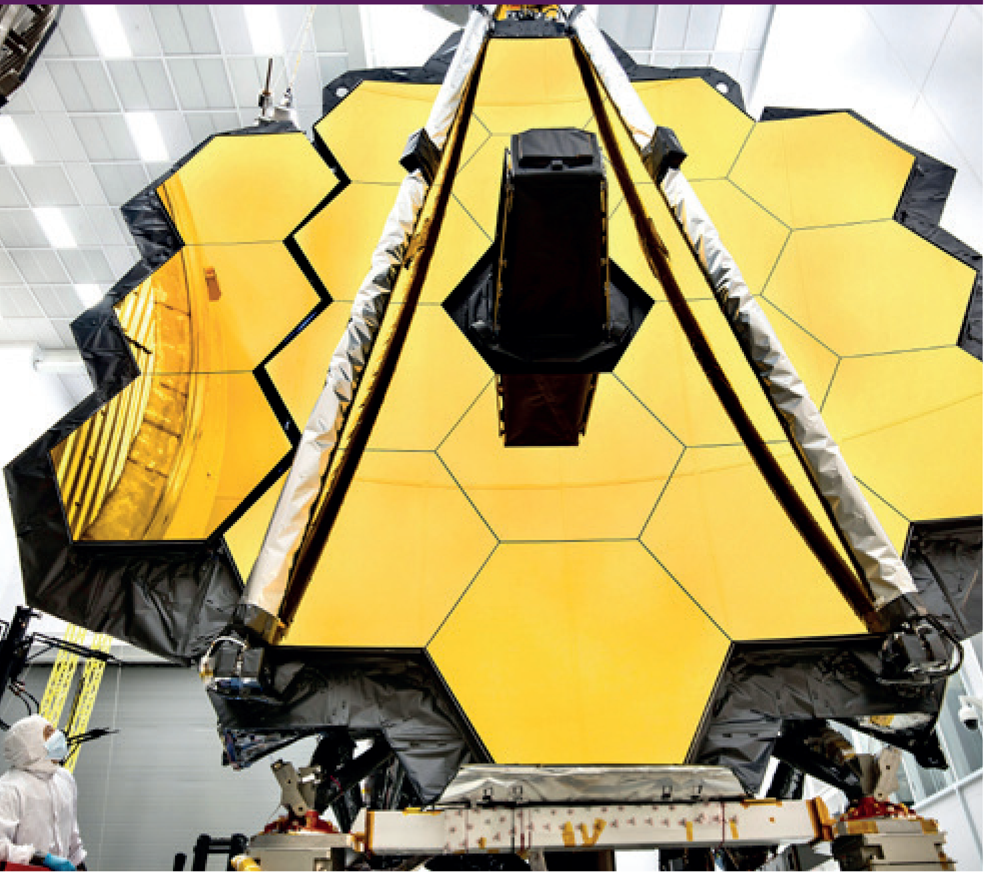
The UK Space Agency can only accomplish its aims by international working, and international cooperation is a key component of the National Space Strategy.

We are valued partners for space organisations around the world, and 2021-22 was marked by our participation in a series of international space ventures.

Of these, the most spectacular was the Christmas Day launch of the James Webb Space Telescope. This joint venture between NASA, ESA and the Canadian Space Agency has placed the most ambitious space telescope ever conceived into an orbit 1.5 million kilometres from Earth.

Our contribution was to lead the European consortium which created one of Webb's four main science instruments. Called MIRI, the Mid-Infrared Instrument, it will be able to see the faint light from the most distant stars in the universe, looking further back in time than ever before, and will peer through dust and gas to spot stars being born. The UK led the European consortium behind MIRI, which was funded by the UK Space Agency, the Science and Technology Facilities Council and ESA. The consortium includes ten European countries led by the UK, in partnership with the US. In the UK it included the Astronomy Technology Centre, RAL Space (part of STFC), the University of Leicester and Airbus UK.

The James Webb space telescope mirror seen in full bloom. *NASA/Chris Gunn*



The UK was responsible for MIRI's design and its scientific performance. The UK invested almost £20 million in the development phase of MIRI, and the Agency has continued to support the UK MIRI team.

Nations around the world are planning future crewed and robotic missions to the Moon, including long-stay visits to habitable spaces on the lunar surface and in Moon orbit. We are supporting companies to develop the communications and navigation services which will be needed for the emerging 'lunar economy.'

Surrey Satellite Technology Ltd (SSTL), Inmarsat and MDA UK are among the companies which have won over £2 million of contracts with the European Space Agency to shape the infrastructure for future lunar exploration.

To learn more about the James Webb telescope, scan or click the code.

Since its launch in 2016, IPP has grant-funded 43 projects in 47 developing countries across Africa, the Asia-Pacific region and Latin America.

Guildford-based SSTL Lunar will lead a consortium, including Airbus in Portsmouth, Goonhilly Earth Station in Cornwall and Nottingham satellite navigation company GMV-NSL, to plan data-relay services for communication and navigation on and around the Moon. This work is part of ESA's Moonlight programme.

The partners will design a constellation of communication satellites which would keep surface missions on the far side of the Moon in contact with the Earth despite having no line of sight. They will also plan a navigation system to support the precision landing of scientific equipment and the operation of rovers.

Inmarsat, based in London, and MDA Space and Robotics Ltd, at the Harwell Science and Innovation Campus in Oxfordshire, are part of a consortium led by Telespazio in Italy which is studying a possible Lunar Communications and Navigation Service to support future activities in orbit around the Moon and on the lunar surface.

Development mission

UKSA is a valued partner in the Global South. Its International Partnership Programme is a £30 million per year initiative which applies space data and technology to help solve development challenges, whilst facilitating opportunities for the UK space sector. Since its launch in 2016, IPP has grant-funded 43 projects in 47 developing countries across Africa, the Asia-Pacific region and Latin America. Climate and disaster resilience, food security, maritime issues, disease forecasting, and improving access to financial services have all been addressed. IPP is funded from BEIS's Global Challenges Research Fund.

The UK Space Agency was highly visible at the COP26 world climate conference, held in Scotland in October and November 2021. Our emphasis was on the role of Earth Observation in determining the truth about climate change and the hazards it entails. UK and ESA astronaut Tim Peake was a prominent participant in our COP26 activity.

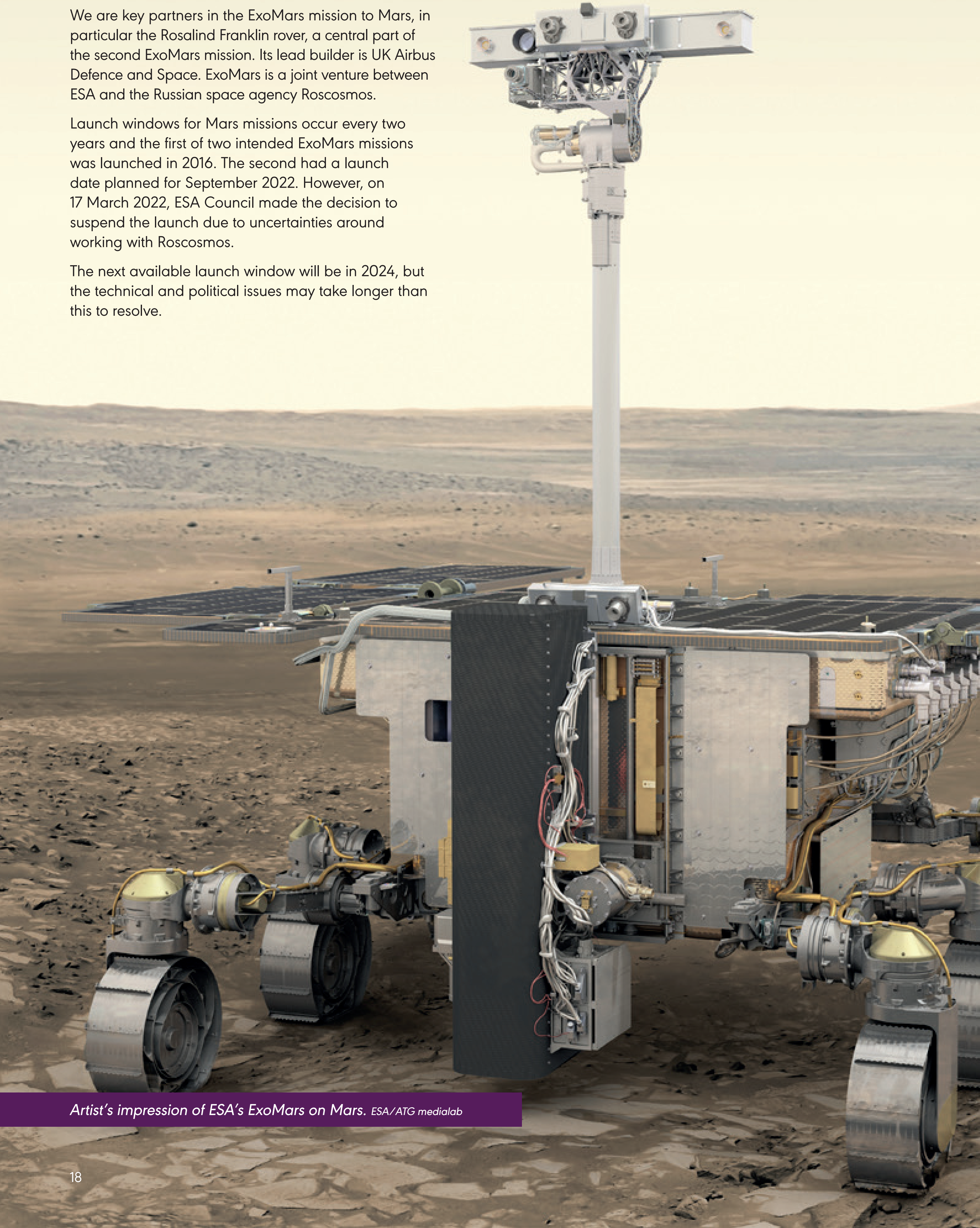
To learn more about using space for climate action, scan or click the code.

ExoMars

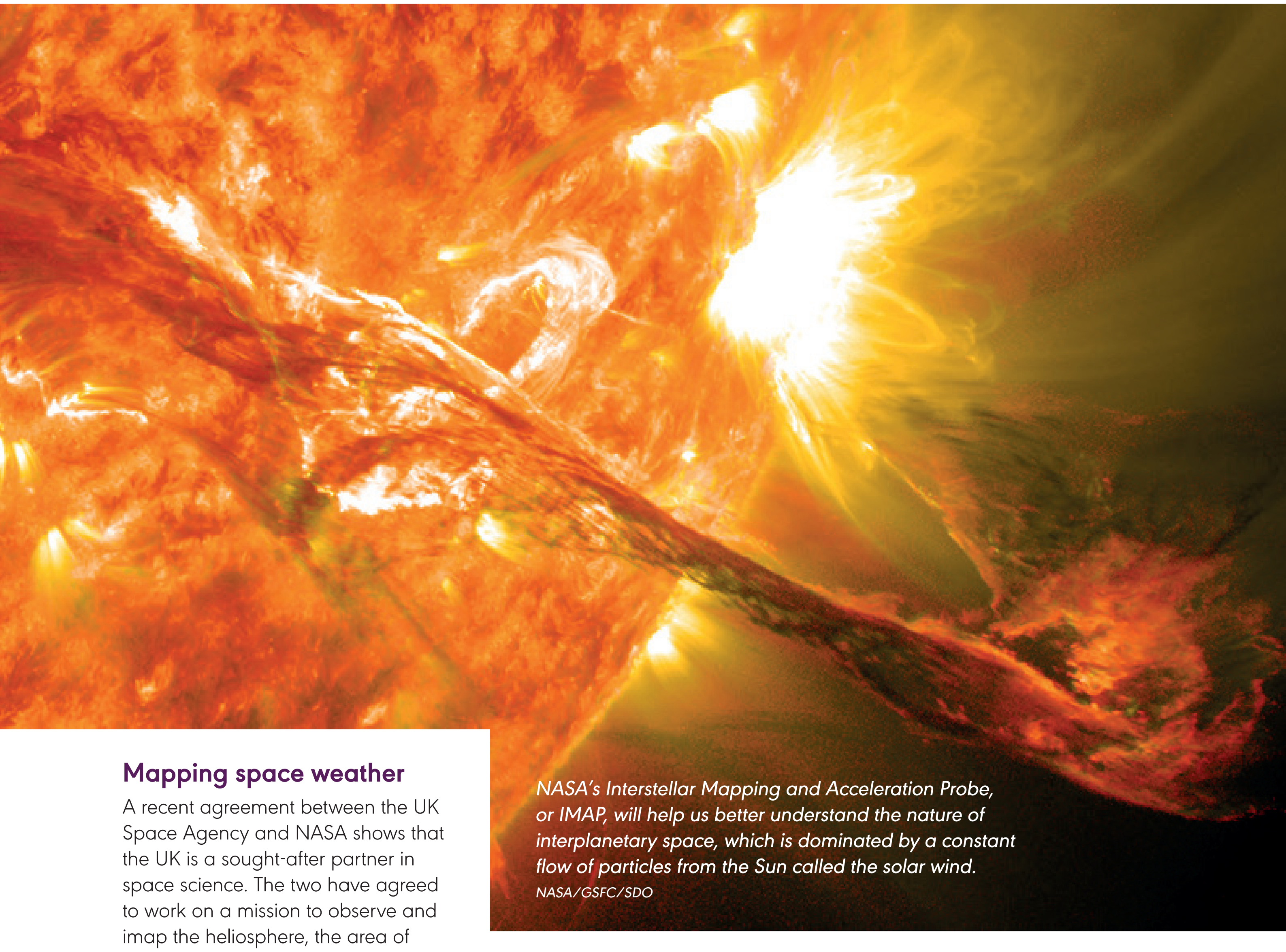
We are key partners in the ExoMars mission to Mars, in particular the Rosalind Franklin rover, a central part of the second ExoMars mission. Its lead builder is UK Airbus Defence and Space. ExoMars is a joint venture between ESA and the Russian space agency Roscosmos.

Launch windows for Mars missions occur every two years and the first of two intended ExoMars missions was launched in 2016. The second had a launch date planned for September 2022. However, on 17 March 2022, ESA Council made the decision to suspend the launch due to uncertainties around working with Roscosmos.

The next available launch window will be in 2024, but the technical and political issues may take longer than this to resolve.



Artist's impression of ESA's ExoMars on Mars. *ESA/ATG medialab*



NASA's Interstellar Mapping and Acceleration Probe, or IMAP, will help us better understand the nature of interplanetary space, which is dominated by a constant flow of particles from the Sun called the solar wind.

NASA/GSFC/SDO

Mapping space weather

A recent agreement between the UK Space Agency and NASA shows that the UK is a sought-after partner in space science. The two have agreed to work on a mission to observe and imap the heliosphere, the area of space surrounding the Sun and filled with charged particles known as the solar wind.

Scheduled to launch in 2025 at the earliest, the US-led mission will be crucial for future human exploration of the Moon and Mars. It could also improve the UK's space weather monitoring capability and our understanding of potentially damaging solar flares. As part of the agreement, Imperial College London will design and build one of the Interstellar Mapping and Acceleration Probe's (IMAP) ten instruments, a magnetometer called MAG.

The IMAP spacecraft will travel to a point around 1.6m km (a million miles) away from Earth towards the Sun, where it will measure how the solar wind interacts with surrounding space. The boundary zone at the edge of the heliosphere acts as a 'magnetic bubble,' offering protection from damaging radiation. Knowledge of this zone will be critical for NASA's plans for safe human exploration of the Moon and Mars.

