



Defence Electronics &
Components Agency

Annual Report and Accounts

2022/2023



HC 1594





Defence Electronics and Components Agency

Annual Report and Accounts 2022/2023

For period 1 April 2022 to 31 March 2023

Presented to the House of Commons pursuant to Section 7 of the Government Resources
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DEFENCE ELECTRONICS AND COMPONENTS AGENCY ANNUAL REPORT AND ACCOUNTS 2022/2023

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PERFORMANCE REPORT



Overview

This section provides an overview of the Defence Electronics and Components Agency (DECA). It sets out our purpose and structure, and provides an analysis of how we have performed against our strategic objectives.

RAF Red Arrows are in Croatia on exercise Springhawk where they continue their pre-season training. © Crown copyright





INTRODUCTION BY THE CHAIRMAN



David Jones OBE DL
Chairman

It is with great pleasure that I introduce this final annual report of the Defence Electronics and Components Agency (DECA).

Following approval by the Minister for Defence Procurement and Chief Secretary to the Treasury, DECA transitioned into Defence Equipment & Support (DE&S) on 1 April 2023, as an Operating Centre within the DE&S Air Domain. The merger follows an agreed strategic direction to target increased utilisation (of circa 35%) of DECA services, and investment that will drive an evolving, efficient and modernised business. The merger will provide closer alignment of DE&S and DECA, unlocking the potential for increased utilisation and greater value for Defence.

In this past financial year, DECA continued to deliver excellent value, generating over £37M of measurable through-life cost savings across Defence. The DECA value proposition – repair not replace – is delivered through DECA's highly skilled staff

evaluating a wide range of defence components and systems, and then implementing solutions focused on repair and life extension of our high value defence assets. Over recent years, DECA has sought to expand this methodology, not only in relation to air systems but also to our land and sea defence platforms.

I would like to thank all of the current and past staff, management team and Board for what has been achieved together as the Defence Electronics and Components Agency. I am confident that through the agreed "route map" and commitment to investment for growth, DECA will continue this success as DE&S Deca.

David Jones OBE DL
Chairman
3 July 2023





STATEMENT BY THE CHIEF EXECUTIVE



Geraint Spearing
Chief Executive

I am pleased to be able to report a strong end to 2022/23, our eighth and final year of trading as the Defence Electronics & Components Agency.

Operational performance this year was strong, though the underlying financials were affected by the closure of the Sealand Support Services Limited Joint Venture and the subsequent impact of building impairment. Despite these challenges I am particularly proud of the way our teams have upheld our high levels of quality, operational delivery and business performance.

Since our launch in 2015, DECA has demonstrated cost avoidance and through-life cost savings in excess of £225M for Defence, with over £37M of those savings identified in this financial year, predominantly by developing sustainable component repair solutions that enable equipment repair

rather than replacement, and increasing immediate equipment availability and resilience at the front line.

I am excited about what the future holds as we formally close the Agency and merge as a largely autonomous business into DE&S, and I continue to take great pride in being able to lead such a professional organisation. Our Executive Management Board and I are looking forward to increasing the value and resilience we deliver for UK Defence as part of DE&S, as well as supporting national and regional prosperity by continued expansion of our services across Defence.

Geraint Spearing
Chief Executive
12 July 2023



PURPOSE, AIM, VALUES AND BUSINESS STRATEGY

OUR PURPOSE

We are a trusted MOD and industry partner assuring effective delivery of electronic and components capability in support of defence.

OUR AIM

We aim to be a highly professional team driving efficiency and safely delivering benchmark support services to our customers.

OUR VALUES



VALUE OUR PEOPLE BY:

- holding health, safety and welfare of our employees and anyone affected by our activities as our highest priority
- creating a culture where all employees are proud to be part of DECA
- engaging with individuals and Trades Unions to include their views in decision making
- offering opportunities to help employees realise their full potential and recognise achievement
- respecting the knowledge and expertise of all employees and encouraging engagement



PROMOTE TEAMWORK BY:

- providing inspired leadership, encouraging empowerment and accountability
- working together with each other to achieve our purpose and aims
- prioritising work to increase diversity of talent, experience, personal characteristics, perspective and background



CARE FOR OUR CUSTOMERS AND STAKEHOLDERS BY COMMITTING TO:

- continuously strive to develop DECA sustainably and minimise our impact on the environment
- understanding our customers' needs through the development of stronger relationships
- developing new capabilities in line with customer requirements
- delivering high quality products and reliable services
- responding with urgency and developing agile and forward thinking solutions
- working to nationally and internationally recognised standards and accreditations
- fostering a positive presence in our local community



DELIVER BEST VALUE FOR DEFENCE AND CONTINUOUSLY IMPROVE BY:

- striving for excellence in every aspect of our business
- further developing our responsiveness, flexibility and resilience
- being open to change and prepared to manage risk
- developing sovereign capabilities to support international collaboration, job sustainment, skills retention and meet changing Defence requirements
- delivering enterprise savings and generating positive regional and national economic impacts

BUSINESS STRATEGY

DECA's strategic retention within MOD continues to provide assured, onshore, access to critical capabilities. MOD has an enduring requirement for DECA capabilities to deliver strategic support capability for current and future Defence platforms. Crown ownership maintains access to certain MOD technical expertise, which, when coupled with DECA's IPR neutrality across industrial partners, allows the generation of innovative partnerships and support solutions for MOD.

Following recommendations from UKGI's Tailored Review of DECA, and approval by the Minister for Defence Procurement and Chief Secretary to the Treasury, DECA will transition into DE&S as a third Operating Centre within the Air Domain, with a schedule to reach Initial Operating Capability on 1st April 2023 and Full Operating Capability on 1st April 2024. The merger follows an agreed strategic direction to target increased growth of DECA workload and investment that will help to drive an evolving, efficient and modernising business. The merger will provide closer alignment of DECA and DE&S, enabling shared responsibility across both organisations to deliver growth and maximum value.

In FY2022/23, the Agency has continued to implement its business strategy to align with Defence requirements and policy and to evolve from a business providing assured services for largely legacy MOD equipment, to a business developing more holistic, regional and global, support solutions. This has ensured that the business remains aligned with wider Defence planning and priorities whilst enabling transformation of the business so that the Agency can continue to develop in line with MOD's strategic direction for DECA to become:

- the UK MOD's electrical, electronic avionic and general equipment maintenance, repair, overhaul and upgrade delivery hub;
- the repair and support provider of choice for UK MOD across Air, Land, Maritime and Strategic Enabler domains;
- an assured, effective and efficient regional, national and global centre of excellence working in collaboration with strategic partners, UK devolved administrations as well as European, US and other allies;
- an internationally recognised provider of world class deployable services and managed service solutions.

Delivery of DECA's business strategy is assured through four strategic objectives that were revised and agreed with MOD and the DECA Board to align with this strategic direction and to ensure continued business focus on delivery and growth across Defence.

STRATEGIC OBJECTIVE 1 - CONTROL OF THE BUSINESS

DECA's governance structure for FY2022/23, as set out in the DECA Framework Document, was agreed with the owner, sponsor, HM Treasury and Cabinet Office, and follows established best practice. This ensures that DECA has continued to maintain effective governance and financial control, and efficient delivery of the endorsed financial plan, with regular reviews of health, safety, quality, risk, materials, airworthiness, environmental and security management systems to ensure compliance whilst driving continuous improvement.