A Bridge to Australia

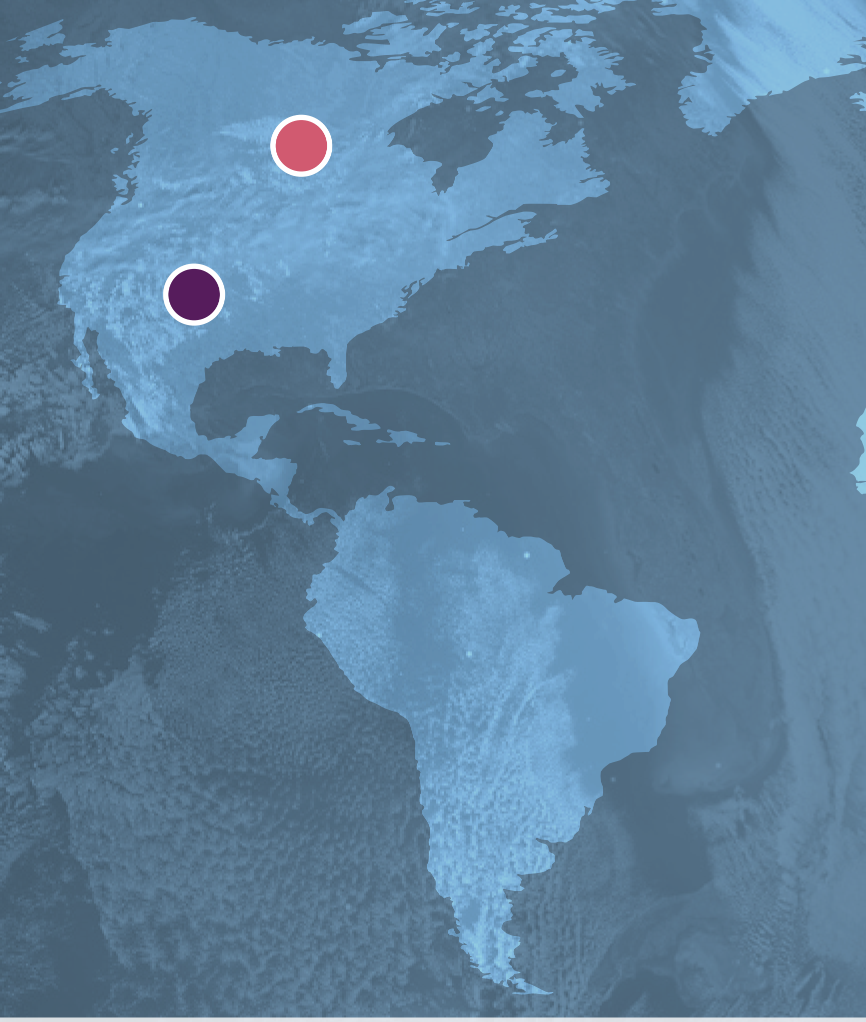
Australia too has recognised the potential for creative space interaction with the UK. The two nations have signed a new Space Bridge partnership to increase knowledge exchange and investment between the two countries' space sectors. The UK and Australia have similar plans to grow their space involvement and to create more space-related jobs.

This agreement, the first of its kind, will improve access to trade, investment and academic research opportunities, as well as better advice to businesses and innovative bilateral collaborations. It will further develop the long-standing relationship between the two countries which dates back to 1971, the year when the Prospero satellite built in Farnborough, UK, was launched from Woomera in South Australia.

To learn more about the Space Bridge, scan or click the code.

Regional updates

The UK Space Agency and government departments across Whitehall have taken a strategic approach to identifying key partner countries, multilateral organisations and fora for taking forward collaboration on science, security and trade. This work will continue as we look to promote UK leadership and cooperation in space.



● USA

The UK Space Agency signed a Memorandum of Understanding (MoU) with NASA in September 2021 to fund an Imperial College built Magnetometer (MAG) for the Interstellar Mapping and Acceleration Probe (IMAP). IMAP consists of ten instruments and will investigate the phenomena of solar wind and its interaction with the interstellar medium, building our knowledge of the sun's heliosphere.

● CANADA

The UK Space Agency signed a Memorandum of Understanding (MoU) with the Canadian Space Agency (CSA) in October 2021, to collaborate on the space activities and exchange of information, technology and personnel between the two nations.

● ESA

The UK Space Agency attended the ESA Intermediate Ministerial Meeting in Porto in November 2021 and ensured UK was fully involved in the development Matosinhos Manifesto, a strategy to accelerate the inclusive use of space across Europe.

● UK – G7

At the UK led G7 leaders Summit in Cornwall this year, Canada, France, Germany, Italy, Japan, the USA, the UK and the EU pledged to take action to tackle the growing hazard of space debris as our planet's orbit becomes increasingly crowded. As part of the UK's G7 presidency, the Agency-led Space Working Group resulted in the G7 Leaders' committing to the safe and sustainable use of space.

● SOUTH AFRICA

In October 2021, the Agency signed a Memorandum of Understanding with the South African National Space Agency (SANSA) to collaborate on mutually beneficial opportunities in space across government, industry and academia.

● SINGAPORE

The UK Space Agency led a 15-strong technology and innovation delegation to Singapore, supported by InnovateUK, DIT and The British High Commission Singapore.

● JAPAN

In June 2021 the Agency signed a Memorandum of Cooperation with Japan Aerospace Exploration Agency (JAXA) to drive forward future collaboration in the space sector.

● AUSTRALIA

On 23 February 2022, the UK and Australia celebrated the first anniversary of the UK-Australia Space Bridge agreement, which seeks to increase knowledge exchange, investment, and trade across both space sectors. Since the agreement in 2021, several exciting initiatives have taken place such as the first funding grant of £200k awarded to four projects, the UK Space Export Academy collaboration and the virtual roadshow showcasing regional capabilities for both UK and Australia.

A world-class space agency

Ensuring a diverse and inclusive UK Space Agency which is a great place to work, with the capabilities, processes and culture to thrive.

The UK space sector is a fast-growing part of the economy, in constant need of new talent, and the Agency reflects this reality. Founded in 2010, it has changed and grown over time. In particular, the National Space Strategy defines our status as a delivery body rather than a policy organisation.

During the year under review, our Organisational Design and Development group has developed an Integrated Transformation Programme for the Agency which reflects its new priorities. Making the Agency a great place to work is a central part of this programme. It is accompanied by a People Strategy, also approved during the year, which stresses the importance of our people to the UK Space Agency's success.

A further milestone was the launch of our Portfolio Office in April 2021. Its responsibility for the Agency's portfolio of projects involves taking a clear view of workforce resource planning within the Agency, supported by the introduction of improved processes and governance.

At the same time, we are making it easier for everyone in the Agency to expand their skills and get access to new knowledge, adding to their effectiveness and their job satisfaction. The Centres of Excellence project allows colleagues to find an expert in areas that include news, policy, and training for key capabilities across the Agency. The Centres break down silos to share capacity across the organisation.

One undoubted achievement of recent years, shared by almost everyone at the Agency, has been the experience of running this complex organisation by home working. Our priority throughout has been the health, safety and welfare of all our colleagues. Most staff worked from home during the year under review, with minimal disruption to their productivity. We are now restarting office work across our sites in Swindon, London and Harwell, in line with government guidance and accepted best practice.

A key element of our People Strategy is to create a culture of respect within the Agency, and to improve the wellbeing of all staff. We have taken a number of steps in this direction. They include a new structure for our staff huddle, in response to calls for a more interactive Q&A format, and more visible Agency leadership. We have also implemented coaching in resilience and wellbeing.

The year saw some personnel leave the Agency as a result of our new remit. Our colleagues worked alongside staff from BEIS to set up a Space Directorate within BEIS with responsibility for high-level policy and strategy in civil space, in the context of the National Space Strategy. The BEIS Space Directorate started work in October 2021, when ten Agency roles transferred there.

UK Space Agency personnel are among the users of a driverless shuttle which is now transporting passengers around the Harwell Science and Innovation Campus, in a trial funded by the UK Space Agency and ESA.

The service, developed by Darwin Innovation Group, demonstrates self-driving vehicles in a real-world setting. The shuttle emits no carbon dioxide, making it green as well as autonomous.

The shuttle has been created by the French autonomous vehicle company Navya. It uses LiDAR sensors, cameras and ultrasound sensors to navigate around obstacles. There is no steering wheel, but it does have safety controls, which will be managed by an on-board operator throughout the trial.

Previous trials relied on terrestrial Wi-Fi to stay connected, but by using of satellites in addition to 4G and 5G, autonomous vehicles can operate in rural or remote areas with incomplete terrestrial coverage.

The shuttle service has already created new jobs at the campus, for safety operators and mechanics. And in addition to Darwin, Navya, ESA and the UK Space Agency, a range of organisations have supported the new shuttle service. Mobile operator O2 and satellite operator Hispasat have aided Darwin in its research into connectivity, and the shuttle will make use of their networks as it travels around the campus.

Covid response

The Agency and ESA are supporting Cardiff-based Excelerate Technology and the NHS in a project designed to keep ambulance paramedics connected to health information in areas that are now off-grid. It links terrestrial and satellite networks to turn ambulances into remote consultation rooms, with access to medical records and healthcare specialists.

> Earth observation is now the definitive way of locating almost anything on the Earth's surface. It is an essential part of the UK Space Agency's response to the Covid-19 pandemic.

The Agency has supported the development of Isolation Plus, an innovative space-based approach to one of the pandemic's most problematic issues. It helps charities and local authorities to locate and support people at risk from Covid-19 who might otherwise go unnoticed.

Isolation Plus is a digital tool which combines space and ground-based information. It generates maps which identify potentially at-risk communities that might be invisible to the outside world. Organisations such as food banks and mental health services have used them in successful pilot exercises to provide people in vulnerable areas with early assistance.

The problem which the tool helps solve is that a growing number of previously independent people, known as the 'hidden vulnerable,' are now in need of support. They may have lost their jobs and be struggling keep up with bills, or they may have experienced anxiety and loneliness due to travel restrictions. Helping them promptly could prevent more serious problems, and costly interventions, later on.

Isolation Plus combines Earth observation information about infrastructure, transport, social isolation and access to green space with terrestrial data, for example from the census and from insights into consumer behaviour.

Backed by ESA and the UK Space Agency, Isolation Plus was developed by Scotland-based firm Astrosat and London company Lanterne. The pilot involved organisations including Support In Mind Scotland and Voluntary Action Orkney, and is the first step to making the tool commercially available across the UK.

Space wisdom informing future medicine

The UK Space Agency is investing up to £5 million in ideas for a new hospital inspired by present and future space medicine. It could use approaches pioneered on the International Space Station, or developed for possible crewed Mars missions, to treat patients more effectively and make life easier for NHS staff.

The initiative is part of a joint venture with the Hampshire Together: Modernising our Hospitals and Health Services programme, part of the government's Health Infrastructure Plan. The Plan envisages the provision of 40 new hospitals across England by 2030.

Contributions to new hospital thinking could include technologies used in space, or approaches enabled by the availability of space services. Long-duration spaceflight might necessitate the development of medical technology such as telecare and tele-rehabilitation, since present approaches to rehabilitation from illness are highly labour-intensive. It is also possible for new diagnostic tools developed for use in isolated space environments to be applied on Earth. Space-enabled technology could improve logistics by tracing goods more effectively or by the use of drones. Earth observation might even help solve that trickiest of NHS problems, hospital parking.

EU exit

The Challenges of EU Exit for the space sector

As a global space power, the UK is an active partner in international space projects and initiatives. The National Space Strategy sets out the Government's ambition to fully realise the potential of a new Global Britain, growing our space partnerships to benefit our sector.

While EU exit has affected the UK's participation in the EU space programme, the European Space Agency (ESA) still provides a mechanism for UK space companies to trade with each other without trade barriers and for UK entities to work with European partners on key missions and science. New national and international programmes have also continued to strengthen UK space capabilities and innovation.

Prior to EU exit, the UK had a leading role in the design, delivery and operation of the Galileo programme, an independent EU version of the US GPS satellite navigation system, as well as the related regional programme EGNOS and programmes designed to create new products and services enabled by these systems for sectors such as transport, farming and critical national infrastructure.

The UK no longer participates in Galileo or EGNOS and has explored options to strengthen our national resilience in these critical services through the UK GNSS Programme and then the Space-based PNT Programme. The results of these programmes are being considered by Government.

ESA's NavISP programme has also provided expert support to UK businesses and academia to develop cutting edge, innovative position, navigation and timing services and products which they can go on to sell and grow their businesses.

The UK has agreed to participate in the Horizon Europe research funding programme, Euratom Research and Training, and the Copernicus Earth observation programme. However, there remain significant delays in signing the agreement on these programmes.

The UK has played an important role in Copernicus. Ongoing participation would allow UK organisations to bid for future Copernicus EU contracts and continue to be able to access most of the Copernicus data and services. Participation in the Copernicus programme is the UK's preferred option, and we stand ready to formalise our association to the EU programmes (also including Horizon Europe and Euratom Research and Training) at the earliest opportunity.

As the EU continues to delay our participation in Copernicus, the UK is now also considering alternative options for how we can best meet the needs of the UK's EO sector and our National Space Strategy ambitions.

The UK's deal also includes access to services from the EU Space Surveillance and Tracking programme, which is developing a European capability to protect space infrastructure from collision risks and provide accurate data on debris re-entering the atmosphere. A UK SST pilot programme is well underway and already delivering similar services to UK stakeholders. A business case setting out future options on a UKSST programme is expected to be prepared over the remainder of 2022.

Like millions of other people, you may be wondering which electric car to buy. The Agency is helping, with a new app to help you see which best suits your lifestyle.

EV8 Switch has been backed by £2.7 million of UK Space Agency funding. It calculates how much drivers could save by going electric, compared to their current petrol or diesel vehicle, and provides details on the carbon dioxide savings and air quality improvements they could achieve.

Drivers can also see which electric vehicles would be the most suitable for them, how close their nearest charge-points are, and which journeys can be completed without the need to.

Communications and engagement

Communications

The UK Space Agency's Communications team is focused on influencing, informing and inspiring people about the work of the Agency and the achievements of the UK space sector, supporting the delivery of the Agency's priorities, providing a responsive service to journalists and engaging with stakeholders and the general public through our digital communications activity.

From supporting the launch of James Webb Space Telescope on Christmas Day to running a campaign about the real-world benefits of space technology to coincide with COP26 in Glasgow, Agency communications have played a vital role in amplifying the voice of the sector throughout the year, explaining the changes underway to the space landscape and informing the UK public about the benefits of our investments. The team has also dealt with challenging issues ranging from the impact of the pandemic and the war in Ukraine on the sector, working closely with partners across government and within the industry.

The Communications and Engagement team welcomed Dr Paul Bate as the new CEO with a tour of space businesses, universities and institutions across all four parts of the UK, building connections with the sector and showcasing the visits via social media videos that have been seen tens of thousands of times. This extensive engagement helped strengthen ties with the sector and communicated its work to global audiences, while guiding the development of the Agency's new strategic direction and value proposition.

There is significant interest in the work of the UK Space Agency, and the team has built a fast-growing audience of more than 350,000 people on social media, while securing high-quality coverage in print, online and broadcast media, seen and read by millions of people across the world. Communications helped drive more than 10,000 entries to the Logo Lift Off competition, encouraged positive engagement with the government's National Space Strategy among stakeholders and the media, and delivered high-profile moments such as the launch of the UK MicroAge experiment in December, which attracted 80 pieces of media coverage, reaching 20 million people.

Rocket logo competition

Callum Wilkinson of Bolton is already a winner from the UK's new role as a satellite launch leader. Six-year-old Callum designed a logo which will be seen on the first rocket to deliver satellites to space from the UK, some time in autumn 2022. His logo was judged the best out of more than 10,000 entries received for a competition supported by the UK Space Agency, and Callum is now looking forward to being at the UK's first satellite launch.

To learn more about the Logo Lift-Off competition, scan or click the code.

Education and skills

The Agency's leadership role in the UK space effort is typified by our education and skills programme, which exists to benefit the whole space sector.

It has two main strands, dubbed Space for Education, and Education for Space. The first uses space to inspire young people's interest in science, technology, engineering and maths, and to encourage them to consider of a career in STEM or even in space. The second is concerned with growing the number of skilled people available to employers in the sector.

People of all ages find space cool. The Agency supports work with school children from three years old and onwards, through all stages of education including university and training, and through continuous professional development.

The Agency supports the 'Destination Space' programme, which has reached 67,000 younger people during visits to one of nine Science and Discovery Centres in the UK. Destination Space involves shows and hands-on activities for 4-16 year old children and their families, because it is important for parents to get the message that there could be a space career for their child. It covers topics from the James Webb Space Telescope and space launch to space applications such as climate monitoring.

The Agency supports work with older children through ESERO-UK, the UK Space Education Office. ESERO-UK curates a collection of over 900 space resources for schools. These have been downloaded for use in lessons over 80,000 times, meaning that they have been seen by over a million school students. In 2021, ESERO trained 2000 teachers in the use of its space resources. This might involve incorporating Earth observation into a geography lesson, using spaceflight to explain Newton's laws of motion, or building observations of exoplanets into a chemistry lesson. ESERO in the UK is supported jointly by the UK Space Agency and ESA.

The Agency has worked with partners such as the Royal Society of Chemistry, which has produced a series of educational Tik Tok videos on space chemistry which reached over three million young people.

In 2019, the Agency launched its 'One Million Interactions' programme, which puts space experts in touch with young people though school events, site visits and other activities. This year, 963 people took part in 2,500 activities. During 2021-22 year they completed over 900,000 of the planned one million student interactions per year.

For older students, we are proud of our Space Placements in Industry (SPIN) programme, which gives undergraduates a two-month, long-vacation project in the space sector. It is designed to provide experience and increase students' work-related skills, addressing an issue that has been flagged as a concern by the sector. Some placements have been offered virtually during the pandemic, allowing us to maintain the number of places on offer.

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 through clear goals and direction.

The 2021 Civil Service People Survey (CSPS) ran from 28 September to 3 November. As in 2020, we were measured as an Agency in our own right.