STRATEGIC OBJECTIVE 2 - CUSTOMER DELIVERY

DECA continues to provide MOD with assured, timely, cost effective, onshore and deployable through-life maintenance, repair, overhaul and upgrade (MRO&U) support for in-service equipment and future platforms across Defence from its Sealand and Stafford sites and regional locations around the UK including:

- MRO&U 'hub' and Centre of Excellence development;
- 'repair not replace' and obsolescence technical mitigation solutions;
- regional and mobile medical, dental, cryptographic and calibration services;
- defence calibration Centre of Excellence;
- Automated Test Equipment (ATE) solutions and software development;
- general engineering services and ground support equipment;
- procurement and managed services;
- specialist development, support and manufacture capability; and
- deployable capabilities in both peacetime and transition to war.

DECA continues to maintain the capability to develop agile teams through active deployments at customer locations around the UK and provision of regional services in support of critical Defence outputs. DECA maintains the ability to



enter areas of conflict or in need of humanitarian support in the UK and overseas, growing these services where appropriate and directed by MOD.

STRATEGIC OBJECTIVE 3 - SUSTAINMENT AND BUSINESS GROWTH

DECA continues to work with MOD and industry to create sovereign capacity and capability within the UK to develop our role in providing subject matter expertise through managed services, repair technologies and technical obsolescence mitigation.

In addition, DECA has developed and continues to deepen strategic relationships, government-to-government arrangements, and partnership concepts both regionally and nationally in support of the Union Strategy, Government Skills, UK Prosperity and Levelling Up agendas.

To increase value across the Defence Enterprise, DECA will further develop its role in assuring provision of subject matter expertise, through-life advisory services, 'repair not replace' technologies as well as obsolescence management and mitigation solutions on new and life-extended equipment.

STRATEGIC OBJECTIVE 4 - TRANSFORMATION AND EFFICIENCY

Our Enterprise Transformation Programme is focused on improving the people, processes and technology required to ensure DECA has the right skills, tools and ways of working to deliver value to Defence. The creation of value relies on DECA delivering equipment and services effectively and efficiently to enable Defence to keep the UK safe.

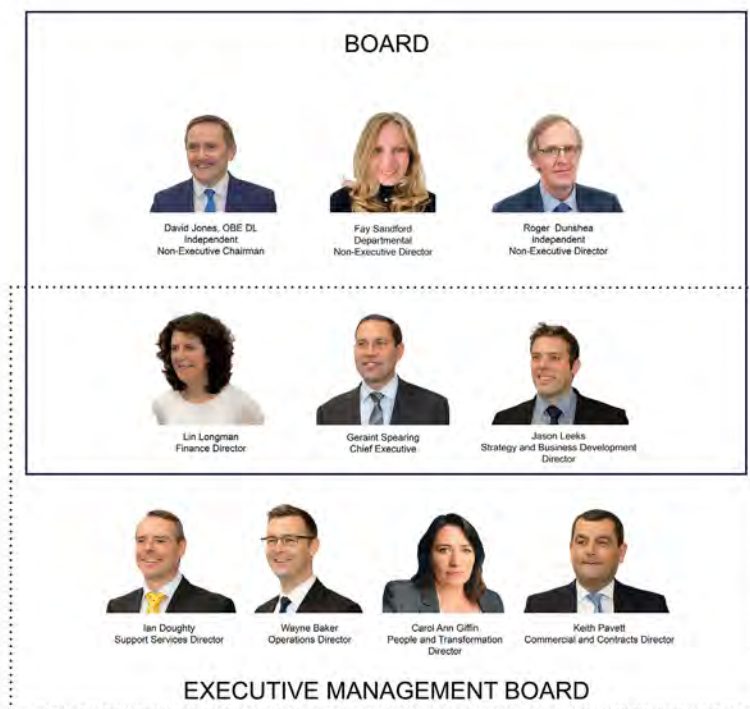
DECA's transformation programme management office ensures DECA's strategic change projects are delivered using best practice methodology from MOD's Project Delivery Centre of Excellence.



45 Commando Royal Marines firing the Heavy Machine Gun (HMG)
© Crown copyright



BOARD OF DIRECTORS



DAVID JONES OBE DL
 NON-EXECUTIVE DIRECTOR – UNTIL 31 JULY 2022
 INDEPENDENT NON-EXECUTIVE CHAIRMAN – FROM 1 AUGUST 2022

David, a chartered Electrical and Electronics Engineer, has over 20 years senior leadership experience in Further and Higher Education. His most recent executive role has been as Chief Executive of Coleg Cambria, one of the UK’s largest colleges, formed in 2013 under his leadership, through the merger of four colleges.

As Chairman of the Deeside Enterprise Zone he led the development of the Advanced Manufacturing Research Centre (AMRC) Cymru in North Wales. Other current and recent Non-Executive roles include Chair of Qualifications Wales, Chair of the Advanced Manufacturing and Research Institute Local Advisory Board and membership of the Welsh Government’s European Advisory Group. David is also a member of the NSPCC’s Wales Appeals Board, and a Director of Estyn, the Office of His Majesty’s Inspectorate of Schools and Colleges in Wales.

David spent the first part of his career in the electronics sector, initially with Plessey Marine, and has subsequently completed an MBA at Warwick Business School. He was

appointed Deputy Lieutenant of Clwyd in March 2010, and awarded an OBE in the 2015 New Year’s Honours List. He won the Times TES UK Further Education Leader of the Year Award in February 2017, in recognition of his contribution to skills and training across the UK.

Over the past 12 months, David has undertaken assignments in Ireland, leading reviews of quality in Further Education Training and Apprenticeships for the Irish Government.

ALEC DON
 INDEPENDENT NON-EXECUTIVE CHAIRMAN – Until 31 July 2022

Alec has over 20 years senior leadership experience within the ports industry, including his current appointment as Chief Operating Officer for the ports division of Abu Dhabi Ports. In his career he has also served as Chief Executive and Board Member of Milford Haven Port Authority, Director of the Port of Liverpool and as founding Chief Executive of the Maputo Port Development Company in Mozambique.

He has held roles as Chairman and Vice Chairman of the British Ports Association and the Welsh Ports Group, Vice Chairman of Port Skills and Safety Limited, and as

a non-executive Director of marine technology developer Marimatech A/s.

Alec is an engineering science graduate of Oxford University and spent the first part of his career at Robert Fleming & Co, one of London's successful breed of traditional and long established Merchant Banks, where he was a corporate finance adviser working on flotations, mergers, acquisitions and takeovers.

FAY SANDFORD

DEPARTMENTAL NON-EXECUTIVE DIRECTOR – From 1 February 2023

Fay is an experienced Senior Civil Servant with experience across priority project delivery, strategy and sponsorship in the public and private sector. She currently leads a team at the Ministry of Defence that provides the direction, oversight and support for delivery between the Ministry of Defence and its enabling organisations including Defence Business Services, Defence Safety Authority, the Ministry of Defence Police, and the Oil and Pipelines Agency. She sits as a Non-Executive member on the Board of these organisations, as the representative of the Chief Operating Officer.

AMANDA MCKENNA

DEPARTMENTAL NON-EXECUTIVE DIRECTOR – Until 31 January 2023

Amanda was appointed co-Head of the Ministry of Defence (MOD) Enabling Organisations Sponsorship Team in March 2022. She is responsible for the sponsorship function for several of the Department's key organisations. Amanda has been appointed as the MOD Non-Executive Director on the Boards of Defence Business Services, Military Defence Police, Defence Safety Authority, Defence Electronics and Components Agency and the Oil and Pipeline Agency.