The UKSA participation rate was 84%, slightly lower than last year, (86%) but significantly higher than the overall Civil Service response rate of 62%

The Agency had an Employee Engagement Index (EEI) score of 62% – a decrease of 3% from the previous year which shows that there is work to do on engagement overall. 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	CS Benchmark	2021	2020	Change +/- %
My work	79%	**77%**	78%	-1
Organisational objectives and purpose	85%	**70%**	72%	-2
My manager	75%	**70%**	68%	+2
My team	84%	**85%**	80%	+5
Learning and development	56%	**41%**	44%	-3
Inclusion and fair treatment	82%	**76%**	75%	+1
Resources and workload	75%	**66%**	64%	+2
Pay and benefits	39%	**35%**	37%	-2
Leadership and managing change	58%	**44%**	52%	-8
EEI index	66%	**62%**	65%	-3

The percentage figure above represents the positive number of responses to the theme by year and then the difference between surveys. For example, in 2021 for Resources and workload, 66% of the respondents declared that they either ‘strongly agreed’ or ‘agreed’ with the theme questions. This was an increase of 2% from the previous year.

Although it is encouraging to see that scores have increased in four themes (My Manager, My Team, Inclusion and Fair Treatment, and Resources and Workload) we acknowledge and recognise that we need to redouble our efforts to understand the underlying issues and effectively address the concerns of staff in the other five areas where our scores have dipped. In particular, 15% of Agency staff reported that they had been discriminated at work in the past 12 months (up from 12% in 2020), and 19% reported bullying and harassment (up from 16% in 2020), so we are undertaking focused activities to understand and deal with these specific issues.

The significant changes brought on by the pandemic, as well as other organisational factors, have no doubt impacted on the survey results. However, we continue to work in collaboration with our Trade Unions and Staff Networks to address the concerns of staff through the delivery of the People Strategy, which was launched in June 2021.

The introduction of new initiatives such as the UKSA Wellbeing Standards, Learning & Development – Lunch & Learn sessions, Reverse Mentoring, and the Leadership Development Programme, highlights a few great examples of what has already been delivered. However, it is clear that there is much more that we can and should do to make working in the Agency a great experience for everyone.

This year, the Agency is embarking on an 18-month Integrated Transformation Programme (ITP) that 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. Our strategy for working in a post-Covid Hybrid world will be a key element of the programme and we will look at improvements across people, place, and technology.

The ITP will be co-designed with our people – equality, diversity, inclusion – and the psychological safety of staff will be a key marker of success.

We are also focusing particularly on bullying, harassment and discrimination, looking to understand more detail about why people report high levels of these in the People Survey while our use of formal grievance processes is very low, and what more we can do to create a safe and inclusive environment for all our people learning from good practice elsewhere.

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% and -1% of the financial target.

In compliance with the budgeting regime, the Agency was required throughout the year to advise BEIS 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) budges are outside the control of management.

The Agency's 2021-22 final outturn including EU Exit ring-fenced budgets was £13.99m (equivalent to 2.7%) below the agreed financial target. Final total outturn includes AME. The Agency's financial outturn was impacted by a number of grant recipients reporting difficulty in achieving their planned milestones predominantly due to the ongoing impact of Covid-19.

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

Foreign exchange hedging impact of ESA commitments

In November 2019, at the ESA Council of Ministers meeting, the Agency committed over £1.8 billion to ESA for the period of 2020 to 2025, with some commitments stretching to 2021. To aid budgetary certainty, the Agency manages a portfolio of foreign exchange forward contracts. In 2021-22, the Agency had two remaining contracts within its portfolio. The Agency then placed a new forward exchange contract for the January 2022 ESA payment following HM Treasury approval. Further contracts covering the next four years have been put in place in May 2022. These financial instruments are subject to significant variances in their underlying fair value measured as at 31 March 2022, which resulted in a recognised notional revaluation losses of £361k. These non-cash movements are outside the control of management and are therefore classified as AME.

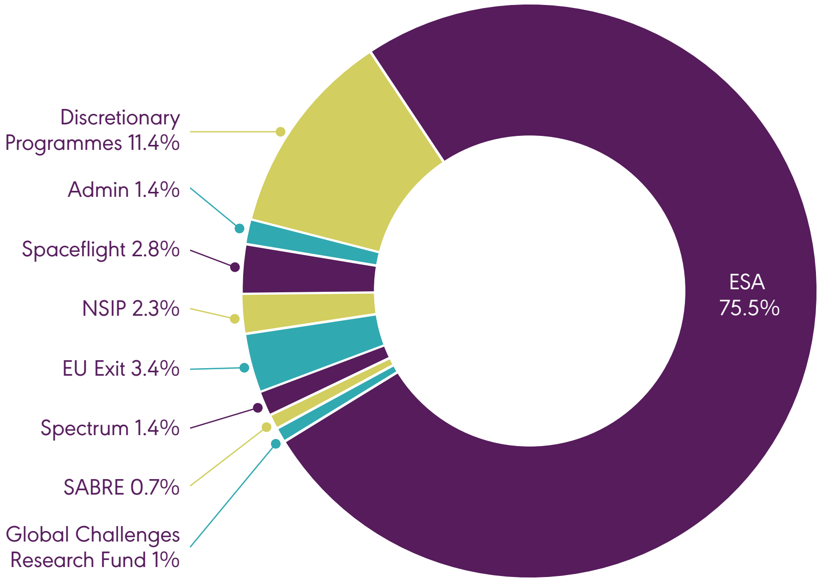
Other financial assets and liabilities including more information about the forward exchange contracts can be found on page 93 in Note 13.1 to the Financial Statements.

Table 1: UKSA Outturn 2021-22

	2021–22			
	Budget £000	Agreed financial target £000	Outturn £000	(Surplus)/ Deficit £000
Admin	6,800	6,800	6,807	7
Programme Resource	246,878	240,027	234,881	(5,146)
Capital Infrastructure	221,946	210,150	207,349	(2,801)
Global Challenges Research Fund	6,000	5,714	4,774	(940)
Commercial Spaceflight	17,300	18,804	14,146	(4,657)
National Space Innovation Programme	15,000	12,364	11,502	(862)
Total	**513,924**	**493,859**	**479,459**	**(14,399)**
EU Exit – SBPP	15,400	12,565	12,567	2
EU Exit – NSPOC	4,976	4,436	4,427	(8)
Total EU Exit	**20,376**	**17,001**	**16,994**	**(6)**
Total and EU Exit	**534,300**	**510,860**	**496,453**	**(14,405)**
Non ring-fenced AME	500	500	1,271	771
Ring-fenced AME – forward contract revaluations	-	-	(361)	(361)
Total AME	500	500	910	409
Total Outturn 2021-22	534,800	511,360	497,363	(13,995)

Ring-fences and discretionary spend

The Agency receives funding from BEIS. When spending restrictions are put against a particular budget line, this is referred to as a ring-fenced budget. In line with the HMT consolidated budgeting guidance, the Agency is not permitted to switch funding between ring-fences. The graph below details the 2021-22 outturn, split by the various ring-fences imposed by BEIS through our allocation. The remaining 11.1% of the UKSA allocation represents spend on discretionary programmes.



How we spent our 2021–22 DEL and EU Exit budget

The table above includes delivery costs; therefore, the figures are not directly comparable to those in the Note 4 to the Financial Statements, Total Expenditure, on page 87.

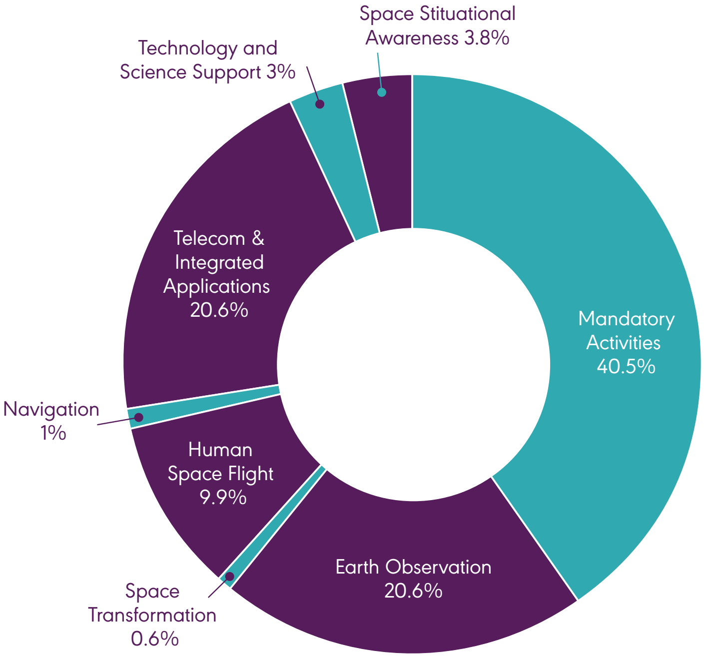
Detailed Spending Breakdown

European Space Agency

During the reporting period, the Agency subscriptions to ESA totalled £376.4 million. The Agency's commitments to ESA are agreed at Council of Ministers meetings, scheduled every two to four years. The most recent meeting was held in November 2019 where the UK announced it will invest on average £374 million per year 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:

- Building the Lunar Gateway, a new space station orbiting the moon.
- Returning the first samples from Mars.
- New satellites to help us understand climate change.
- An early warning system for solar storms.
- Research in space technology to deliver high-speed mobile technology such as 5G, and satellite broadband services around the world.
- Removing space debris to prevent collisions in space.

The CMIN19 subscriptions portfolio can be summarised into eight key categories shown on the right.



The most recent meeting was held in November 2019 and the next one will take place in November 2022.

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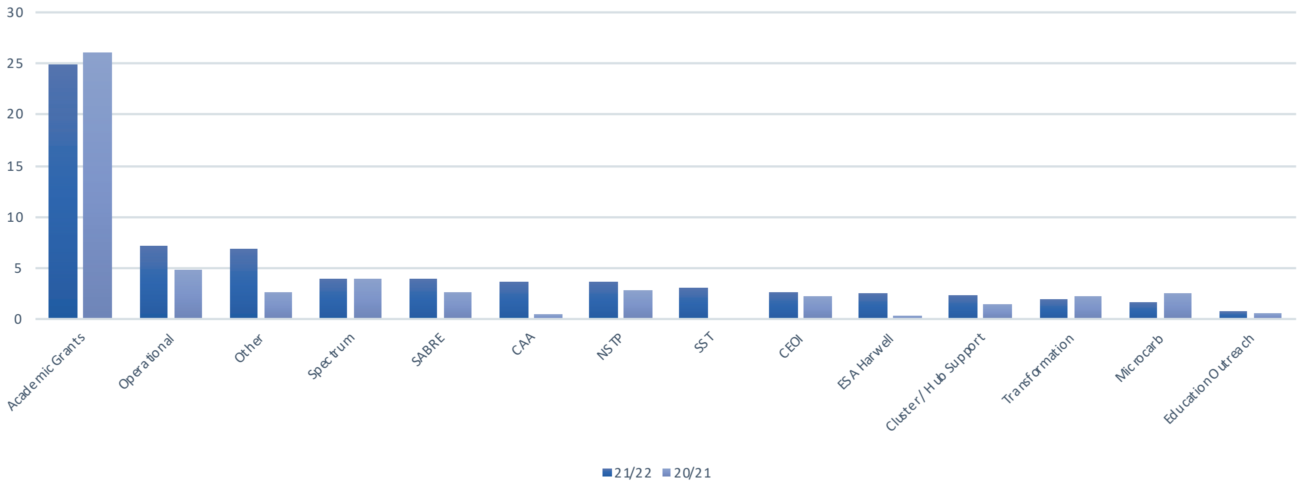
[3] *Sterling equivalent of Euro subscriptions pre inflation and subject to exchange rate movement as at 2019 indices*

National Programme

Including delivery costs, a total of £65.8 million was spent on the National Programme during the reporting period covering a multitude of different projects and initiatives. National programmes, including prior year comparatives can be summarised into key programmes and other spend categories below.



Global Challenges Research Fund (GCRF)

The GCRF funds the International Partnership Programme (IPP) and is a ring-fenced Official Development Assistance (ODA) budget. IPP delivers an international development programme across the globe, and successfully managed to deliver on majority of the 2021-22 programme's planned activities and mitigated those impacted by COVID related travel restrictions.

Space-Based PNT Programme (SBPP)

The SBPP started in October 2020 but moved to a minimal state in October 2021 by BEIS. The programme produced an Outline Business Case product available to progress for formal approval when it resumes.

Spaceflight Programme

In 2021-22, the Spaceflight Programme continued to drive the UK to achieving commercial small satellite launch in 2022 with the successful delivery of studies in year. COVID-19 impacts have been the main driver for underspends as well as supply chain shortages and technical challengers against planned activity during the reporting period. While some milestones were reprofiled into the financial year 2022-23, the date for planned first launch from the UK in 2022 remains on track with additional pathfinder launches due in 2023.

National Space Innovation Programme (NSIP)

Launched in March 2020, NSIP undertook a broad range of projects. The programme underspent reflects the delay in the final 2021-22 programme budget being confirmed and the impact this had on the timing of the competitive call process and industry's ability to complete planned activity in year.

EU Exit

Following the UK's decision on 23 June 2016 to exit the EU, the Agency has spent £16.9 million during the reporting period (2020-21: £30.2 million). The decreased spend from previous year was driven by the winding down of activities within the PNT Programme and EU Exit Support. National Space Operations Capability (NSPOC) programme continued as planned within this reporting period.

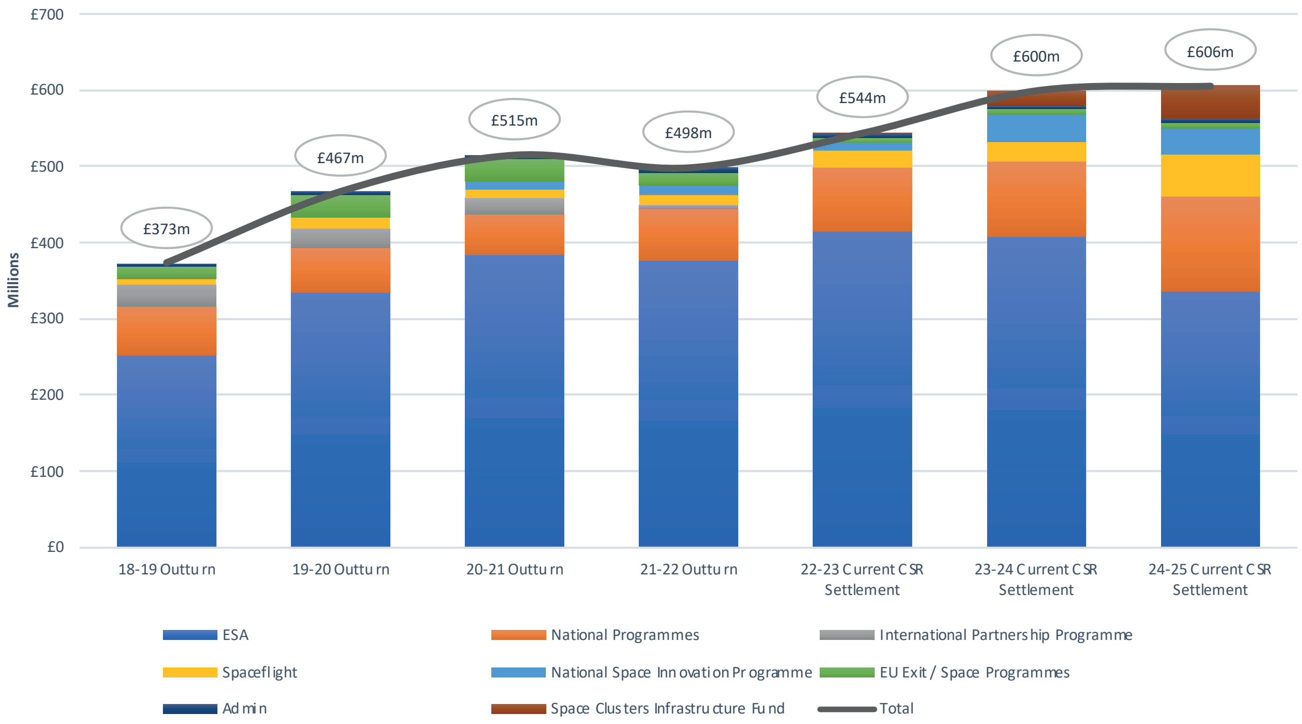
Admin

In 2021-22, administrative costs amounted to £6.8 million which was in line with the Agency's admin budget. (2020-21: £4.9 million).

Five-year Expenditure Trend

The Agency has seen an increase in expenditure as shown in the figure below. This additional funding has allowed the Agency to expand its subscriptions to ESA whilst increasing its funding to the national programme and resource space programmes. Due to the nature of space science, expenditure on such programmes is managed across multi-year profiles.

The graph below shows the historic expenditure trend from 2018-19 to 2021-22 and the Agency’s indicative budget from 2022-23 to 2024-25 confirmed as part of the BEIS SR21 settlement concluded in the first quarter of 2022.