She joined MOD in 2019 as the Head of Assurance and then Head of Strategy for Defence Risk and Assurance. Working to the Defence Chief Risk Officer she supported the promotion of practical and effective risk management across the Department ensuring that risk and assurance reporting facilitated debate to improve or assure the effectiveness of resources and support the delivery of Defence.

Prior to joining MOD in 2019, Amanda gained 24 years' experience leading in independent assurance, risk management and governance in the Foreign, Commonwealth & Development Office and latterly in the Home Office. Amanda is a Chartered Internal Auditor.

ROGER DUNSHEA

NON-EXECUTIVE DIRECTOR

Roger is a chartered public finance accountant and former member of the Senior Civil Service. He was director of finance and operations at Ofwat, the economic regulator of the water sector in England and Wales for over fifteen years. He has also held clinical, operational management and executive director roles in the NHS.

In the last ten years Roger has developed his non-executive director expertise in audit and risk assurance. This has included working with the Equality and Human Rights Commission, the Medical Research Council, the Geological Society, the Welsh Government, the Judicial Appointments Commission and the NHS. In recent years he has taken on leadership and governance non-executive responsibilities relating to health research, innovation, digital and artificial intelligence.

Roger is a volunteer with Natural England, working as a warden at an extensive Sites of Special Scientific Interest (SSSI) peat bog on the England and Wales border, helping to develop a natural carbon sink. In his younger years Roger was an officer with the Royal Marines Reserve.

GERAINT SPEARING

CHIEF EXECUTIVE

Geraint Spearing became the Chief Executive of the Defence Electronics Components Agency (DECA) upon launch of the Agency in April 2015. He took up the position as the CE (designate) in June 2014 where he led the formation of the DECA, during the sale of the Defence Support Group.

Prior to this Geraint was Chief Operating Officer of DSG, heading up all UK operations and Corporate Support areas, also holding Executive responsibility for the Operational deployment of DSG in support of Op HERRICK in Camp Bastion, Afghanistan.



An experienced Chartered Director and Aerospace Engineer, Geraint is a Fellow of both the Royal Aeronautical Society and Institute of Directors. Geraint has a proven capability of running businesses and corporate support services through strong leadership and change management skills developed through repeated achievement of business objectives over his 30-year career in defence related businesses.

LIN LONGMAN
FINANCE DIRECTOR

Lin Longman's accountancy career began overseas, initially working within the travel industry in Europe and then for the Australian government in Sydney.

Lin qualified as a member of the Chartered Institute of Management Accountants in 1999 and has over 20 years' experience working at a senior financial level in FMCG (Fast-moving consumer goods) industry and also working in local and national government.

Prior to joining DECA's predecessors, the Defence Aviation Repair Agency (DARA) in 2004 and latterly as Financial Controller of the Electronics and Components Business Unit within the Defence Support Group, Lin was Head of Finance for Hoover Europe's UK Refrigeration and Service Division.

JASON LEEKS
HEAD OF STRATEGY, GOVERNANCE AND SECRETARIAT – Until 31 May 2022
STRATEGY & BUSINESS DEVELOPMENT DIRECTOR – From 1 June 2022

Jason is an earth sciences graduate and member of the Chartered Institute for Procurement and Supply with over 25 years' experience working within the Ministry of Defence.

During his MOD career, Jason has successfully undertaken a number of strategy, procurement, governance, asset disposal and policy roles across Defence Equipment and Support (DE&S), MOD Centre and Air/Army Commands before joining the Defence Support Group (DSG), in 2008. Transferring to the joint MOD team charged with the DSG sale in 2014, Jason played a vital role in developing and gaining approval for the strategy that saw DECA retained within MOD in 2015 and has led work to establish

DECA's corporate strategy and best practice corporate governance for the Agency. Jason has led work to firmly establish DECA's strategic position with MOD overseeing work to deliver the recommendations of UK Government Investments 2021 DECA Tailored Review that has agreed MOD strategic direction to grow DECA capability across Defence over the next five years.

WAYNE BAKER
OPERATIONS DIRECTOR

Wayne Baker began his career as an instrument technician apprentice in 1995, progressing to assume major roles within the Defence Aviation Repair Agency including Commercial, Operational Excellence and Project Management.

Wayne took on the role of Operations Manager at the DSG Electronics and Components Business Unit in 2011 before assuming the role of DSG Ashchurch Head of Business.

Throughout his role, Wayne doubled the size of this part of the business through capability growth and the development of the centre of excellence for BOWMAN Fleet Management activities and management of the Herrick Exchange Point during the UK's withdrawal from Afghanistan.

Wayne's commercial experience working closely with industry and government extends to transformation of supply chains, availability contracting, solution development and obsolescence management meeting KPIs.

As Operations Director, Wayne undertakes operational management of all DECA delivery functions including deployed teams, field service teams, inventory governance and the DECA Stafford operation. He is also responsible for the DECA Transformation Programme along with Strategic Lead for F-35.

Wayne has a Masters in Engineering Business Management from Warwick University Business School.

CAROL ANN GIFFIN
PEOPLE & TRANSFORMATION DIRECTOR

Carol Ann Giffin joined DECA in June 2021 in a newly established role responsible for the strategic direction of



the Human Resource (HR) function and the Transformation programme management office. She is responsible for the people, process and technology projects, which will introduce the new ways of working and a culture of continuous improvement, required to ensure the agency has the capacity and capability to efficiently deliver forecasted growth.

Previously Carol Ann led major change initiatives in HR functions in finance, energy and education sectors. Carol Ann graduated from University College Dublin with an honours Degree in Economics. She is CIPD qualified since 1999 with a Diploma in Personnel Management and gained her Prince2 qualification in Project Management in 2018. Most recently she was awarded a CMI Level 7 Diploma in Leadership Coaching and Mentoring. Carol Ann is a Mental Health England qualified first aider and is passionate about employee wellbeing, engagement and inclusion.

IAN DOUGHTY
SUPPORT SERVICES DIRECTOR

Ian Doughty is Support Services Director at DECA, holding a first class Honours Degree in Engineering and a Master's Degree in Engineering Business Management. Following a mechanical apprenticeship with Worthington Simpson Ltd, Ian developed his career within operations management at British Steel, David Brown and Vauxhall Motors.

Ian joined DARA in 2004 as Production Manager, and progressed through to Operations Manager before assuming the role of DSG Head of Business Electronic Components Business Unit and Stafford in 2010. On the formation of DECA in 2015, Ian seized the opportunity to broaden his experience through a strategic move to lead Support Services.

Ian is a graduate of the prestigious Civil Service Future Leaders Scheme and a member of the Institute of Engineering and Technology, working towards Chartered Engineer status. Ian provides strategic and functional direction to ensure that the Agency's corporate support commitments (including Engineering Governance, Continuing Airworthiness, Health, Safety, Environmental Protection, Fire, Quality, Information Technology, Security, Fraud Defence, Estates, Infrastructure, 'Hard' and 'Soft' Facilities, and Test Solutions) are met in the long term.

KEITH PAVETT
COMMERCIAL DIRECTOR

Keith Pavett began his MOD career joining the MOD Procurement Executive in 1982. Following various roles in Human Resources, Finance and Business Development, Keith was appointed Commercial Manager for Fixed Wing Aircraft for DARA in 2000. In 2008 he assumed the role of Head of Commercial for the Defence Support Group (DSG). He held this position until 2015 when he joined DECA in his current role as Commercial and Contracts Director.