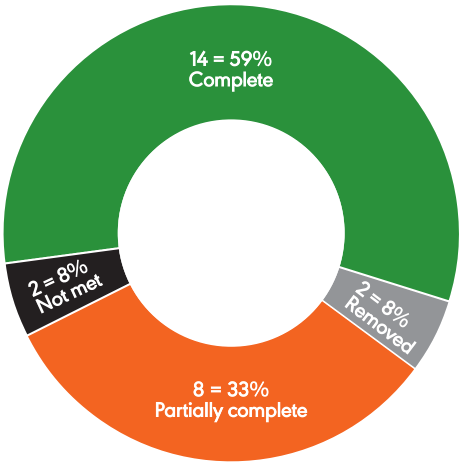
How we have performed

The Agency set challenging delivery targets for 2021-22 and performance against these targets was measured monthly through detailed performance reports. These were analysed by our Executive Committee and scrutinised by our Steering Board, Audit Committee and BEIS Sponsor Team.

In our 2021-22 Corporate Plan, we detailed four goals which set out our priorities for the 2021-22 financial year. Within these goals, a number of Key Performance Indicators were developed. Our performance against these KPIs is detailed.

Overall KPI completion status 2021-22

24
Total



The UKSA have made delivered a significant outputs this financial year and have matured and grown as an Agency. A total of 14 (59%) KPIs were completed in FY21/22 with 3 (12%) KPIs not met or removed and 7 (29%) KPIs partially complete. The % complete of the partially completed KPIs have been agreed by the relevant Directors.

The majority of delays in the delivery of these have been outside of the Agency's control. External political, policy and environmental factors have had a major impact. The sign-off of the initial set of metrics had also caused some issues with confusion around the ownership and the setting of targets.

Removed *– KPI 2.3. Its removal was agreed by the January ExCo, that this KPI is no longer relevant and therefore unachievable due to the publication of the National Space Strategy.*

Not met *– This was the result of insufficient effective action to address the results of the 2020 survey.*

Goal 1

Resilient UK space capabilities

Ensuring the UK can access systems on the ground and in space to protect our critical national infrastructure, support our global climate leadership, and provide services that improve lives around the world.

Key performance indicator

🟧 66%	1.1	Establish by the end of 2021-22 an assessment of national requirements for civil space capabilities to enable co-ordinated decisions on future Government interventions.
🟩	1.2	Deliver an Outline Business Case by November 2021 that sets out Government's options to deliver a space-based Position, Navigation, and Timing capability.
🟩	1.3	Deliver actionable and valued Pilot UK Space Surveillance and Tracking (SST) warnings of orbital collisions across government and to commercial satellite operators by March 2022, based on programme metrics.
🟩	1.4	Improve the security and resilience of the sector through proactive industry engagement (series of 5) cyber and physical and personnel security workshops, and quarterly working groups) and delivery of key CNI policy projects and response and recovery plans (at least three exercises per year), as well as ensuring Covid-19 incident response efforts of UKSA are completed within the required timescale.
🟧 60%	1.5	Enable the UK to establish a commercial spaceflight capability capable of first launches from Cornwall and Scotland in 2022, ahead of European competitors, and develops the foundations for commercial sustainability by 2030.

Commentary

1.1 Work was put on hold until the publication of the National Space Strategy. BEIS agreed later to lead this work as part of implementation of the Strategy.

1.5 Not achieved in full due to supply chain shortages and disruption, technical challenges and protracted legal disputes. The UK remains on track to secure a first launch in 2022.

Summary

Some work on space capabilities moved to BEIS post the publication of the NSS. While the UK remains on track to secure a launch in 2022 there were some delays due to supply chain issues, technical challenges and legal disputes.

🟩 Complete 🟧 Partially complete ⬛ Not met

Goal 2

Strong and competitive space sector

Working with the European Space Agency, the UN and other institutions, to help the UK to grow trade and investment, take part in global space programmes and missions, and promote an open, safe and sustainable space environment.

Key performance indicator

🟩	2.1	Sector satisfaction of 75% with the HMG Build Back Better plan as measured by sector survey response, reflecting that sector requirements are reflected in Government policy design.
🟩	2.2	Increase regional participation in the space economy by 80 companies in 2021.
⬛	2.3	All commercial, academia and research organisations' R&D activities are aligned with UKSA and national goals through benefits mapping and theories of change and delivering on time, scope and budget in 2021.
🟩	2.4	Reach 900k young people with high impact STEM engagements (30 mins or more) and 40 students/professionals with space study or placement opportunities (8 weeks or more).
🟩	2.5	Deliver effective science and exploration programme in 2021-22, while establishing pipeline of new missions to 2030 and beyond.
🟩	2.6	Increase awareness of space data and services in the public sector, continuing to raise awareness in 2021-22 and planning and securing funding for an ongoing programme in 2023.
🟩	2.7	Secondary legislation required to regulate UK launch and associated activities in force and new UK Space Regulator stood up by summer 2021, while continuing to deliver Outer Space Act licensing and respond to the pace of innovation in the sector.

Commentary

All KPI's complete apart from 2.3. It was agreed in the January ExCo that this KPI is no longer relevant and therefore unachievable due to the publication of the National Space Strategy.

🟩 Complete 🟧 Partially complete ⬛ Not met

Goal 3

Powerful global voice

Supporting research that drives technical innovation and scientific discovery, making the UK a top destination for space industry and academia, and inspiring the next generation of space professionals.

Key performance indicator

95%	3.1 Establish a set of initial options, costed and tested with industry and academia, to invest in European Space Agency programmes from 2023-2028 by January 2022, informed by evaluation of the UK's 2019 investments.
🟩	3.2 In 2021-22 ensure agreement with all partners across Whitehall on country strategies and Memoranda of Understanding with five priority countries for new international collaboration on Space.
🟩	3.3 In 2021-22 use the UK hosting of G7 summit (June)and COP26 (November) to secure partnerships and funding towards the ambitions for the sector in the use of trusted Earth Observation data for climate change services.
🟩	3.4 Complete the 10 delayed call one and two projects to time and cost in 2021-22 needed to obtain a complete evidence suite. In parallel, launch and commission the evidence gathering phase to objectively measure programmatic impact assessment, to complete by March 2022.
⬛	3.5 In 2021-22, secure predicted geo-return coefficient of 1.0 for ESA.

Commentary

3.1 Delayed due to Spending Review; completed by end of April 2022.

3.5 Not Met

- The original KPI target of 1.0 by the end of the financial year was unattainable.
- UK geo-return co-efficient was 0.92 at end 2021.
- Whilst the ambition was to reach a return co-efficient of 1 by the end of March 2022, this target has now been revised to 2024.

Summary

Some minor delays on ESA investment options due to the Spending Review, and the UK geo-return forecast has been moved to a more realistic ambition of a UK return coefficient of 1 by 2024.

🟩 Complete 🟧 Partially complete ⬛ Not met

Goal 4

A world-class space agency

Ensuring a diverse and inclusive UK Space Agency which is a great place to work, with the capabilities, processes and culture to thrive.

Key performance indicator

40%	4.1 Implement the new organisation structure for the agency, ensuring we have the right skills to deliver the UKSA strategy.
⬛	4.2 Provide our people with a great place to work, where they feel valued and can bring their whole self to their roles and our organisation.
🟩	4.3 Ensure the development of a new national space strategy is informed by advice on how space can meet Government's civil policy and operational needs.
50%	4.4 Embed a Portfolio Office for the UKSA which establishes and maintains portfolio management practices including alignment to strategy.
40%	4.5 Establish strategic workplace planning underpinned by a skills matrix; the right people with the right skills in the right place at the right time.
71%	4.6 Ensure all internal and external governance and assurance activities are delivered and managed within agreed parameters for 2021-22.
🟩	4.7 Develop and maintain a SWOT analysis for the space sector to inform other UKSA activities.

Commentary

4.1 Delayed to due to the pending review and implementation of the Landscape Review. This work is now being picked up as part of the Integrated Transformation Programme (ITP).

4.2 The target increase for the Civil Service People Survey was not achieved. The work to address this and other People Survey opportunities will be picked up in the Integrated Transformation Programme (ITP).

4.4 Progress has been slower that expected due to an insufficiently sized team and resource constraints. Professional services are now being sourced to provide much-needed resource and capability into the Portfolio Office.

4.5 Not achieved due to resource constraints. This work is now being picked up as part of the Integrated Transformation Programme (ITP).

4.6 Substantially met, however a number of programme milestones slipped into 2022-23 resulting in the Agency's final out-turn falling below the -1% target.

Summary

Delays were primarily due to resource constraints and awaiting the outcome and implementation of the Landscape Review. Much of this work will now be picked and delivered through the Integrated Transformation Programme (ITP) with alternative resourcing routes being accessed.

🟩 Complete 🟧 Partially complete ⬛ Not met

Accountability report

Audit committee Chair report

As an Audit and Risk Assurance Committee we review all aspects of the risk management framework. This includes the work of both internal and external audit as well as assurance statements provided by management and external programme and project reviews. We review the programmes of work to ensure that they are aligned to the organisation's risk profile which is reviewed at each meeting.

The primary areas of work covered by the GIAA internal audit programme are detailed in the table on page 57. GIAA have awarded an overall opinion of Moderate for the year.

We are pleased to note that there are no Limited audit opinions and this continues the positive trend from the previous year. External Audit have given an unqualified opinion.

The year was marked by the continued development of UKSA's risk management framework, a critical tool for our effectiveness, which will provide a singular view of risk identification controls and mitigating actions. The Agency is working towards completing a large proportion of this work by December 2022, and the Audit and Risk Assurance Committee will continue to support management to maintain continued focus on the development of the risk management framework and its constituent parts.

We have noted that here has been continued effort to address the issues identified in the 2021 audit of the Internal Organisational Transformation (Proteus) programme, which was awarded a Limited audit opinion. Of the 11 recommendations, 8 have been satisfactorily resolved, with the remaining 3 being actively progressed

We have also been pleased to note the continual effort that management have invested as a result of business disruption due to both the Covid crisis and latterly the impacts of the war in Ukraine. Notwithstanding this management need to continue to further develop and test business continuity and disaster recovery plans in the context of heightened cyber security risks.

A further key risk is the operational security of space systems which are of national importance to the UK. The danger of a catastrophic attack on UK satellite systems has become more apparent in recent years, as has the risk of cyber and ransomware attacks on ground-based assets. At the time of writing, Earth Observation has emerged as a key technology in the war in Ukraine, drawing attention to the possibility of satellites and space systems being targeted by hostile agencies.

Another area of concern in the current economic climate is the rapid rate of price increases for key space inputs, including both labour and materials. This poses a risk to the stability of the UK's supply chain for space activity, and programme delivery by our partner organisations.

The agency has defined its risk appetite in broad terms, ranging from those activities such as health and safety having a low to zero, but accepting a higher level of risk in areas such project funding and innovation within the broader organisational mission.

I conclude that senior management of the Agency is approaching these issues in the right way. At the next stage of its development, UKSA will need to become even more strategic and forward-looking in its approach.

Shrinivas Honap
Chair of the Audit Committee
8 July 2022

Directors' report

We have an effective corporate governance framework in place to ensure that we continue to deliver against our purpose and vision.

In last year's Accounting Officer's conclusion, my predecessor highlighted internal control improvements planned for 2021-22. I am pleased to report that the Agency has made satisfactory progress in meeting these goals.

Counter fraud and whistleblowing

A new programme of fraud risk assessments was delivered in 2021-22 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. 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.

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.

Risk management

The Agency's Risk Appetite Statement is aligned with the fourteen HM Treasury Orange book categories; it was updated in 2021-22, approved by the Executive Committee in June 2021 and subsequently endorsed by the Steering Board. A review of the Risk Appetite Statement will be undertaken in 2022-23, see page 55.

The Corporate-level strategic risks were revised in 2021-22, resulting in the production of a refreshed Corporate Risk Register. The risks are aligned with the Agency's ten strategic Priorities and were approved by ARAC (Audit and Risk Assurance Committee) in March 2022. Since February 2022, a formal review of the Corporate Risk log takes place as a standing item at each monthly ExCo meeting. Risk Owners are required to review their risks monthly, supported and assured by another member of ExCo and the Corporate Risk Manager/Risk Champion.

Progress in 2021-22 focused on four of the GIAA risk management themes: Risk Leadership; Risk Strategy and Policies; People; and Risk Management Processes.

DAASIC (Director's Annual Assurance Statements of Internal Control) & IAAP (Integrated Assurance and Approval Plan)

The DAASIC process was enhanced in 2021-22 with the introduction of a revised format to support the provision of evidence by directors against areas of devolved responsibility; the format incorporated the provision of Subject Matter Expert (SME) feedback to ensure a transparent and robust assurance process. A revised, structured, timeline was implemented and circulated in advance to ensure the process was completed within agreed deadlines. A review will be conducted of the process in 2022-23 to ensure further improvements are identified and incorporated into future commissions.

As part of an Audit review, the Agency was tasked to demonstrate the corporate and projects or programme assurance activities that are undergone within the agency. The output from this was a high-level assurance map and agency-wide IAAP (Integrated Assurance and Approval Plan). It included a focus on the Top 10 Spending projects within the Agency along with corporate assurance activities. It was published in September 2021 and was well received by the Audit Committee.

Business Continuity Plan (BCP)

The Executive Board reviewed the BCP twice in 2021-22, and a revised plan was endorsed on 17 May 2021 and 22 November 2021. The operational impact of the Covid response was reviewed, with the Covid Business Continuity response formally closed on 18 August 2021. Executive Board agreed to stand down the Business Continuity Response to Covid covering the Operations oversight and the Sector Resilience liaison

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.

Dr Paul Bate
Chief Executive and Accounting Officer
8 July 2022

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; Lord David Willets, joined in April 2022.

Non-executive members

Dr Sally Howes, OBE, Chair of the Steering Board

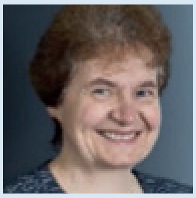
appointed in May 2019. Sally started her career in the space industry and later served as Director General of the national trade association for aerospace. She moved into a commercial position with MOD and then joined the leadership team of the National Audit Office. She holds a range of consulting and non-executive position specialising in digital transformation and cyber security, Chairs the Surrey Research Park for the University of Surrey and is a Professor of Practice and Director of INDEX, the University of Exeter's research centre for the digital economy. In 2019 she was awarded an honorary fellowship of the Association for Project Management. Sally's term as chair ended on 31 March 2022.

Shrinivas (Shrin) Honap, ACA

A Chartered Accountant by profession. He joined the Agency in April 2021 as Chair of the Audit Committee and Member of the Steering Board. He has previously held senior roles with Vodafone and Capita. He brings with him experience focused on systems development, regulation, risk and finance. He has particular interests in transformation and diversity. Shrin is a non-executive and Chair of Audit at LLWR, House of Commons Commission and The Financial Ombudsman's Service. He is a Board member at the Civil Service Pensions Board and Corps Security, a social enterprise organisation. He has panel membership of the Pensions Determinations Body.

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.



Dr Fiona Rayment OBE, FREng

Fiona was appointed to the Agency Steering Board in 2020. 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 2017 Queen's Birthday Honours and Chevalier of the Legion d'Honneur from the French Republic in 2019.

Corporate governance

Non-executive members

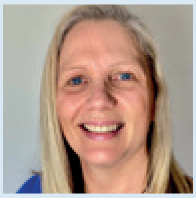
Dr Kevin Shaw

With 34 years of Royal Navy service, Kevin brings experience in leadership and building effective teams. Gaining a PhD in electromagnetic communications, coupled with research into space systems and delivery of several satellite-based networks, he considers himself a well-rounded space systems engineer. More recently, he has delivered major change programmes for Defence. On leaving the Navy, Kevin returned to MOD's space community as Director of the next-generation satellite communications programme, and subsequently as Strategic Advisor. 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.

Keira Shepperson

Member of the Audit Committee. Appointed in May 2018. She is currently Director, Future Fund at the British Business Bank, which is a government-owned business development bank dedicated to making finance markets work better for smaller businesses. She has held a number of roles during her six 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.

LEAVERS



Allison Brown

Allison's term as Trainee Board member of the Steering Board and Audit Committee ended July 2021.

Clive Tucker, member of the Steering Board and Chair of the Audit Committee

Clive's term ended May 2021.

Dr Dame Frances Saunders, DBE, CB, member of the Steering Board and Audit Committee and Agency's independent nominated whistleblowing officer.

Frances's term ended May 2021.

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 and member of the Delivery Board*

Joined the UK Space Agency in September 2021 having built and led teams in the commercial and public sectors for twenty years. He fosters a culture of safety, openness and with a professional passion to deliver results. Paul was Managing Director of Babylon Health for NHS services, before taking on responsibility for Babylon's sales across the world. Paul was on the Board of the Care Quality Commission, the statutory regulator for health and care in England, with responsibility for strategy, policy, analytics, programmes, and engagement.