Keith has a Master's Degree in Business and Administration. In his role as Commercial and Contracts Director, he is accountable for all commercial, contracts, procurement and Managed Services activities for DECA, is responsible for establishing and building enduring relationships with DECA customers and suppliers and holds Commercial delegations from MOD on behalf of DECA.

IAN COLE OBE
BUSINESS DEVELOPMENT DIRECTOR – Until 31 May 2022

Ian Cole began his MOD career at RAF St Athan in engineering development in 1989 following 12 years as a Mechanical Engineer in the Coal Mining Industry.

Ian was appointed Head of Business Development for the Fixed Wing Aircraft Unit at DARA before assuming the role of Head of Business Development at the Electronic and Components Business Unit, successfully establishing Base Protection intelligence, surveillance, target acquisition, and reconnaissance and counter improvised explosive device support to deployed operations.

Ian was responsible for managing the highly successful Equipment Support Sustainability UK Support Team for deployed operations. At DECA Ian has been instrumental in attracting new work into the Agency, and also broadening its portfolio across all MOD's domains. Ian has been the DECA Executive Management Board lead in DECA's role as part of Team UK, in our successful DoD JPO assignments for both Tier 1 and 2 components for F-35 Air Vehicle and Ground Support Equipment. Currently Ian is the DECA lead for the US/UK Government to Government 'Atlantic Eagle' project, which sees collaboration between the United States Air Force

Sustainment Command and MOD's DE&S on Air Platform support.

Ian is a Mechanical and Production Engineer and has a Master's Degree in Business and Administration, and was appointed as an Officer of the Most Excellent Order of the British Empire (OBE) by Her Majesty the Queen in the 2020 New Year's Honours List for his "Services to Defence".



© Crown copyright Their Majesties The King and Queen departed Westminster Abbey in the Gold State Coach, flanked by eighteen representatives of the Realms.

BUSINESS OVERVIEW

GOING CONCERN

In 2021, UK Government Investments (UKGI) conducted a tailored review of DECA. This review found that DECA should be retained for Defence as a strategic second-source, in-house provider of Maintenance, Repair, Overhaul and Upgrade services, and that DECA had the potential to offer greater benefits through increased utilisation.

A comprehensive study was carried out involving DECA and their main customer, Defence Equipment & Support (DE&S) and their respective sponsors (the MOD Sponsorship team and UKGI). The study identified options for optimal governance arrangements to best deliver identified strategic priorities and ensure Defence achieved maximum value from DECA.

Consistent with the Government's Public Body Reform agenda, it was concluded that the optimum value for Defence and HMG was to merge DECA into the materially larger DE&S, with DECA becoming a business unit within DE&S from 1st April 2023. This is a routine regularisation of existing governance arrangements and process, and it does not represent a significant change of policy.

DECA FY2022/23 accounts are not prepared on a going concern basis following the incorporation of the Agency within DE&S on 1st April 2023, however Management are of the opinion that no adjustments are necessary as a result of the accounts being prepared on a basis other than going concern, as operations, the assets and liabilities have been transferred to DE&S.

DECA as part of DE&S will continue to deliver the same functions, operate through the same regional footprint, and deliver the same MRO&U outputs for Defence and HMG, enabling business growth by creating a more efficient, and sustainable body, that is fully compliant with government policy.

The Merger recommendation was appraised in compliance with Treasury (HMT) and Cabinet Office guidance as a part of the approval process for the merger of two arm's-length bodies following the five-case model. It has been developed in conjunction with all key stakeholders, including DE&S, DECA, UKGI and the HMT and Cabinet Office policy teams.

PERFORMANCE SUMMARY

DECA's level of profitability and operational performance was impacted due to a £2M impairment of a finance lease and which meant the business reported a net operating loss of £0.71M (2021/22: £0.8M profit). However, DECA's underlying performance, excluding the impact of the impairment, exceeded its profit target by 1% (2021/22: 52%) during 2022/23 with a net trading income of £1.3M (2021/22: £0.8M). DECA also achieved delivery of at least 96% (2021/22: 96%) of its agreed customer performance programmes. Further details of performance are shown in the performance analysis below.

BUSINESS RISK

The highest rated corporate risks during 2022/23 were:

- Impact of inflation on DECA's Financial Performance
- Achievement of the demand plan
- Recruitment and Retention of Staff – Competitive labour market coupled with increasing cost of living pressures and continuation of the pandemic
- F35 Capability stand-up (SSSL)



RISK, TOLERANCE, APPETITE AND STATUS

		1 Very low	2 Low	3 Medium	4 High	5 Very high
		< £10K	£10K- £100K	£100K - £1M	£1M - £2.5M	>£2.5M
		< 1 month	1 - 2 months	2 - 3 months	3 - 6 months	> 6 months
FROGS	Descriptors	1	2	3	4	5

Inflationary pressure

Financial	Tolerance	←————→				
	Risk appetite		★			
	Risk status			↑		

Achievement of Demand Plan

Financial	Tolerance	←————→				
	Risk appetite			★		
	Risk status			↑		

Recruitment and Retention

Operational	Tolerance	←————→				
	Risk appetite		★			
	Risk status			↑		

Stand-up of F-35 (SSSL)

Financial	Tolerance	←————→				
	Risk appetite		★			
	Risk status			↑		

Note: the above is an illustration of the risk position for the key business risks.

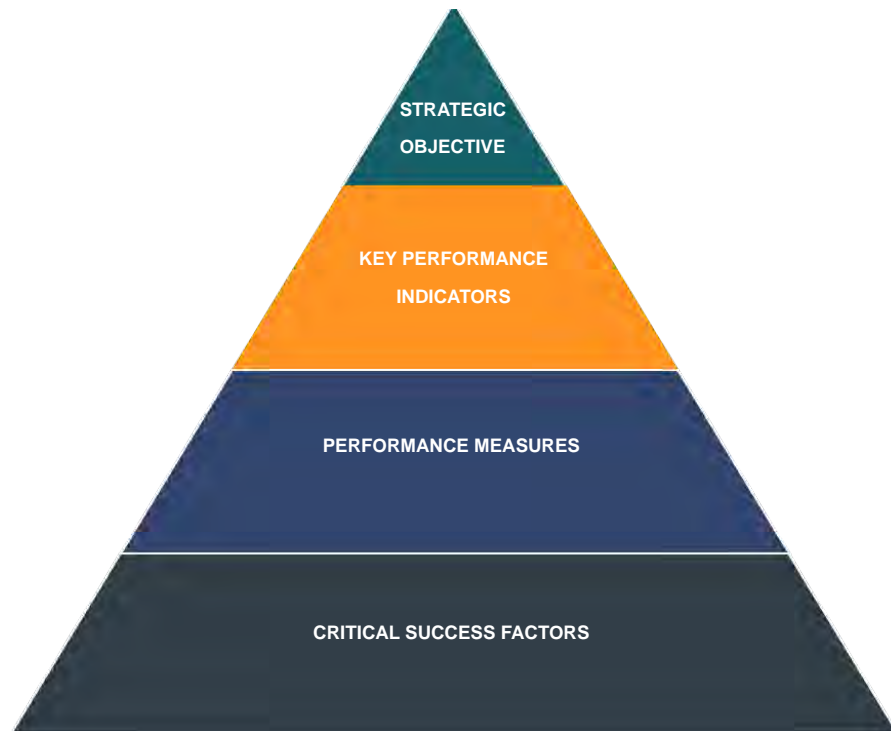


PERFORMANCE ANALYSIS

DECA measures its performance against its strategic objectives, which are set out and agreed annually with our owner, sponsor and the DECA Board through our Corporate Plan with input from relevant stakeholders to ensure they encompass all aspects of running the business, whilst also meeting the needs of Defence.

Our performance framework captures our areas of focus and aligns these with outcomes. We also closely monitor any risks and uncertainties that will prevent us from achieving our outcomes.

THE DECA PERFORMANCE MANAGEMENT HIERARCHY



DECA's performance management hierarchy is designed to provide clear indicators and allow measurement of performance in areas critical to DECA from an owner, sponsor, customer and agency perspective. These are cascaded, with clear accountabilities, throughout all levels of the Agency. The

DECA Executive Management Board regularly measures and reviews performance against these indicators. In addition, the DECA Board and MOD's DECA Performance and Risk Review challenge and review performance against KPIs.

KEY PERFORMANCE INDICATORS FOR 2022/23

KPI 1: Control of the Business	KPI 1a: <2% average variation in forecast accuracy	Not achieved
	KPI 1b: Achieving the level of profit forecast in FY 22/23	Not achieved
	KPI 1c: Maintaining independently assured Health, Safety and Environmental Protection Management Systems	Achieved
	KPI 1d: Maintaining an independently assured Quality Management Systems	Achieved
KPI 2: Customer Delivery	KPI 2a: Customer delivery >96%	Achieved
	KPI 2b: Zero major attributable customer concerns	Achieved
	KPI 2c: less than 5 attributable minor customer concerns	Achieved
	KPI 2d: >70% customer confidence index	Achieved
KPI 3: Sustainment and Business Growth	KPI 3a: Achieving the level of demand forecast in FY22/23	Not achieved
	KPI 3b: 8Growing the pipeline of potential opportunities not included in the Corporate Plan demand forecast by 5% in FY 22/23	Achieved
KPI 4: Transformation and Efficiency	KPI 4a: Implementing the DECA Transformation Programme in line with the agreed plan	Achieved
	KPI 4b: Implementing the DECA Transformation Programme in line with the agreed plan	Achieved
	KPI 4c: 11% increase in direct labour utilisation by the end of FY2024/25	Ongoing
	KPI 4d: 17% increase in direct/indirect ratios by the end of FY2024/25	Ongoing
	KPI 4e: Generating >£25M of benefits	Achieved

PERFORMANCE MEASURES FOR FINANCIAL YEAR 2023/24

Due to the merger with DE&S, DECA's KPI's for Financial Year 2023/24 will be developed in line with DE&S Objectives.

BUSINESS PERFORMANCE REVIEW

OVERVIEW

DECA has achieved the majority of its KPIs with the exception of the profit and demand targets. Although the financial KPI's were not achieved this was due to the treatment of the impairment of the SSSL Finance lease.

Despite all remaining Covid restrictions being lifted in the UK, supply chains continued to experience a lingering impact. DECA's operational performance was impacted in terms of supply and efficiency, with the lower than planned workload particularly felt, resulting in the failure to achieve the Demand.

However, the emerging realisation of the added 'value' the Agency delivers was cemented in the merger of DECA with MOD DE&S, and the achievement of delivery of the Initial Operating Condition on 1st April 23. The merger embodies a change of MOD focus and direction for DECA to unlock this potential value through growth, by maximising utilisation of the skills and experience that our people hold across Defence.

OPERATIONAL HIGHLIGHTS

This year, more than ever, the UK's support for ongoing operations has seen DECA deliver an increasing number of services that further embed DECA as MOD's support provider of choice. These have been delivered through support across Defence from our main operating sites at MOD Sealand in North Wales, MOD Stafford, regional delivery teams around the UK and on deployment in support of MOD operations and Military Aid to Civil Authorities tasking.

During 2022/23, highlights have included:

- Regional and Deployed activities – continues to see an expansion of DECA's capabilities to countries around the globe, including Belgium, German, US and Falklands. Again, the team deployed technical support capability alongside MOD Royal Electrical and Mechanical Engineers (REME) to support the Watchkeeper programme which included operational training in Cyprus throughout the year. The teams continue to support deployments on the Queen Elizabeth Carrier at home and in international waters. The ongoing success of our support to Army's medical and dental centres has led to recruitment of new DECA staff, whilst requirements for Cryptographic support have increased throughout the year resulting in deployment to Jacksonville, USA to service medical equipment aboard RN Vessels. . Stafford

continue to support the refurbishment of the ballistic panels for the Roll on Roll off Navy ferries working with tight deadlines when the different ships are docked.

- New Capabilities – DECA continue to improve and expand its capability offerings across new platforms such as P8 and F35 along with general capabilities for C17. DECA successfully declared Typhoon DC Generator Testing capability, following close collaboration between DECA, DE&S, BAE Systems, Eurofighter and NETMA. On-shore testing at DECA is reducing the need to send RAF Typhoon assets overseas, delivering substantial savings for Defence in both cost and turnaround time. Additionally, DECA began maintaining Typhoon Asymmetry Position Transducers, alleviating a potential 'aircraft on ground' situation. Continued development of our calibration capability led to significant investment in automated test rigs, which are both safer and more productive than the manual processes they replaced. Meanwhile, support for legacy Maritime equipment has seen a growing demand for low volume, specialist solutions, incorporating obsolescence management.
- Logistics – This year has seen DECA working closely with its Army customers in particular on a large inventory consolidation, repackaging and accounting project. This has seen approximately 600,000 items through the process and follow on work in technical engineering. This has provided improved control and visibility of Army stocks.
- Urgent Support – In addition to support for UK Defence equipment supplied to ongoing operations, DECA has supported urgent deployments or operations through the year for Army, Maritime and Air customers, this included reconditioning of soldier equipment, communication equipment and ground support equipment all at short notice.

INVESTMENT IN INFRASTRUCTURE AND NEW CAPABILITIES

DECA has continued to maintain focus on the compliance of the estate and buildings in order to deliver enhanced efficiency and sustainability, whilst aiming to reduce the Agency's environmental impact. This year we have completed the



installation of electric vehicle charging points across the Sealand site, which offers the opportunity to help reduce the overall indirect carbon emissions of DECA and in turn, MOD. Additionally, we replaced a number of end of life fire alarm systems, ensuring continued compliance with regulations, together with delivery of a further phase of upgrades to the HV main ring, thereby helping ensure security of power capacity to the Sealand site.

2022/23 was another successful year for infrastructure projects, with the construction of a new, state of the art, Development Centre within the Main Operations Centre, embedding our new product development capability in the heart of providing additional capacity for growth. In addition, DECA grew our bespoke, Additive Manufacturing facility, through collaboration with MOD and leading Industry OEMs, to develop a cutting edge, robotised 3D scanning capability, whilst doubling our 3D printing capability and acquiring environmentally friendly, plastic recycling machinery, with which we aim to turn everyday waste into raw materials for 3D printing.

At Stafford, DECA exited Building 49a, integrating all the activity from this satellite facility into our main operations on 6 Site. This will deliver significant, year on year cost savings and operational efficiencies.