Ian Annett

Deputy Chief Executive and member of the Delivery Board*

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

Claire Barcham

Director of Strategy and member of the Delivery Board*

Claire qualified as a solicitor before joining UK government in 2009, Claire has held posts in the Department for Health, Home Office and HM Revenue & Customs. Claire joined the UK Space Agency in 2016 and the programme of work to enable space launch from the UK. In January 2020 Claire was appointed as Director of Space Strategy.

Peter Finn

Chief Operating and Finance Officer and Security, Information and Risk Officer (SIRO)*

Joined the Agency in February 2014. Peter is responsible for the UK Space Agency's operational performance, financial management and risk and assurance.

Tim Guy

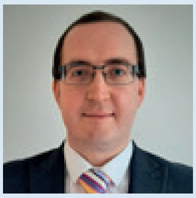
Director of Organisational Design

Transitioned to this role from being the Programme Director for the Space Based PNT (Position, Navigation and Timing) in November 2021. He joined UKSA from the Planning Inspectorate, where he was the Transformation Programme Director, responsible for wholesale change across people, process and technology and implemented a range of digital public services using Agile. He has held Director roles with the GB Smart Metering Programme in DECC), and the Border Systems Programme in the Home Office.

** These directors were members of the previous Executive Board prior to the apportionment of the new CEO, who led a change in Board Structure.*

Corporate governance

Delivery board members



Matthew Archer
Director of Commercial Spaceflight

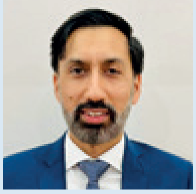
And of the Government's Spaceflight Programme, which aims to enable the UK to achieve a commercial small satellite launch from 2022. He formally took up the post of Director in October 2020 and has a strong understanding of the UK space sector and government ambitions, having previously led the UK Space Agency's EU exit negotiations and advised on UK Government's acquisition of OneWeb. Prior to joining the Agency in 2018, Matt developed HM Revenue and Customs' strategy for business customers and successfully delivered a number of digital transformation projects.

Professor Chris Castelli
Director of Technology, Science and Exploration (previously known as Programmes)

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 January 2019.

Rebecca Norton Price
International Director

Rebecca is responsible for international engagement through multilateral frameworks, and for 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. Rebecca held posts in the U.K. and overseas for DIT, FCDO and the Cabinet Office. She has led teams on a number of HMG priorities including on international health cooperation, humanitarian programmes, the UK Modern Slavery Strategy and business partnerships for the centre of government. Rebecca has worked in business development and external affairs in the private sector and for a trade body. She is a sciences graduate from the University of Manchester and has a master's degree from the University of London.



Harshbir Sangha MBE FRSA
Interim Director of Growth

Harshbir joined the UK Space Agency in December 2018 was appointed Interim Director of Growth in June 2021. He is 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 and local space clusters along with UK's capabilities in satellite Earth observation, space technology, telecommunications and space applications working through ESA, nationally and internationally.

Leavers

Dr Graham Turnock
Chief Executive and Accounting Officer

Graham's term as CEO ended September 2021 and he was succeeded By Dr Paul Bate.

Dr Alice Bunn
International Director

Alice left in June 2021 and was succeeded by Rebecca Norton-Price.

Catherine Mealing-Jones
Director of Growth

Catherine left in September 2021 and was succeeded by Harshbir Sangha.

Sarah Boyall
Director of Regulation

Sarah ceased to be a director when what remained of the Regulation Directorate, after the transfer of some functions to the CAA earlier in the year, was absorbed into the International Directorate in July 2021.

Rachel Gardner-Poole
Director of ODD

Rachel left in November 2021 and was succeeded by Tim Guy.

Arfan Chaudhry
Interim Director for International

Interim Director for International from June 2021. Arfan transferred to the BEIS Space Directorate in Oct 2021.

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.

Paul S Bate

Dr Paul Bate
Chief Executive and Accounting Officer
8 July 2022

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.

Corporate governance

This governance statement sets out the governance, risk management and internal control arrangements for the Agency. It applies to the financial year 1 April 2021 to 31 March 2022 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 Committee's 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 review of SBPP, and opinions expressed by 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 (DAASIC).

Legal status

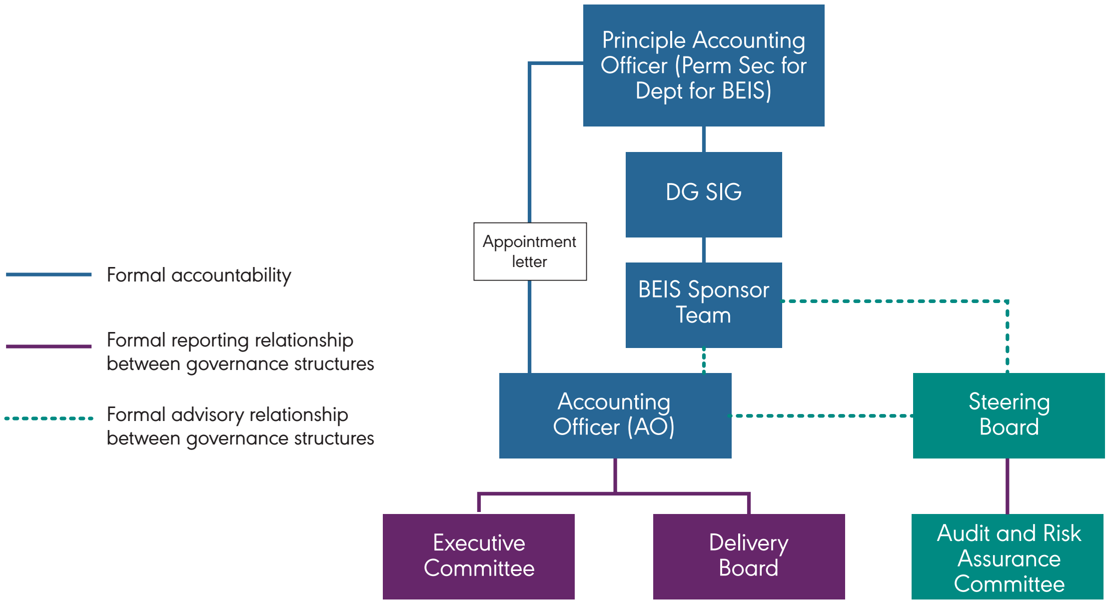
The Agency is an Executive Agency of the Department for Business, Energy and Industrial Strategy (BEIS) and does not have a separate legal status outside of BEIS. Therefore, in order to enter into contracts, delegated powers are conferred on the Agency by the Permanent Secretary. In the event of a contract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

Governance structure

The Agency is accountable to Parliament for the funds it expends through our parent department, BEIS. Parliament monitors and influences the Agency through its Select Committees and the Parliamentary Ombudsman.

The Agency's working relationship and lines of accountability with BEIS are defined in its Framework Agreement, the annual 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 Agency is also held to account through regular performance reviews with our BEIS sponsor team. These reviews help ensure active engagement and a transparent relationship with our parent department.

UKSA Governance structure



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 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 their collective experience through advice and constructive challenge.

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

During 2021-22, the Steering Board met five 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 and the Chief Executive or, in their absence, an authorised deputy.

The Chair, Dr Sally Howes, attended all meetings. The new Steering Board Chair, Lord David Willetts, was announced on 26th April 2021.

In accordance with the Cabinet Office guidance for Executive Agencies, the UKSA Steering Board underwent a 'light-touch' effectiveness review in September 2021, which covered all areas set out in its terms of reference; the Board's effectiveness was also reviewed against HM Treasury's Corporate Governance Code. The review noted the benefits following the introduction of a dedicated secretariat support and identified areas for improvement, including the quality of information provided to the Board and highlighting the roles of Board members. An externally facilitated review will take place in 2022-23.

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.

The Standing membership of the Audit Committee consists of three non-executive members (NEMs), one BEIS appointee, the Chief Executive, the Deputy Chief Executive and the Agency's Senior Information Risk Owner (SIRO) . Meetings are attended by the Agency's Executive Committee members as required, representatives from the Government Internal Audit Agency (GIAA), and the NAO. Meetings are open to other Steering Board members to attend. During 2021-22 the Chair of the Steering Board, Dr Sally Howes, attended all except one Audit Committee meetings, as an invited attendee. The Terms of Reference of the Audit Committee were updated in September 2021.

The Audit Committee regularly reviews the Agency Dashboard and Corporate Risk Register, the NAO External Audit Plan and the GIAA Audit Plan, in addition to progress against actions arising from Internal Audit Reports. Key discussions in 2021-22 included budget allocation, counter fraud and progress against Risk Management and Assurance Maturity.

The Audit Committee generally meets on a quarterly basis but can meet more frequently to deal with exceptional matters. Six meetings were held during 2021-22, one of which was an ad-hoc meeting. All Audit Committee meetings were quorate.

The members of the Steering Board and Audit Committee, their Terms of Reference and the summarised minutes of meeting discussions (when available) are accessible on the Agency's website: www.gov.uk/government/organisations/uk-space-agency/about/our-governance

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

Board/Committee Member	Steering Board	Audit Committee
Sally Howes (SB Chair)	4 (4)	See note
Clive Tucker (AC Chair)[1]	n/a	2 (2)
Shrinivas Honap (AC Chair)	3 (4)	4 (4)
Graham Turnock (CEO)[2]	1 (1)	2 (3)
Paul Bate (CEO)	3 (3)	3 (3)
Peter Finn (SIRO)	4 (4)	6 (6)
Keira Shepperson (NEM)	n/a	6 (6)
Allison Brown (NEM)[3]	1 (1)	3 (3)
Peter Watkins (NEM)	4 (4)	n/a
Fiona Rayment (NEM)	3 (4)	n/a
Kevin Shaw (NEM)	4 (4)	4 (4)
Frances Saunders (NEM)[4]	n/a	1 (1)
BEIS Sponsor Team Representatives	3 (4)	5 (6)

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 their role. Sally Howes (SB Chair) attended 5/6 Audit Committee meetings as an invited attendee.

[1] *Clive Tucker left the Committee on 30 May 2021.*

[2] *Graham Turnock left the Agency on 14 September 2021 following handover with the incoming CEO .*

[3] *Allison Brown left the Board on 30 June 2021.*

[4] *Frances Saunders left the Board on 30 May 2021.*

Executive Board structure

Executive Board (April to October 2021)

Between April 2021 and October 2021, the Executive Board, chaired by the Chief Executive, managed the day-to-day operations and activity of the Agency, including the provision of policy advice to ministers. The Executive Board convened twice monthly to make decisions and oversee high-level business planning, financial, risk and management issues. The Executive Board segregated topics into Strategic or Operations, with one meeting each month focusing on each area. The Executive Board received advice and guidance from the Steering Board and Audit Committee. The Executive Board was also responsible for overseeing standards, values and controls within the Agency.

Board Member	Strategic Board	Operations Board
Graham Turnock (CEO)[1]	3 (5)	4 (5)
Paul Bate (CEO)	2 (2)	1 (2)
Ian Annett (Deputy CEO)	6 (7)	6 (7)
Catherine Mealing-Jones[2]	1 (3)	2 (3)
Peter Finn	6 (7)	7 (7)
Harshbir Sangha[3]	4 (5)	5 (5)

[1] Graham Turnock left the Agency on 14 September 2021 following handover with the incoming CEO.

[2] Catherine Mealing-Jones left the Agency on 16 July 2021.

[3] Harshbir Sangha joined the Board on 21 June 2021.

Five EB Members noted in table, all other Directors had a standing invitation as attendees.

Executive Committee and Delivery Board (November 2021 onwards)

Since November 2021, the structure has changed, and the Executive Committee (ExCo) now 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, and decide on escalations from other Boards.

In support of the Executive Committee and since November 2021, the Delivery Board ensures the Agency's sub-portfolio of programmes and projects delivers the Agency's priorities. The Board convenes monthly, and its main responsibilities are to define the Agency's delivery sub-portfolio, deliver benefits, ensure coherence and commonality of approach across the sub-portfolio, and manage risks to the successful delivery of the sub- portfolio.

Board Member	Executive Committee	Delivery Board
Paul Bate (CEO)	7 (7)	6 (6)
Ian Annett (Deputy CEO)	6 (7)	6 (6)
Peter Finn	7 (7)	n/a
Tim Guy	7 (7)	6 (6)
Rachel Gardner-Poole[1]	1 (1)	n/a
Claire Barcham	7 (7)	4 (6)

Only Executive Committee members shown in the table.

[1] Rachel Gardner-Poole left the Agency on in November 2021.

Control activities

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

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 BEIS. 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.

Openness and transparency

The Agency is subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. In 2021-22, we responded to 38 requests, all of which were answered within the statutory time limits. We received two requests for internal reviews which were investigated, and further clarification of our responses were provided. We also responded to an Information Commissioner's Office (ICO) complaint relating to a Freedom of Information Request originally answered in January 2021. The decision was made to release more information since the exemption no longer applied.

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 UKSA 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 UKSA 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 UKSA Corporate Grant Policy and BEIS 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 UKSA 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 to provide assurance that funds have been expended in accordance with the terms of the Grant Funding Agreement.

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

Commercial and procurement

UKSA 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 UKSA Commercial team is responsible for ensuring that all UKSA strategic sourcing contracts (with the exception of 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 follow 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 UKSA Commercial team.

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 2021-22, UKSBS processed 2,681 invoices (1,799 in 2020-21) on behalf of the Agency with 84.04% of payments made within five working days of UKSBS receiving the invoice (84.66% in 2020-21) and 97.72% within 30 days (98.33% in 2020-21). In line with guidance published by the Cabinet Office, the prompt payment calculation includes supplier invoices and individual Government Procurement Card (GPC) transactions.

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 approximately £374m a year and 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 include research into telecommunications, Earth Observation programmes, robotic and human space exploration, space safety and security (including space weather), technology, navigation innovation and commercial spaceflight services. 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's subscriptions to ESA are determined at Councils at Ministerial level which are held periodically. The last Ministerial Council took place in November 2019, setting ESA subscription levels for a period of five years with another Ministerial Council scheduled for November 2022

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.

Business continuity and disaster recovery

The UK Space Agency has a bespoke Business Continuity Plan (BCP), which has been reviewed and updated in the light of lessons learnt from the successful activation which underpinned the business response to Covid-19. The Executive Board reviewed the BCP twice in 2021-22, and a revised plan was endorsed on 17 May 2021 and 22 November 2021. The operational impact of the Covid response was reviewed, with the Covid Business Continuity response formally closed on 18 August 2021. Executive Board agreed to stand down the Business Continuity Response to Covid covering the Operations oversight and the Sector Resilience liaison. Both have continued to be monitored, with any material changes brought to the attention of the Executive Committee.

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.

UK General Data Protection Regulation (UK GDPR)

After leaving the EU, the UK General Data Protection Regulations (UK GDPR) is now the UK's data privacy law that governs the processing of personal data by the Agency. To ensure that our staff understand the importance of protecting personal data all Agency staff and contractors are required to complete and pass mandatory UK GDPR e-learning. In 2021-22 Agency staff reported three personal data breaches to the BEIS Data Protection Officer; they were all a low level and did not require referral to Information Commissioner's Office (ICO).

Information security

The Agency's core IT provision is managed and delivered by BEIS through the Cirrus platform, which ensures cyber security controls are in place. Our overarching security policy and procedural framework governing IT provision is set in conjunction with our Chief Digital Information Officer and Security Advisor.

To ensure staff awareness in information security, the Agency required all staff and contractors to complete the Responsible for Information e-learning training with emphasis on classifying and sharing information correctly, identifying phishing and scam emails and reporting incidents or concerns. This training package was updated and renamed in February 2022 to Security and Data Protection e-learning, incorporating additional material on data protection, asset security and effective cyber security principles. All new members of staff undergo security inductions on joining the Agency and regular briefings are held at directorate team meetings on emerging cyber threats.

In 2021-22 Agency staff reported the loss of three iPhones and one laptop, with two of these items being reported as theft to the Police.

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) and whistleblowing. These policies provide guidance to staff and are regularly reviewed for relevance and clarity. Assessment of activity and feedback from staff are well understood, effective and easy to use. The Board is particularly committed to ensuring staff feel empowered, supported and protected should they need to raise any areas of concern. One instance of potential fraud was identified within the Agency in 2021-22. This matter has been investigated and whilst no fraud has been identified, further discussions are planned to ensure appropriate lessons are learnt.

The Agency's control environment is managed across three lines of defence. The UKSA finance team, UKSBS and BEIS 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 2021-22 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.

Anti-bribery and anti-corruption

No cases of bribery or corruption were identified within the Agency in 2021-22.

We have continued working with BEIS to maintain standards and implement best practice. The Agency fully adopted the BEIS 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 BEIS for independent scrutiny by the BEIS 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 fully aware 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 2021-22, 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.

Conflicts of interest

All staff must comply with the Civil Service Code and BEIS 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.

Whistleblowing and raising concern policy

The Agency adopts the principles of the BEIS 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. There were no instances of whistleblowing under this policy in 2021-22.