During the year, we continued to deal responsibly and compliantly with a further phase of legacy MOD assets disposals. This successful initiative contributed to improved utilization of buildings, freed-up space to support capability growth and provided a financial return to MOD, through the sale of surplus assets.

We have begun exploring specific opportunities that may offer potential to further enhance the utilisation of the MOD Sealand site, with benefits to the public purse. We have demolished two mothballed buildings of no further use, in an environmentally responsible manner. The benefits include addressing a number of potential compliance issues, reducing the running cost of the estate, all whilst clearing the way for potential future development.

In June 2022, Welsh Government's plans to work with the Deeside Enterprise Zone Board and the Ministry of

Defence, to establish a multi-million-pound Advanced Technology Research Centre in Deeside took a major step forward when Welsh Government signed heads of terms for a preferred site at DECA Sealand. Welsh Government have commissioned work on the design of that new facility, meanwhile DECA have delivered works to enable the land transfer.

Sustained investment by the MOD in the Automated Test Equipment (ATE) systems in DECA has helped to ensure a capability ready to support current 5th generation aircraft (such as F35) and additionally, investment in test instrumentation, has added capability to support 6th generation aircraft (Project Tempest and beyond). This latest capability investment also allows the ATE systems at DECA to support both legacy, modern and future Air, Land, Maritime and Submarine equipment for decades to come. DECA's Test Solutions capability continues with the development and promotion of ATE test programs that can be run on any capable ATE system. This work, now formalised in DEF STAN 66-31 part 8, will support Through Life Obsolescence of test equipment and re-use of MOD's capital equipment.

This year, Test Solutions played a leading role in preparing certain UK defence systems supplied ongoing operations, DECA has continued to develop its relationship with DE&S, who have recognised the unique skills and knowledge that Test Solutions offer, conforming their intent to purchase of a further tranche of Teradyne ATE test stations, for installation at DECA, to position DECA for future growth.

These opportunities and investments, are helping to cement DECA's strategic position as Subject Matter Experts in ATE use, the work of Test Solutions is offering exciting new avenues of growth for DECA in markets at home and abroad while maintaining front-line availability for the MOD on an ever-increasing footprint of current equipment.

FUTURE WORKLOADS

Following on from the Tailored Reviews, a joint MOD/ DE&S/DECA team delivered on the recommendations that DE&S and DECA should merge, achieving Initial Operating Capability on 1st April 2023. MOD's revised strategic direction and governance arrangements for DECA



are expected to assure delivery of MOD's strategy through aspirations for DECA growth, which are embodied in the Business Plan.

COMMERCIAL AND BUSINESS DEVELOPMENT FOCUS

2022/2023 saw the Agency experience an improvement in its workload, achieving greater demand and supply than 2021/22 planned levels. However, this is still below pre pandemic numbers due in the main to both the retirement of some equipment's and the changes in operational requirements. Recovering the shortfall remained a challenge during the early part of the year, which restricted DECA from carrying out business winning activities and customer engagements under normal working conditions. However customer engagements is now improving and more opportunities being realised.

DECA has continued to expand its Typhoon capabilities and are in the process of expanding the demand on the Typhoon Test Generator Rig. We have also experienced an extension to the work undertaken on Watchkeeper, as well as new work in a number of areas for DSTL. Additionally, DECA has continued to secure longer agreements with MOD customers for the provision of maintenance, repair, overhaul, upgrade and managed services.

In 2022/2023 DECA Business Development and Commercial Teams have continued to pursue the sector strategies to meet the dynamic nature of the defence market and in particular our customer's existing and growing new requirements. Whilst the Air Domain has been busy throughout this period the Teams have continued to build the Land and Maritime portfolios, which now equates to approx. 25% of DECA's business and has seen an increase in development and production tasks as well as a broadening of DECA's capabilities such as Logistical Support. DECA has maintained its ability to support UK Forces in operations at both home and with the addition of the crypto maintenance and medical and dental deployed teams supporting the UK Maritime pillar in overseas activity. This, once again, demonstrated the agility and versatility of DECA personnel as well as DECA's ability to develop and grow its in-house repair capabilities to meet ever changing customer requirements.

During this period DECA has maintained its role of continuing to propose support options for both new and legacy

equipment's. DECA has engaged and worked with DE&S, ISS, SDA, Dstl, industry platform manufacturers and OEMs to establish solutions on various equipment, on multi-national European and wider overseas operations. DECA has further developed and broadened its portfolio by establishing support solutions, the resolution of obsolescence issues on older equipment across all domain's, including land and maritime platforms and maturing opportunities to partner with US and UK based defence companies. Examples of this include:

- The completion of the programme of works for ongoing operations;
- The continued support of the Watchkeeper support programme;
- Crewguard Helmet support
- Continued development of an opportunity to on-shore in the UK an UAS repair capability;
- Expansion of the feasibility, development repair and overhaul tasking for Maritime and Underwater Systems;
- Commencement and development of an enhanced Air Domain portfolio to include Typhoon support and opportunities on new platforms such as E7 and P8.

DECA working with DE&S have continued to lead US/ UK Government to Government Initiatives, working closely with our United States Air Force colleagues in providing joint solutions for the 'Atlantic Eagle' Project, with a view to supporting equipment's on common UK/US platforms, and/or similar equipment types. This project is looking at equipment repair and General Purpose test architecture development.

MARKETING AND BRANDING

As the Ministry of Defence in-house support provider, DECA continues to promote our diverse capability to our MOD customers through various channels including exhibitions, conferences, digital platforms and publications. We have resumed our exhibition calendar, attending Farnborough International Airshow in July 2022 and the Defence Vehicle Demonstration which both provided an opportunity to both promote our capabilities and also resume face-to-face business relationships. In addition to this, DECA is planning its attendance at further future events such as DSEi in September 2023.

We have continued to mature our online presence and press releases to ensure continued communications with both

existing and new customers within our own organisation, Defence Equipment and Support, and Information Systems and Services, Front Line Commands, the Submarine Delivery Agency and Dstl to support the generation of new work. We also continue to broaden knowledge of our capability within the wider Defence markets through digital platforms alongside attendance at other appropriate Defence events. DECA works closely with MOD's Defence Directorate of Communication to ensure accuracy and consistency of any messaging related to the DECA and MOD brands.

DECA TRANSFORMATION PROGRAMME (DTP)

We continue to build on our transformation journey to ensure the business has an efficient, increasingly diverse, skilled and engaged workforce; providing contribution to MOD's sustainability priorities. The DECA Transformation Programme was launched in 2019 to focus on development of opportunities, support business growth and to continuously improve efficiency to assure an organisation fit for the challenges of the future.

We continue to ensure DECA's Transformation Programme is progressing toward achieving our business plan and transformation vision whilst simultaneously responding to emergent risks, opportunities and challenges. The programme remains focussed on the three key factors of People, Process and Technology.

The DECA Transformation Programme also maintains alignment and collaboration with wider MOD and Government transformation initiatives and programmes for driving change and sharing "best practice" knowledge and expertise. Our continued engagement with MOD Deputy Head of Profession network has made a notable improvement on the delivery of Business Change projects within DECA.

PEOPLE

The People project has progressed with the delivery of key change initiatives; identified during the comprehensive benchmarking activity last year. The People project change initiatives aim to deliver new approaches, with emphasis on collaboration, people management, career engagement, personal development, recruitment and organisational

design for optimal performance and future success.

- Introduction of an updated Recruitment Framework, that provides alignment with wider Civil Service by incorporating Success Profiles for recruitment campaigns - a set of standard behaviours required by grade and role.
- Implementation of a Performance Management system incorporating 121s, objective setting, succession planning and personal development focusing on engagement and alignment to DECA's purpose.
- Review of the Corporate Bonus Scheme to ensure fit for purpose; enabled the decision to retain the current scheme, whilst reviewing harmonisation options of reward policies and the DE&S reward schemes, through key initiatives identified within the People Workstream of the DE&S Deca Merger project.
- The future of the People project includes a series of Organisation Development and Design interventions to facilitate; the adoption of new ways of working, use of technology, collaborative work practices and a coherent platform of decision making to ensure the business can evolve and succeed in a complex and changing environment.

TECHNOLOGY

The two significant technology change initiatives, both achieved key stakeholder business case approvals this year. These key projects focus on improving the technology required to enable smarter ways of working, enhance the user experience and provide easier access to information and resources.

The NEXUS project will address the replacement of DECA's Enterprise Resource Planning (ERP) system by implementing a modern solution that can provide business process automation and efficiencies, assure resilience, support a continuous improvement culture, enable system rationalisation, identify opportunities for effective ways of working, and support future growth. The NEXUS project team are collaborating with functional subject matter experts throughout the inception, discovery and construction phases in order to be ready, willing and able to implement and transition to the new solution.

The MODNET project aims to transition from the current

desktop software to the MODNET solution; a modern and resilient solution hosted on a cloud based data storage capability kept current by regular “evergreen” updates. The MODNET solution demonstrates greater integration with DECA's customers, provides continued compliance and assurance, enhances the user experience, supports future growth, and encourages collaborative working across Defence. Through implementation and access to MODNET, users will have access to a wider range of integrated capabilities and functionalities, which will allow them to work more flexibly, effectively and efficiency.

PROCESS

The key process change initiative focuses on driving, facilitating and sustaining incremental continuous improvement (CI) in DECA's key business processes. DECA's approach is rooted in ‘lean’ methodology, deployed throughout industry. The aim of the Continuous Improvement Strategy is to implement a CI vision and methodology, increase knowledge and expertise, through empowered teams reviewing processes, identifying improvement opportunities and realising the benefits delivered by CI events. Internal facilitators deliver CI training across the business to ensure that the DECA workforce is empowered to deliver change and identify improvements within their teams. The CI vision and delivery intent for DECA is to sustain, grow and embed a CI culture across the business.

HEALTH AND SAFETY

With vigilance and continued emphasis on safety in the workplace, DECA achieved zero reportable incidents (RIDDOR), exceeding the target of less than 1 per 100,000 output hours. Additionally, DECA is proud to have achieved seven injury free months, surpassing three injury free months in the previous year. DECA focused on reinforcing an open reporting culture and consequently, near miss reports increased 16% compared to the previous year.

DECA sustained its Safety Management System throughout 2022/23, maintain 3rd party assured certification to ISO45001 and ISO14001. In addition, DECA conducted an internal compliance assessment against the requirements of MOD JSP 375 Chapter 2, reporting a self-assessed rating of FULL ASSURANCE. Throughout the year, DECA continued to

monitor closely the working environment to mitigate any risk and to maintain our commitment to continuous improvement in Health & Safety, driving to reduce incidents and constantly looking to improve our safety culture.

BRIBERY AND CORRUPTION.

There were zero instances related to bribery or corruption in 2022/23 (2021/22: Nil). All staff have been made aware of the fraud and whistle blowing policies. All staff undertake an annual programme of mandatory training in respect to counter fraud, bribery and corruption.

OUR ENVIRONMENTAL IMPACT

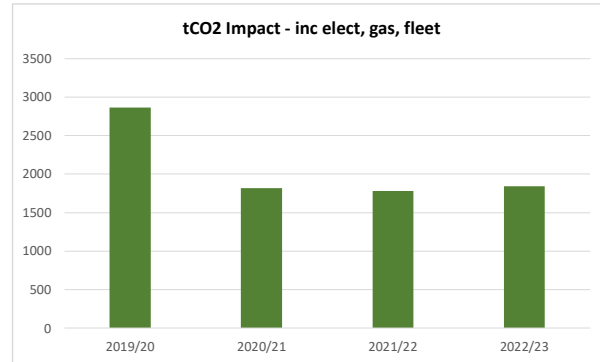
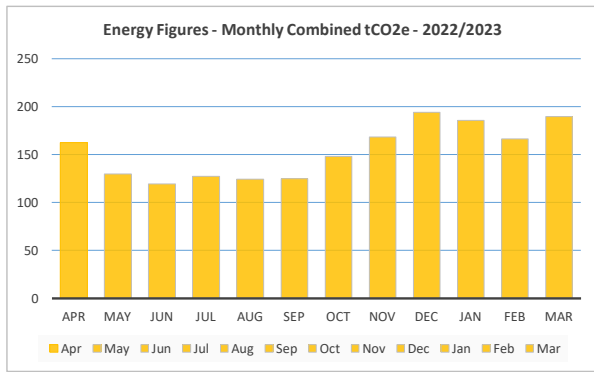
Environmental protection is a high priority for DECA, where the Agency has continued to drive improved performance to support Greening Government Initiative. With the aim of reducing CO2 emissions and reducing overall costs, in 2022/23 DECA has focused on achieving Greening Government Targets whilst delivering essential services as efficiently as possible. This has resulted in 43% of targets being achieved 2 years ahead of the target date whilst the remaining are being progressed. DECA is achieving this by actioning an effective, targeted carbon reduction plan.

Equally DECA maintained its outstanding performance in waste management by diverting 100% of its waste from landfill of which 69% was recycled and 31% processed into Refuse Derived Fuel. Priority areas for DECA focus in future years will continue to target world class waste management, with initiatives aiming to drive increased energy efficiency, such as the consideration of photo voltaic to buildings in order to further reduce emissions from fossil fuel consumption, as well as initiatives to reduce paper use and potable water consumption.

DECA's policy is to manage the organisation in the most environmentally responsible manner possible, to comply with the applicable environmental legislation and with any other requirements necessary. The agency's direct environmental impacts include the greenhouse gas emissions associated with business travel and energy use, water use, paper consumption and waste generated in buildings. DECA has challenged sustainability targets in all these areas; the related data is shown in the sustainability report on page 25 Below



are 2 graphs, 1 is for the last 12 months and the other is showing the previous 4 years.



DECA has assessed the environmental impact of its activities and has embedded an environmental management system, to provide a framework for setting and reviewing environmental targets to support continuous improvement. DECA recognises the importance of independent assurance and sustained ISO 14001:2015 certification.



A Royal Air Force flight comprising of Typhoon fighter jets from 6 Squadron and Voyager refueller aircraft © Crown copyright





Nuclear submarine HMS Vanguard arrives back at HM Naval Base Clyde, Faslane, Scotland © Crown copyright



SUSTAINABILITY REPORT 2022/23

DECA continued to contribute positively to the Greening Government Commitment, which set out the actions UK government departments and their agencies had to take to reduce their impacts on the environment in the period 2021 to 2025. DECA recognises its biggest environmental impact as being on Green House Gas (GHG) emissions through energy consumption and sustained rigorous monitoring of these metrics through 2022/23.