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.

Health and safety

During 2021-22, 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.

Bought-in services

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 98.

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

UKSA 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.

Risk and assurance

Risk management

Risk is managed in line with the Agency's Risk Management Policy, Risk Appetite Statement and Risk Management Framework (all approved by the Steering Board).

The Agency's Risk Appetite Statement is aligned with the fourteen HM Treasury Orange book categories; it was updated in 2021-22, approved by the Executive Board in June 2021 and subsequently endorsed by the Steering Board. A review of the Risk Appetite Statement will be undertaken in 2022-23 to confirm whether an additional change is needed to align with the August 2021 update of HM Treasury Orange Book.

The Corporate-level strategic risks were revised in 2021-22, resulting in the production of a refreshed Corporate Risk Register. The risks are aligned with the Agency's ten strategic Priorities and were approved by ARAC in March 2022. Since February 2022, a formal review of the Corporate Risk log takes place as a standing item at each monthly ExCo Meeting. Risk Owners are required to review their risks on a monthly basis, supported and assured by another member of ExCo and the Corporate Risk Manager or the Risk Champion.

In response to the GIAA Review of Risk Maturity (March 2021), a project to develop the Agency's risk management capability was set up and is being managed through a project within the Integrated Transformation Programme (ITP). The project aims to ensure that the Agency's risks are effectively identified, managed and assured, with robust and timely decision making, and is expected to complete by December 2022. Progress in 2021-22 focused on four of the GIAA risk management themes: Risk Leadership; Risk Strategy and Policies; People; and Risk Management Processes.

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 2021-22 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 46 key controls, categorised into 11 control areas. A summary of the UKSA aggregated ratings, after moderation, is set out below:

Control area	Overall assurance rating
1. Financial Control	Substantial
2. Human Resources	Substantial
3. Security	Moderate
4. Health and Safety	Moderate
5. Engaging with Users/Promotion of Science	Substantial
6. Planning and Performance	Substantial
7. Awarding and Managing Grant Funding	Substantial
8. Business Agreements	Substantial
9. External Regulation and Statute Compliance	Moderate
10. Delegated Space Regulatory Functions	Substantial
11. Programmes and Projects	Moderate

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.*

Overall, the evidence suggests that the assurance of the Agency's control framework is between moderate and substantial with significant improvement demonstrated in five control areas compared to 2020-21. No critical areas of weakness were identified.

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 established that we are 92% 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 embed advisory elements and drive continuous improvement over time.

Assurance maturity and integration

An Assurance Maturity Matrix was developed to establish the Agency's current level of maturity; our overall rating has been assessed between Levels 1 and 2 and an Assurance Maturity Plan has been established to support level 3 attainment by December 2022. The Matrix is aligned to our Risk Maturity Matrix and work is ongoing to integrate Risk and Assurance with the development of an Integrated Assurance Map and an Assurance Framework. Under the Integrated Transformation Programme (ITP) we aim to further integrate Risk and Assurance with Governance under a single plan to underpin the effective and efficient delivery of the Value Proposition and Priorities.

The Agency's approach was reviewed in March 2021 by the Audit and Risk Assurance Committee and received very positive feedback.

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 2021-22 audit programme with GIAA, the following areas are 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 2021-22 audit plan is then set by the UK Space Agency's Audit Committee and senior stakeholders.

GIAA subsequently undertook seven audits in 2021-22, a follow-up and advisory work. Of the original programme, two audits were rescheduled due to changes in the internal priorities and one was added. Their 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 57.

Overall, the Agency received a Moderate assurance from GIAA in its audit conclusion.

The cost of internal audits undertaken during 2021-22 was £110,535 (2020-21: £99,521). In addition, the Agency purchased non-audit services from GIAA to the value of £4,619 (2020-21: £nil).

Summary of internal audit work undertaken in 2021-22

Audit scope	Audit opinion
Review of Performance of Programmes –SBPP	Substantial
Review of Finance Function	Substantial
SST Conflict of Interests arrangements	Substantial
Review of Space Surveillance Tracking Programme Governance and Operation	Moderate
Review of 21-22 Corporate Planning	Moderate
Review of Spaceflight	Moderate
Review of Landscape Review	Moderate
Transformation Programme follow up review on Proteus	Advisory
Conflict of Interest arrangements for SST	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

Outstanding audit recommendations from previous financial years

All outstanding actions from 2020-21 have been closed. Of the actions agreed for 2021-22 audits, all have either been closed or are not yet due for closure.

	Previous year's recommendations	2021-22
Number of audits with outstanding actions	0	3
Actions cleared in 2021-22	27	24
Actions still to be completed	0	7
Audits with actions still outstanding		Review of Space Surveillance and Tracking Programme Review of Corporate Planning Review of Finance Function

Infrastructure and Projects Authority (IPA) review

The SBPP Programme was subject to an Infrastructure and Project Authority Project Assessment Review in September 2021. The programme was set up to investigate options for a space-based capability to improve the resilience of Position, Navigation and Time Services (PNT). SBPP has since reported and been removed from the GMPP. The review team concluded that SBPP was "*an extremely well-run programme that was on track to deliver an Outline Business Case (OBC) in accordance with its mandate*."

Four recommendations were made, of these, one critical risk was identified, this risk has been handed over to the BEIS Space Directorate for further cross-Whitehall coordination. All other recommendations have been closed.

No further IPA reviews were identified.

External audit

The National Audit Office is the Agency's external auditor. The final Management Letter from the NAO concerning the audit of the 2021-22 Financial Statements has been received and raised no material issues that will have implications for internal control.

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 2021-22 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 my Chief Operating and Financial Officer (COFO) and the assurance from the external auditors that the accounts for the year ended 31 March 2022 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 2022-23:

- 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.
- UKSA Risk Maturity: Increasing our maturity to Level 3 out of 5 (Moderate).
- UKSA Assurance Framework and Strategy: Implementation of key documentation to increase our assurance maturity.
- UKSA Internal Governance Framework: Development and implementation of a Governance Framework.
- 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: Establishing the Agency's compliance with the Public Sector Equality Duty and raising awareness to further embed this priority.
- Counter-fraud: We will build on progress initiated in 2021-2022 to further develop and enhance the Agency's counter-fraud capability.

Delivering against these in 2022-23 will enable the Agency to build upon the good progress made over the last year.

Paul S Bate

Dr Paul Bate
Chief Executive and Accounting Officer
8 July 2022

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: 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 2020-21 which was paid in 2021-22.

In 2021-22, 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 (2020-21: 2%).

As part of the 2021 SSC Pay Award, there were no base pay increases for SCS staff (2020-21: an annual flat rate base pay increase of £1,500 and £1,900 for SCS1 and SCS2 pay grades respectively).

Further information about the performance and reward arrangements for Senior Civil Servants can be found at: 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 2021-22, including the details of their salary and pension entitlements. All Board members are Senior Civil Servants.

Table 1: Remuneration of Executive Board members 2021-22[ix]

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	
	2021–22	2020–21	**2021–22**	2020–21	**2021–22**	2020–21	**2021–22**	2020–21	**2021–22**	2020–21
Ian Annett	**115 - 120**	115-120	**0 - 5**	-	**-**	-	**-**	-	**115 - 120**	115-120
Tim Guy	**110 - 115**	110-115	**5 -10**	0 - 5	**-**	-	**43**	43	**160 - 165**	150 - 155
Rachel Gardner-Poole[iv]	**95 - 100**	N/A	**-**	N/A	**4,900**	N/A	**-**	N/A	**100 - 105**	N/A
Paul Bate[v]	**80 - 85**	Not in post	**-**	Not in post	**-**	Not in post	**33**	Not in post	**115 - 120**	Not in post
Claire Barcham	**75 - 80**	75 - 80	**0 - 5**	5 - 10	**-**	-	**30**	30	**105 - 110**	115 - 120
Peter Finn	**70 - 75**	70 - 75	**-**	-	**-**	-	**11**	26	**80 - 85**	95 - 100
Harsbir Sangha[vi]	**55 - 60**	Not in post	**0 - 5**	Not in post	**-**	Not in post	**38**	Not in post	**95 - 100**	Not in post
Graham Turnock[vii]	**40 - 45**	90 - 95	**-**	-	**-**	-	**8**	46	**50 - 55**	135 - 140
Catherine Mealing-Jones[viii]	**20 - 25**	70 - 75	**-**	-	**-**	-	**4**	26	**25 - 30**	95 -100

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) Rachel Gardner-Poole, Director of Organisation Design & Development, left the Agency on 30 November 2021. She had been provided on secondment from the Civil Aviation Authority on a reimbursement basis. Her annualised salary in 2021-22 would have been £145-150k. As an employee of CAA, Rachel's remuneration was determined by CAA.

(v) Through fair and open competition, Paul Bate was appointed as the Chief Executive Officer from 6 September 2021. His annualised salary in 2021-22 would have been £145-150k.

(vi) Harshbir Sangha was appointed on a temporary basis as Director of Growth from 21 June 2021. His annualised salary in 2021-22 would have been £70-75k.

(vii) On 13 January 2021, Graham Turnock announced that he would step down as CEO of the Agency during 2021. His initial contract was for a fixed term period up to 31 March 2021 but was extended to 14 September 2021 to provide continuity until a new CEO was appointed. His annualised salary in 2021-22 would have been £90-95k.

(viii) Catherine Mealing-Jones, Director of Growth, left the Agency on 14 September 2021. Her annualised salary in 2021-22 would have been £70-75k.

(ix) Officials covered in this table were either members of the Executive Board until October 2021 or since November 2021 have been members of the newly created Executive Committee. All other executive directors are standing attendees who hold no voting rights and, on that basis, are therefore not included in the above table.

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 2021-22 relate to performance in 2020-21 and the comparative bonuses reported for 2020-21 relate to performance in 2019-20.

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.

	2021–22	2020–21	% Change
Band of Highest Paid Director's Total Remuneration(i)	**£145 - 150k**	£115 - 120k	25.5
Median Total Remuneration of the workforce(ii)	**£46,101**	£46,038	0.1
Ratio	**3.20**	2.55	26.6

Notes:

(i) The highest paid director in 2021-22 was Paul Bate, Chief Executive Officer (2020-21: Ian Annett, Deputy Chief Executive Officer for Programme Delivery).

(ii) The median calculation is based on the full-time equivalent staff at 31 March 2022 on an annualised basis.

The banded remuneration of the highest paid director in the Agency in the financial year 2021-22 was £145,000 to £150,000 (2020-21: £115,000 to £120,000). This was:

- 3.20 times (2020-21: 2.55 times) the median remuneration of the workforce, which was £46,101 (2020-21: £46,038);
- 3.91 times (2020-21: 3.17 times) the 25th percentile of total remuneration which was £37,738.75 (2020-21: £37,035);
- 2.60 times (2020-21: 2.09 times) the 75th percentile of total remuneration which was £56,731.25 (2020-21: £56,260).

Due to a pay freeze in place for civil servants, there was an 0.1% increase in median employee pay for 2021-22. The 25.5% increase in the pay of the highest-paid director reflects the appointment of a new Chief Executive Officer, where salary is higher than the highest paid director in 2020-21 (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 0.5% decrease.

In 2021-22, no employee received remuneration in excess of the highest-paid director (2020-21: no employee). Remuneration in the Agency ranged from £24,570 to £149,000 (2020-21: £24,570 to £117,350). 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 their 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: www.civilservicepensionscheme.org.uk

Table 2: Pension benefits of Executive Committee members 2021-22[(i)].

All Executive Committee Members are SCS.

Name	Accrued pension at pension age as at 31/3/2022 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 31/3/2022 to the nearest £1,000	CETV at 31/3/2021 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
Ian Annett[(ii)]	-	-	-	-	-	17,900
Tim Guy	30 - 35	2.5 - 5	479	433	27	-
Rachel Gardner-Poole [(iii)]	-	-	-	-	-	17,900
Paul Bate	0 - 5	0 - 2.5	22	Not in post	16	-
Claire Barcham	15 - 20	0 - 2.5	168	148	10	-
Peter Finn	35 - 40 plus a lump sum of 70 - 75	0 - 2.5 plus a lump sum of 0	670	634	0	-
Harsbir Sangha	20 - 25 plus a lump sum of 35 - 40	0 - 2.5 plus a lump sum of 0 - 2.5	326	288	21	-
Graham Turnock	40 - 45 plus a lump sum of 75 - 80	0 - 2.5 plus a lump sum of 0	730	702	2	-
Catherine Mealing-Jones	30 - 35 plus a lump sum of 65 - 70	0 - 2.5 plus a lump sum of 0	634	613	1	-

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) Rachel Gardner-Poole was provided on secondment from the Civil Aviation Authority on a reimbursement basis. As an employee of CAA, she was a member of the CAA Personal Pension Plan (CAAPPP), which is a defined contribution scheme administered by Legal and General.

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 BEIS 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 BEIS family of partner organisations, the Agency's non-executive members receive an honorarium of £8,000 per annum (previously £6,000). Sally Howes and Shrinivas Honap receive additional £2,000 honorarium for their role as the Chair of Steering Board and Chair of Audit Committee respectively.

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 2021-22

Non-Executive Member	Position	Period of Appointment	Honoraria	
			2021–22 £000	2020–21 £000
Sally Howes(i)	Chair of Steering Board	April 2019 - March 2022	**10**	10
Shrinivas Honap(ii)	Chair of Audit Committee and Non-Executive Steering Board member	June 2021 - May 2024	**8.333**	Not in post
Kevin Shaw(iii)	Non-Executive Steering Board and Audit Committee member	June 2021 - May 2024	**6.667**	Not in post
Fiona Rayment(iv)	Non-Executive Steering Board member	June 2021 - May 2024	**6.667**	Not in post
Peter Watkins(iv)	Non-Executive Steering Board member	June 2021 - May 2024	**6.667**	Not in post
Clive Tucker(v)	Chair of Audit Committee and Non-Executive Steering Board member	December 2014 - May 2021	**0.984**	6
Frances Saunders(v)	Non-Executive Steering Board and Audit Committee member	December 2014 - May 2021	**0.984**	6
Keira Shepperson(vi)	Non-Executive Audit Committee member	May 2018 - September 2022	**Nil**	Nil
Alison Brown(vii)	Trainee Steering Board and Audit Committee member	January 2020 - July 2021	**Nil**	Nil

Notes:

(i) Sally Howes was appointed as Chair of Steering Board with effect from 1 April 2019 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.

(iii) 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.

(iv) Fiona Rayment and Peter Watkins were appointed as Non-Executive Steering Board members from 1 June 2021 for a period of three years.

(v) Following reappointment for a second three-year term from 1 December 2017, memberships for Clive Tucker and Frances Saunders were further extended to 30 May 2022 due to Covid-19 disruptions and the additional challenges it presented to recruitment.

(vi) 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 for a second term for a period of 17 months. 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.

(vii) Allison Brown joined the Steering Board and Audit Committee as a trainee board member with effect from January 2020 for a period of one year. Her membership was further extended to July 2021. She is an employee at the UK Atomic Energy Authority. 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.

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. Many PCSPS members transferred into alpha on that date, while others will transfer into it over the next few years. 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 2021-22 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: www.civilservicepensionscheme.org.uk

During 2021-22, employer contributions of £3,267,795 were payable to the Scheme (2020-21: £3,101,821) at one of four rates in the range 26.6% to 30.3% of pensionable earnings

(2020-21: 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 2021-22, employer contributions of £33,986 were payable to partnership pension provider (2020-21: £31,536). There were no prepaid contributions at 31 March 2022.

In addition, employer mini-ASLC contributions of £1,185 (2020-21: £332), 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 2021-22 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.

One member of staff retired early on ill-health grounds (2020-21: none); the total additional accrued pension liabilities in the year amounted to £nil.

There were no other departure costs paid during the year (2020-21: one case; compensation of £50-£100k). No redundancy costs were paid in 2021-22 and 2020-21.

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.

	2021-22			2020-21		
	Permanently employed £000	**Other £000**	**Total £000**	Permanently employed £000	Other £000	Total £000
Wages and salaries	12,394	-	12,394	11,557	-	11,557
Social security costs	1,396	-	1,396	1,285	-	1,285
Other pension costs	3,302	-	3,302	3,134	-	3,134
Subtotal	**17,092**	**-**	**17,092**	15,976	-	15,976
Add cost of inwards secondments/loans	-	515	515	-	87	187
Less recoveries in respect of outward secondments/ loans	-	(164)	(164)	-	-	-
Total staff costs	**17,092**	**351**	**17,433**	15,976	87	16,070
	FTE	**FTE**	**FTE**	FTE	FTE	FTE
Average number of persons employed[(i)(ii)]	**257.5**	**2.8**	**260.3**	239.8	2.6	242.4

Notes:

(i) There have been on average 1.8 FTE outward secondees during the year (none in 2020-21) when the Agency's staff have been seconded to other organisations.

(ii) In addition to the 2.8 FTE inward secondees in the above table (2.6 FTE in 2020-21), the Agency also benefited from an average of 0.1 FTE inward secondees (0.4 FTE in 2020-21) provided at nil cost by other government organisations and industry as part of their staff development programme.

Unaudited information on recruitment policies

Recruitment position for UK Space Agency – 2021-22

Number of recruitment campaigns run in 2020-21	140

Total number of applicants: 1979		
	Civil Service Internal: 1313	External: 536

Potential posts available: 142		Total posts filled: 69		
	UKSA Internal on Promotion:	UKSA Internal on Lateral Transfer:	From OGDs:	External:
	15	11	41	8

Time to hire:	
On average we fill our posts within:	62 working days
The average target for Civil Service to fill is:	63.5 working days

Off payroll engagements

The tables below 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 31 March 2022, earning £245 per day or greater. Of which, the number that existed for UK Space Agency	
No. of existing engagements as of 31 Mar 2022	20
< 1 year (1 Apr 21 to 30 Mar 22)	16
Between 1 and 2 years (31 Mar 20 to 30 Mar 21)	3
Between 2 and 3 years (31 Mar 19 to 30 Mar 20)	1
Between 3 and 4 years (31 Mar 18 to 30 Mar 19)	0
4 or more years (earliest date to 30 Mar 18)	0

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2022, earning £245 per day or greater at UK Space Agency	
No. of off-payroll workers engaged during the year ended 31 March 2022	37
Of which: Not subject to off-payroll legislation	0
Of which: Subject to off-payroll legislation and determined as in-scope of IR35	20
Of which: Subject to off-payroll legislation and determined as out-of-scope of IR35	17
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

For any off-payroll engagements of board member and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022 at UK Space Agency	
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Total No. of individuals on payroll and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements	15
For each individual included in column V, please provide details of: 1) the exceptional circumstances that led to each of these engagements 2) length of time each of these exceptional engagements lasted	0

Consultancy costs of £7,344,800 were incurred during 2021-22 (2020-21: £7,626,954).
The cost of contingent labour during the year was £3,798,395 (2020-21: £3,335,541).

Remuneration policy

The remuneration policy adopted by the UK Space Agency is in line with the BEIS departmental policy. The Agency implemented the 2021 pay award in line with the increases approved. This was effective from 1 August 2021. In accordance with the Spending Review 2020 announcement of a public sector temporary pause on pay rises, the BEIS 2021-22 pay offer was 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.

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 0.6% of the total annual pay bill (excluding SCS pay). During 2021–22 we issued 299 awards at a cost of £143,825 (in 2020–21 we issued 235 awards totalling £138,250).

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	**2021-22**		2020-21	
	Actual number	**% of workforce**	Actual number	% of workforce
Administrative Assistants and Administrative Officers	1	0.38	1	0.37
Executive Officers	15	5.75	18	6.71
Higher Executive Officers and Senior Executive Officers	123	47.13	124	46.26
Grade 7/6	115	44.06	114	42.53
Senior Civil Servants(i)	7	2.68	11	4.10

Notes:
(i) These are substantive grades, two of our SCS members are on temporary promotion.

Equality, diversity and inclusion

The UK Space Agency is fully committed to providing equal opportunities for all staff. The Agency follows the Civil Service Diversity and Inclusion Strategy and guidelines, ensuring that all staff have equality of opportunity, without discrimination on the basis of the nine protected characteristics, in addition to flexible working, carer and social mobility status. Following the establishment of a dedicated Diversity and Inclusion (D&I) and Wellbeing team in 2020, a number of actions are being taken to raise awareness and ensure that D&I are duly considered across business activities. Some of the activities delivered so far include D&I Maturity Assessment, an Agency D&I and Wellbeing Strategy, various initiatives in collaboration with Staff Networks and Equality Impact Assessments. The team will continue to focus on delivering initiatives that help advance staff skills and capability in delivering D&I and Wellbeing in their teams. The Agency holds a corporate membership of to Women in Aerospace which is d edicated to expanding women's opportunities for eadership and increasing their visibility in the aerospace community worldwide.

Workforce Statistics	**2021–22**		2020–21	
	Actual number	**% of workforce**	Actual number	% of workforce
Gender Male	136	50	142	53
Gender Female	138	50	126	47
Working Pattern Full-time	263	96	254	94
Working Pattern Part-time	11	4	14	6
Disability Yes	24	8.70	18	6.71
Disability No	131	47.46	122	45.52
Disability Prefer not to Say/Undisclosed	121	43.84	128	47.76
Ethnicity White-English	121	54.16	106	39.55
Ethnicity White-Irish	1	0.36	2	0.74
Ethnicity White-Welsh	6	2.19	4	1.49
Ethnicity White -Scottish	5	1.82	5	1.86
Ethnicity Black - African	3	1.09	3	1.11
Ethnicity Black – Black, Black Scottish, Black British	1	0.36	1	0.37
Ethnicity Asian - Indian	7	2.55	4	1.49
Ethnicity Asian - Bangladeshi	4	1.46	1	0.37
Ethnicity Asian - Pakistani	3	1.09	1	0.37
Ethnicity White and Black Caribbean	1	0.36	3	1.11
Ethnicity Other White Background	13	4.74	17	6.34
Ethnicity Other Asian Background	6	2.19	6	2.23
Ethnicity Mixed – Any other mixed background	4	1.46	5	1.86
Ethnicity Prefer not to Say/Unknown	82	29.93	109	40.67

Workforce diversity (Executive Board only)	**2021–22** % declared	2020–21 % declared
Black and minority ethnic	17	0
Women	17	45
Disabled	0	9
Working pattern - part-time	0	9

Sickness absence

In the 12-month period April 2021–March 2022 the average working days lost though recorded sickness absence was 7 days per employee absent through sickness. In the same period April 2020–March 2021 average working days lost through recorded sickness absence was 5.9 days per employee absent though sickness. 2021-22 was a year still affected by the Covid-19 pandemic, with most people in the Agency continuing to work from home, and some additional sickness absence related to Covid balancing out reduced absence from some other causes.

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 (audited)

Fees and charges income

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 2021-22, the total statutory licence fees collected by the Agency amounted to £1,946,100 (2020-21: £487,500). More information can be found in Note 5 to the Financial Statements, Income from operating activities, on page 88.

Losses and special payments

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

Remote contingent liabilities

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.

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 2022 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 2022;
- 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 2022 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 of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. 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 require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. 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.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

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 Report.

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

- I have not received all of the information and explanations I require for my audit; or
- 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
- 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;
- The preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- Ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- Internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; 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, we considered the following:

- The nature of the sector, control environment and operational performance including the design of the UK Space Agency's accounting policies and performance incentives.
- Inquiring 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 relating to:
    - o Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the UK Space Agency's controls relating to compliance with the Government Resources and Accounts Act 2000 and Managing Public Money
- Discussing among 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 also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the UK Space Agency's framework of authority as well as other legal and regulatory frameworks in which the UK Space Agency operates, focusing 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, employment law and tax legislation.

In addition, I considered the results of the assurance engagements carried out by an independent practitioner on regularity of the use of monies by grant recipients

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- Reviewing 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;
- Enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- Reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- Review of assurance work carried out to identify fraud in grants paid out and consideration of the impact of results upon the current year.

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
12 July 2022

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

Our Annual Report and Accounts 2021-22

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 71). The cost of the audit was £45,000. No remuneration was paid to the external auditors in respect of non-audit work in 2021–22.

Our Chair of the Audit and Risk Assurance Committee endorsed this report on 8 July 2022. Our Annual Report and Accounts is prepared in accordance with the Government Financial Report Manual (FReM), Managing Public Money and any applicable HMTreasury (HMT) instructions.

I believe that the information we have presented in our Performance Report (pages 33-37) provides a fair, balanced and understandable analysis of our performance. As required, I have signed and dated our Performance Report on page 40, 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 77.

Paul S Bate

Dr Paul Bate
Chief Executive and Accounting Officer
8 July 2022

Accounts

Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2022

	Note	**2021–22**	2020–21
		£000	£000
Income from operating activities	5	(1,946)	(2,018)
Total operating income		**(1,946)**	(2,018)
Staff costs	3	17,443	16,163
International subscriptions, grants and other funding	4	451,579	465,690
Technical contracts and contract management	4	22,342	28,971
Depreciation	7	598	-
Finance lease interest – unwinding of discount		30	-
Provision written back	17	-	(385)
Expected credit losses written back		-	(14)
Other operating expenditure	4	7,678	6,826
Total operating expenditure		**499,670**	517,251
Net operating expenditure		**497,724**	515,233
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)	4,7	(6,302)	10,582
Items which may be reclassified subsequently to net operating costs:			
Net (gain)/loss on revaluation of cash flow hedges(ii)	8	(361)	5,062
Total comprehensive net expenditure for the year ended 31 March 2022		**491,061**	530,877

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 Expenditure and Note 7 - Other financial assets and liabilities.

(ii) The reported losses on revaluation of forward exchange contracts in 2021-22 are notional gains caused by an increase in the fair value of the contracts held at 31 March 2021 and the fair value of contracts purchased during the reporting period compared to the fair value of the contracts at their settlement date. The UK Space Agency abides by the HM Treasury and BEIS group rules relating to hedging. More information can be found in Note 8 - Other financial assets and liabilities.

The notes on pages 80 – 97 form part of these financial statements.

Statement of financial position for the year ended 31 March 2022

	Note	**31 March 2022**	31 March 2021
		£000	£000
Non-current assets			
Right of use assets	7	2,692	-
Intangible assets	6	600	600
Finance lease receivables		261	-
Total non-current assets		**3,553**	600
Current assets			
Trade & other receivables	9	56,587	57,410
Finance lease receivables		317	-
Cash & cash equivalents	10	12,800	11,514
Total current assets		**69,704**	68,924
Total assets		**73,257**	69,524
Current liabilities			
Trade & other payables	11	48,055	57,858
Lease liabilities	14	1,111	-
Other financial liabilities	8	-	6,664
Total current liabilities		**49,166**	64,522
Total assets less current liabilities		**24,091**	5,002
Non-current liabilities			
Lease liabilities	14	2,387	-
Provisions	17	385	385
Total non-current liabilities		**2,772**	385
Total assets less total liabilities		**21,319**	4,617
Taxpayers' equity and other reserves			
General fund		21,319	11,281
Revaluation reserve		-	(6,664)
Total equity		**21,319**	4,617

The notes on pages 80 – 97 form part of these financial statements.

Paul S Bate

Dr Paul Bate
Chief Executive and Accounting Officer
8 July 2022

Statement of cash flows for the year ended 31 March 2022

	Note	2021–22	2020–21
		£000	£000
Cash flows from operating activities			
Net operating expenditure for the year	SoCNE	(497,724)	(515,233)
Adjustment for non cash transactions - ROU asset depreciation	7	598	-
Adjustments for non cash transactions - auditor's remuneration	4	45	40
Decrease/(Increase) in trade and other receivables	9	823	4,041
(Decrease)/Increase in trade and other payables	11	(9,802)	(2,925)
Decrease in finance lease receivables		202	-
Interest on lease liabilities		30	-
Use of provisions		-	(385)
Net cash outflow from operating activities		**(505,828)**	(514,462)
Cash flows from investing activities			
Purchase of non-financial assets - intangibles	6	-	(600)
Net cash outflow from investing activities		**-**	(600)
Cash flows from financing activities			
Net parliamentary funding - drawn down		507,717	511,000
Payment of lease liabilities		(603)	-
Net cash flow from financing activities		**507,114**	511,000
Net (decrease)/increase in cash and cash equivalents in the period		**1,286**	(4,062)
Cash and cash equivalents at the beginning of the period	10	11,514	15,576
Cash and cash equivalents at the end of the period	9	12,800	11,514

The notes on pages 80 – 97 form part of these financial statements.

Statement of changes in taxpayers' equity for the year ended 31 March 2022

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**

2020–21	General fund(i)	Revaluation reserve(ii)	Total
	£000	**£000**	**£000**
Balance at 01 April 2020	15,474	8,980	24,454
Net Parliamentary Funding - drawn down	511,000	-	511,000
Net operating expenditure for the year	(515,233)	-	(515,233)
Non-cash adjustments:			-
Non-cash charges - auditor's remuneration	40	-	40
Movements in reserves:			-
Disposals	-	(10,582)	(10,582)
Revaluations	-	(5,062)	(5,062)
Balance at 31 March 2021	11,281	(6,664)	4,617

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 decrease of value of financial derivatives in relation to the cashflow hedge instruments.

The notes on pages 80 - 97 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 2021-22 Government Financial Reporting Manual (FReM), 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 FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM 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.

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 2021-22 FReM guidance on IAS 1 interpretation of going concern for the public sector non-trading entity, the Directors are satisfied that the 2021-22 financial statements have been prepared on a going concern basis. The Directors have assessed the financial position as at 31 March 2022, giving consideration to the impact of Covid-19 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 2022-23 and beyond. The UK Space Agency is an Executive Agency of the Department for Business, Energy and Industrial Strategy (BEIS), and the Department has agreed 2022-23 budget for the Agency. Moreover, the department's estimates and forward plans include provision for the Agency's continuation beyond 2022-23. 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 periods:

Patents, licences and royalties	15 years

1.6 Financial instruments

The Agency recognises and measures financial instruments in accordance with IFRS 9 Financial Instruments as interpreted by the FReM 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.

1.6.1 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.

1.6.2 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 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.

1.8 Operating income

Operating income is income that relates directly to the operating activities of the Agency 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; and charges for services provided, on a full cost basis, to external customers. Operating income is recorded in accordance with IFRS 15.

For the licensing income stream, the Agency considers performance obligation to be satisfied on delivery of the OSA licence or application decision to the licensee. Contract liabilities (deferred income) relate to the consideration received from licensees in advance of the performance obligation.

1.9 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.

1.10 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.

1.11 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 BEIS expenses policy guidelines.

1.12 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.

1.13 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

1.14 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 2022 on an undiscounted basis.

1.15 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.

1.16 Operating leases prior to 1 April 2021

The Agency applied IAS 17 Leases up to 1 April 2021, recognising leases as operating leases when the risks and rewards of ownership were substantially retained by the lessor.

Operating lease rentals were charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease. Any difference between amounts charged and amounts paid was treated as prepayments or accruals. The amounts payable in the future were not discounted.

Operating lease income was recognised in the rental income on a straight line, undiscounted basis over the lease term.

1.17 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.

1.17.1. Agency as lessee

Leases previously classified as operating leases: transition to IFRS 16

The Agency has adopted IFRS 16 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 beginning of the period. As such, the prior year comparative information has not been restated and note 1.17 applies for 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.

Impact on transition

The table below reconciles the operating lease commitments under IAS 17 as presented in the Agency's Annual Report and Accounts 2020-21 to the lease liability calculated under IFRS 16 on 1 April 2021:

	IFRS 16 adoption £000
Operating lease commitments at 31 March 2021	**4,627**
Discounted using discount rates	(141)
Finance lease liabilities at 31 March 2021	**4,486**
Exemptions for:	
Short term leases	-
Leases of low value assets	-
Intangible assets	-
Extension and termination options not reasonably certain to be exercised	-
Variable lease payments based on an index or a rate	-
Residual value guarantees	-
Advance payments	-
Excluding previously non-lease components	
Re-assessment for IFRS 16	98
Adjustment for irrecoverable VAT reported within IAS 17	-
Lease liability recognised at 1 April 2021	**4,584**

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 of 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.

1.17.2. 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.

1.18 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, BEIS, will fund this liability.

1.19 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.

1.20 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.

1.2 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 8 Other financial assets and liabilities for further information).

1.22 Changes in accounting policies

Implementation of IFRS 16 Leases in the public sector is required from 1 April 2022 in accordance with the FReM; however, public sector bodies can elect to early adopt with approval from HM Treasury. The Agency has adopted IFRS 16 Leases from 1 April 2021, with agreement from HM Treasury. IFRS 16 Leases supersedes IAS 17 Leases. Further details can be found in note 1.17.

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

1.23.1 Changes to IFRS

In accordance with the FReM, these financial statements apply EU adopted IFRS and Interpretations in place as at 1 January 2022. The following new standards will be adopted by the Agency in full, when they are applied in the FReM, unless the requirements are interpreted or adapted by the FReM:

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.

1.23.2 Changes to the FReM

There were no changes adopted in the 2021-22 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.

	2021–22			2020–21		
	National segment	**International segment**	**Total**	National segment	International segment	Total
	£000	**£000**	**£000**	£000	£000	£000
Gross expenditure	113,661	386,009	499,670	128,815	388,436	517,251
Income	(1,946)	-	(1,946)	(996)	(1,022)	(2,018)
Net operating costs	**111,715**	**386,009**	**497,724**	127,819	387,414	515,233

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

	2021–22	2020–21
	£000	£000
Wages and salaries	12,394	11,557
Social security costs	1,396	1,285
Other pension costs	3,302	3,134
Subtotal	**17,092**	15,976
Add cost of inward secondments	515	187
Less recoveries in respect of outward secondments	(164)	-
Total staff costs	**17,443**	16,163

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	2021–22 £000	2020–21 £000
International subscriptions			
European Space Agency (ESA)	(ii)	370,422	394,418
Recognised gain on forward exchange contracts		6,302	(10,582)
Net loss on foreign exchange spot rate (non-hedge)		(337)	435
Total ESA subscriptions		**376,387**	384,271
Other international subscriptions		3,773	9
Other international grants & payments			
ESA ECSAT2 development		2,558	320
French Space Agreement (CNES) bilateral agreements		1,685	2,557
ESA mandatory tax adjustment	(iii)	1,271	1,247
Other		335	32
National grants and other funding			
Academic grants	(iv)	24,619	25,895
National Space Innovation Programme		11,085	10,571
Spaceflight Programme		10,799	6,293
Spectrum charges		4,017	4,017
SABRE		3,836	2,494
International Partnership Programme		3,679	19,964
National Space Technology Programme		3,348	2,673
Other national programme grants and funding		4,187	5,347
Total subscriptions, grants and other funding		**451,579**	465,690
Technical contracts and contract management		**22,342**	28,971
Operational costs			
Temporary staff costs		3,798	3,336
Accommodation	(v)	1,377	488
Payments for departmental shared services		759	1,062
Travel and subsistence		204	92
Training and other staff costs		115	461
Auditors remuneration (external)		45	40
Rentals under operating leases	(vi)	-	1,088
Other		1,380	259
Total operational costs		**7,678**	6,826
Total operating expenditure		**481,599**	501,487

Notes:

(i) Total operating expenditure disclosed in SoCNE also includes staff costs as per Note 3 Staff costs, depreciation as per Note 7 ROU 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 76% of its total 2021-22 commitments to ESA. The total exposure at spot rate in 2021-22 would have been £370,422k.

(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 2021-22 tax liability of £1,271k (2020-21: £1,247k) 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 BEIS. The overall charge for legal advice costs in 2021-22 was £154k (2020-21: £287k).

(vi) With the adoption of IFRS 16 Leases from 1 April 2021, leases which were previously recognised as operating leases have been reclassified as finance leases. Please see Note 1 Accounting Policies for further information on the adoption of IFRS 16 Leases, Note 7 ROU Assets and Note 14 Lease obligations for the details of present value of lease obligations.

5. Income from operating activities

	Note	**2021–22**	2020–21
		£000	£000
Outer Space Act 1986 licence fees		1,946	487
EU SST Programme		-	1,023
Rental income	(i)	-	537
Other Income		-	(29)
Total		**1,946**	2,018

Note:

(i) Following the adoption of IFRS 16 Leases from 1 April 2021, it has been determined that the Agency does not have the right to control the use of the rental property which has historically been accounted for under IAS 17 as an operating lease where income received was recognised on a stratight-line basis over the term of the lease. In accordnace with IFRS 16, any rental payments due to the Agency are now accounted for as a finance lease receivable.

6. Intangible assets

	Note	**2021–22**	2020–21
		£000	£000
Patents, licences and royalties[i]	(i)		
Cost or valuation			
Balance at 01 April 2021		600	-
Additions		-	600
Balance at 31 March 2022		**600**	600
Amortisation			
Balance at 01 April 2021		-	-
Charged in year		-	-
Balance at 31 March 2022		**-**	-
Carrying value at 31 March 2022		**600**	600
Asset financing:			
Owned		600	600
Carrying value at 31 March 2022		**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.

7. Rights of use assets

	Land	Buildings
	£000	£000
Cost or valuation		
Balance at 31 March 2021	-	-
IFRS 16 - adjustment on adoption	646	2,644
Balance at 01 April 2021	**646**	**2,643**
Depreciation		
Balance at 01 April 2021	-	-
Charged in year	(43)	(554)
Balance at 31 March 2022	**(43)**	**(554)**
Carrying amount at 31 March 2022	**603**	**2,089**
Carrying value at 31 March 2021	-	-
Asset financing:		
Owned	-	-
Finance leased	603	2,089
Carrying amount at 31 March 2022	**603**	**2,089**

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 on the adoption of IFRS 16 Leases.

8. 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 BEIS 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 BEIS 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. More details can be found in Note 19 Events after the reporting period on page 97.

During the reporting period, all existing forward contracts reached maturity and were disposed of accordingly. As at 31 March 2022, there were no contracts in place as reflected by the closing nil balance in the below table. On 6 May 2022, the Agency entered into several forward exchange contracts to hedge 90% of existing international subscriptions commitments payable to ESA between June 2022 and January 2026. More information can be found in Note 19 Events after the reporting period on page 97.

	Note	**2021–22**	2020–21
		£000	£000
Balance at 01 April 2021		**(6,664)**	8,980
Additions (contracts purchased in year)		**(406)**	-
Disposals (contracts settled in year)	(i)	**6,302**	(10,582)
Revaluation movement	(ii)	**768**	(5,062)
Balance at 31 March 2022		**-**	(6,664)
Non-current other financial assets		**-**	-
Current financial assets		**-**	-
Total other financial assets		**-**	-
Non-current other financial liabilities		**-**	-
Current financial liabilities		**-**	(6,664)
Total other financial liabilities		**-**	(6,664)
Total net other financial assets and liabilities		**-**	(6,664)
Net change in value of cash flow hedges impacting reserves	(iii)	**6,664**	(15,644)

Notes:

(i) The disposal value arose through the completion of four 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 in place at 31 March 2021 as compared to the fair value of the contracts at their settlement date. The GBP to EUR forward rate moved from 1.12 to 1.19 during the year.

(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 79 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 2021-22, 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 three forward exchange contracts, all 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. In accordance with IAS 10 Events after the Reporting Period, the Agency has recognised a non-adjusting event. More details can be found in Note 19 Events after the reporting period on page 97.

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.

9. Trade receivables and other current assets

	Note	31 March 2022	31 March 2021
Trade and other receivables less than one year		**£000**	£000
Trade receivables		475	577
Other receivables		16	76
Prepayments & accrued income	(i)	56,626	57,140
VAT		(530)	(383)
Total		**56,587**	57,410

Note:

(i) Prepayments and accrued income include a prepayment made to the European Space Agency of £56,334k (2020-21: £57,033k).

10. Cash and cash equivalents

	Note	31 March 2022	31 March 2021
		£000	£000
Cash and cash equivalents			
Balance at 1 April		11,514	15,576
Net change in cash and cash equivalents		1,286	(4,062)
Balance at 31 March		**12,800**	11,514
The following balances at 31 March were held at:			
Government Banking Service	(i)	**12,800**	11,514

Note:

(i) Included in the cash balance is £473,377 (2020-21: £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.

11. Trade payables and other current liabilities

	Note	31 March 2022	31 March 2021
		£000	£000
Trade and other payables less than one year			
Trade payables		1,000	1,240
Other payables		750	607
Accruals	(i)	43,890	54,905
Contract liabilities	(ii)	1,280	728
Deferred income		1,135	378
Total		**48,055**	57,858

Notes:

(i) Accruals include accrued expenditure in respect of National Programme (via UKRI) of £18,211k (2020-21: £15,390k); NSIP of £5,462k (2020-21: £6,714k); Spaceflight Programme of £4,411k (2020-21: £6,296k); ESA Harwell of £2,558k (2020-21: none); NSTP of £1,760k (2020-21: £556k); SABRE of £1,172k (2020-21: 435k); IPP of £1,139k (2020-21: £2,923k); and SBPP of £461k (2020-21: £2,137k). The remaining balance of £8,716k 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 £1,280k were recognised with regards to OSA licence fees received in 2020-21 and 2021-22 for licences not yet issued as at 31 March 2022 (2020-21: £728k).

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

12. Capital commitments

There were no capital commitments as at 31 March 2022 (2020-21: none).

13. Other financial commitments

13.1 International subscriptions commitments

Historically, 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 2022, the Agency did not have any such contracts in place as all existing contracts were settled during the reporting period. There were therefore no payments to which the Agency was committed as at that date.

	31 March 2022	31 March 2021
ESA	**£000**	£000
Not later than one year	-	150,266
Later than one year and not later than five years	-	-
Total	**-**	150,266

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. In accordance with IAS 10 Events after the Reporting Period, the Agency has recognised a non-adjusting subsequent event. More details can be found in Note 19 Events after the reporting period on page 97.

13.2 Grants commitments

	31 March 2022	31 March 2021
	£000	£000
Not later than one year		
Spaceflight Programme	9,568	10,465
Space Surveillance & Tracking Pilot Project	3,598	
Academic Grant Commitments	1,830	9,843
National Space Innovation Programme	500	-
International Partnership Programme	299	5,035
SABRE	293	210
Sub-total	**16,088**	25,554
Later than one year and not later than five years		
Academic Grant Commitments	253	1,810
Spaceflight Programme	**-**	1,170
	253	1,170
Total	**16,341**	26,723

14. 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 on the adoption of IFRS 16 Leases.

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

	31 March 2022	31 March 2021
	£000	£000
Land:		
Not later than one year	47	-
Later than one year and not later than five years	190	-
Later than five years	425	-
Sub-total	**662**	
Less interest element	(43)	-
Present value of obligations	**619**	-
Buildings:		
Not later than one year	1,095	-
Later than one year and not later than five years	1,840	-
Later than five years	-	-
Sub-total	**2,935**	
Less interest element	(56)	-
Present value of obligations	**2,879**	-
Total present value of obligations	**3,498**	-

Notes:

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. The agreed initial charge was £39,500 per annum (subject to review).

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 will expire on 31 December 2030. There is no security of tenure after this date. The agreed initial rent charge was £83,745 per annum, which will be reviewed every 5 years and linked to the Retail Price Index (RPI). The base occupier's and tenant's charges were initially set at £359,609 per annum, and the landlord has the right to review these charges annually in line with the movements in RPI.

On 1 October 2023, the Agency intends to exercise an early lease surrender option in line with the break clause in the lease agreement. The total minimum lease payments on an undiscounted basis up to that point are included in the above table.

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. The agreed initial rent charge was £172,645 per annum which will be subject to annual indexation.

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. The agreed initial rent charge was £364,820 per annum which will be subject to annual indexation.

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 at the cost of £30,558 per annum. 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.

15. Operating Leases

15.1 Obligations under operating leases

Total future minimum lease payments under operating leases are given in the table below.

	31 March 2022	31 March 2021
Obligations under operating leases for the following periods comprise:	**£000**	£000
Land:		
Not later than one year	-	39
Later than one year and not later than five years	-	158
Later than five years	-	395
	-	592
Buildings:		
Not later than one year	-	1,087
Later than one year and not later than five years	-	2,948
Later than five years	-	-
	-	4,035
Total	**-**	4,627

15.2 Operating leases granted

Total future minimum sublease income under non-cancellable operating subleases are given below:

	31 March 2022	31 March 2021
Buildings:	**£000**	£000
Not later than one year	-	518
Later than one year and not later than five years	-	800
Later than five years	-	-
Total	**-**	1,318

Note:
In 2020-21, the Agency granted an operating sublease to the Ministry of Defence (MoD). The Memorandum of Terms of Occupation (MOTO) agreement mirrors the terms of the superior headlease with NATS and is for an agreed amount for a period of 9 years from 1 April 2020. The lease covers office accommodation rented from NATS (En Route) Plc. MoD have no security of tenure after the lease expires on 31 December 2030. In line with the Agency's intention to exercise the break clause on 1 October 2023, the future minimum lease payments up to that date have been disclosed in the above table. The total minimum lease payments on an undiscounted basis up to 31 December 2030 would amount to £5,748,277.

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

	31 March 2022	31 March 2021
Dilapidations[i]	**£000**	£000
Balance at 1 April 2021	385	770
Provided in the year	-	-
Provisions not required written back	-	(385)
Provisions utilised in the year	-	-
Balance at 31 March 2022	**385**	385

Note:

(i) In 2013-14, the UK Space Agency entered into a lease agreement with NATS (En Route) Plc 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 has 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 MOTO agreement with the Ministry of Defence (MoD) for these premises. MoD agreed to equally share the costs of dilapidations, therefore the dilapidations provision was reduced accordingly.

18. Related party transactions

During 2021-22, the UK Space Agency was an Executive Agency of the Department for Business, Energy and Industrial Strategy and BEIS 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 BEIS 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 59. 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**
Rachel Gardner-Poole	Employee of the Civil Aviation Authority	OSA licensing costs and staff secondment charges	**4,594**
Frances Saunders	Member of the UKRI Science and Technology Facilities Council	Programme expenditure	**3,498**
Chris Castelli	Professor at Open University	Programme expenditure	**1,902**
Sally Howes	Transformation associate to Cabinet Office Infrastructure and Projects Authority	Programme expenditure, CO led cross departmental services and staff secondment charges	**426**
	Chair of Surrey Research Park at the University of Surrey	Programme expenditure	**22**
	The Copyright Licencing Authority	License costs	**1**
Peter Watkin	Member of Cranfield University	Programme expenditure	**224**
Graham Turnock	Trustee for the National Space Centre	Programme expenditure	**98**

19. Events after the reporting period

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

In line with IAS 10 Events after the reporting period, the Agency has determined that these events are non-adjusting subsequent events. Accordingly, the Statement of Financial Position for the year ended 31 March 2022 has not been adjusted to reflect their impact. The payments to which the Agency is committed, analysed by the period during which the commitment expires, are shown below:

	6 May 2022
ESA	£000
Not later than one year	333,855
Later than one year and not later than five years	786,099
Total	**1,119,954**

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.
Health and Safety Executive's Science Division (HSE-SD)	The Agency uses the HSE-SD to undertake research and help shape development of regulations and guidance on safety management systems and risk analysis with respect to spaceflight activities in the UK. HSE is Britain's statutory regulator of occupational health and safety. They provide input to HMG across a wide range of issues from both a technical angle (using its extensive scientific capability), and a regulatory perspective. HSE-SD's relationship with the rest of HSE gives them a unique insight into the regulation of safety-critical and hazardous industries such as spaceflight. HSE-SD has a strong international reputation for high-quality, published research and worldwide collaboration on risk management. They are a designated World Health Organization Collaborating Centre for Occupational Health and Safety Research.
Government Recruitment Service (GRS)	To support the Agency's resourcing needs, we use GRS for delivering our recruitment and resourcing requirements. UKSA 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	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 Mangers, 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
ARAC	Audit and Risk Assurance Committee
ARTES	Advanced Research in Telecommunications Systems Programme
ASLC	Accruing Superannuation Liability Charges
BCM	Business Continuity Management
BEIS	Department for Business, Energy and Industrial Strategy
CAA	Civil Aviation Authority
CETV	Cash Equivalent Transfer Values
CSOPS	Public Service (Civil Service and Others Pension Scheme)
CPNI	Centre for the Protection of National Infrastructure
CNI	Critical National Infrastructure
DAASICS	Director's Annual Assurance Statements of Internal Control
DEL	Departmental Expenditure Limits
DSTL	Defence, Science and Technology Laboratory
ECSAT	European Centre for Satellite Applications and Telecommunications
EEI	Employee Engagement Index
ESA	European Space Agency
EU	European Union
FCO	Foreign & Commonwealth Office
FTE	Full-time equivalent
GAD	Government Actuary's Department
GCRF	Global Challenges Research Fund
GIAA	Government Internal Audit Agency
GIS	Government Interview Scheme
GLD	Government Legal Department
GSTP	General Support Technology Programme
HEO	Higher Executive Officer
HSE	Health and Safety Executive
IADC	Inter-Agency Space Debris Coordination Committee
ICAI	International Commission on Aid Impact
IPP	International Partnership Programme
ISS	International Space Station
JWST	James Webb Space Telescope
KPI	Key Performance Indicator
MoU	Memorandum of Understanding
NAO	National Audit Office
NASA	National Aeronautical and Space Administration
NCSC	National Cyber Security Centre
NGO	Non-government Organisation
NSSI	National Space Skills Institute
NSTP	National Space Technology Programme
ODA	Official Development Assistance
OSS	Oxford Space Systems
PNT	Positioning, Navigation and Timing
PSA	Programme Support Activities
PCSPS	Principal Civil Service Pension Scheme
SABRE	Synergistic Air-breathing Rocket Engine
STSC	Science and Technical Sub-Committee
SAR	Synthetic Aperture Radar
SCS	Senior Civil Service
SEO	Senior Executive Officer
SIRO	Security, Information and Risk Officer
SLA	Service Level Agreement
SME	Small and Medium-sized Enterprise
SoXSA	Scottish Centre of Excellence in Satellite Applications
SPIN	Space Placements in Industry
SSC	Space Sector Council
SSGP	Space for Smarter Government Programme
STEM	Science, technology, engineering, and mathematics,
SPINtern)	Space Placements in INdustry int
SPIN	Space Placements in Industry
STSC	Science and Technical Sub-Committee
UN	United Nations
UN COPUOS	United Nations Committee on the Peaceful Use of Outer Space

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