1. Direct Greenhouse Gas Emissions (includes gas usage, fuel oil, LPG and fuel from vehicles owned and operated by DECA)
2. Energy Indirect Emissions (usage of electricity supplied to DECA)
3. Other Indirect Emissions (includes business travel by air, rail and hire/private car use)

Targets set for the year were broken down into three specific scopes:

The DECA GHG emissions performance is summarised in the table below.

Scope	Source	Units	2018/19	2019/20	2020/21	2021/22	2022/23
1	Gas	T Co2e	412.3	260.4	339	357.5	418.6
2	Electricity	T Co2e	2,429.2	1,705.7	1,428.7	1,371.9	1,343.9
3	Travel	T Co2e	199.9	135.1	50.4	49.2	79.6
Totals		T Co2e	3,041.4	2,101.2	1,818.1	1,778.6	1,842.1

DECA staff are deployed throughout the UK for a variety of essential support roles to MOD, choosing vehicle rental, as a more flexible, efficient and effective alternative to fleet management, whilst ensuring that the smallest suitable vehicle type was used for each journey. The adoption of hybrid working where appropriate is making a significant contribution to reducing the need for business travel.

driven by an increased level of activity to support and deliver strategic business opportunities from the United States of America, in line with our Business Plan predictions. There was an increase in emissions from gas, which reflected a harsher winter, although DECA remains committed to pursuing carbon free heating solutions in the longer term. Overall DECA remains on course to deliver on all Greening Government Targets:-

However, overall emissions from travel increased 2022/23,

Greening government targets (tCO2)	Travelling	Flight	Gas	Waste Produced	Waste/Landfill	Waste Recycled	Water
2022/23	53.48	26.07	418.6	73.94	0%	100%	14.494
2024/25	98	1	314	22.29	5%	70%	13,743

While DECA does not require water as a main resource for any of its production processes, there is still a desire for reduction in potable water consumption through improved monitoring of water supplies.

Water consumption is summarised in the table below.

	Units	2018/19	2019/20	2020/21	2021/22	2022/23
Water	m ³	14,911	16,688	20,495	15,026	14,494

DECA MANAGEMENT OF WASTE

DECA policy on waste management remains to constantly strive to reduce waste production in the first instance. We have maintained our focus on recycling and we are justifiably proud to have sustained 100% diversion of waste from landfill in 2022/23, for the fifth year running. The production of heat from incinerated waste has also

provided an energy return (Refuse Derived Fuel) recovered via the incinerator plant.

The table below shows the total waste produced and the percentage of waste diverted from landfill:

Waste	Units	2018/19	2019/20	2020/21	2021/22	2022/23
Total Collection Weight	kg	35,347	61,320	45,242	61,716	73,940
Refuse Derived Fuel (RDF)	kg	18,473	17,452	14,726	20,027	22,953
Recycled	kg	10,898	43,868	30,516	41,689	50,988
Diverted from Landfill	%	99	100	100	100	100

The total amount of waste produced by the DECA estate increased by 19.81% in 2022/23. This is a result of a drive on-site to better utilise space on site which has resulted in the disposal of legacy waste.

DECA continues to fully utilise the MOD disposal agency (DESA) to ensure that obsolescent, redundant, life expired, beyond economic repair and scrap equipment is returned to MOD for re-purposing wherever possible or disposal through an environmentally responsible route, which also enables MOD to recoup any residual monetary value. As a result of this activity, DECA's waste report does not include these items.

FINITE RESOURCE CONSUMPTION

DECA remains committed to reducing its consumption of finite resources so as to maintain its long term sustainability and minimising environmental impacts. Our adoption of a hybrid working approach provided further impetus to the drive to digitise work flows and we continued the adoption of digital approvals where appropriate. Meanwhile, we have continued to promote positive behaviours such as the electronic

circulation of meeting packs, double sided printing by default and we sustained 100% recycling of waste paper.

DECA's usage of paper through 2022/23 has increased following the post-Covid return to work, however, as DECA adopts hybrid working we predict our paper usage will continue to drop exponentially.

The table below summarises DECA's consumption of paper:

Paper	Units	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
A4	Reams	2,575	1,736	1,646	1,572	1,508	1,523	1,604
A3	Reams	30	15	17	11	5	7	15
Total	Reams	2,605	1,751	1,663	1,583	1,513	1,530	1,619

Hybrid/remote working has continued to reinforce the electronic circulation of meeting packs. Where printing is essential, EU Ecolabel paper is standard, whilst all printers are set to double sided printing by default and 100% of used paper is recycled.



SUSTAINABLE PROCUREMENT AT DECA

DECA promotes the procurement of sustainable and efficient products whilst, reducing the impact of the supply chain on the environment. There are processes to identify and maintain a list of approved suppliers who can be regularly reviewed. Our procurement strategy encourages the use of MOD framework agreements that provide financial benefits as well as acceptance of an organisations environmental credentials. These operate over a range of areas from avionic piece part spares to the use of Crown Commercial Service framework contracts for employment of the Main Facilities Contractor. This also ensures alignment with MOD sustainability policy for all common goods and services.

The Department promotes sustainability in procurement by:

- working closely with its suppliers – buying products and services with local businesses which are less environmentally damaging through closer location to DECA than national or international companies
- Health Safety & Environmental Protection professionals regularly monitor newly enacted or amended law to ensure DECA compliance with environmental legislation and regulatory requirements
- Including relevant environmental conditions or criteria in specifications and tender documents, and evaluating supplier offers accordingly
- raising awareness of environmental issues within the Department, and amongst suppliers and contractors
- our facilities management continues to collaborate with us on a range of environmental protection and sustainability improvement initiatives. Significantly, our provider has sustained their certification to the latest ISO 14001 standard

SUSTAINING OUR WORKFORCE

DECA aims to have the right people, with the right skills, at the right time as required to deliver our purpose and future planned growth. As at 31 March 23, 357 (Mar 22: also 357) employees operate from DECA's Centre of Excellence for MRO&U based at Sealand, North Wales (within the Deeside Enterprise Zone) and a further 82 (Mar 22: 81) employees operate from our satellite site in Stafford, our customer base at Abbey Wood and the remote teams who work from

MOD locations throughout the UK. DECA operates a hybrid working pattern to optimise people's work/life balance experience and improve effectiveness and efficiency, whilst supporting DECA's environmental and sustainability focus. However, electronic/component technical posts do not lend themselves to hybrid working and this affects approximately 185 employees across DECA.

DECA continues to demonstrate efficiencies and savings in the way it works but also creates wider value to Defence. As a result MOD decided to further grow DECA across Defence to generate further cost avoidance.

The Transformation Programme provides the governance and project management support to deliver an ambitious set of projects. The aim is to continually improve ways of working across DECA and 107 employees undertook continuous improvement training. Ongoing projects include Nexus, which is the updating of DECA's Enterprise Resource Planning systems, implementation of MODNet and the introduction of MyHR system.

The Technical Apprenticeship Scheme is an important source of attracting and upskilling DECA's electronic technicians of the future. DECA secured 7 permanent technician posts across DECA from the graduating Yr3 cohort and successfully recruited 14 new technical apprentices (10 at Sealand and 4 at Stafford) in 2022. Rounded to the nearest whole percent, as at 31 Mar 23, apprentices represented 8% (Mar 22: 7%) of the total workforce.

A software upgrade of the Time and Attendance system (Clockwise) has been completed during Financial Year 2022/23. The system now has self-service access to annual leave information, including the facility to request annual leave and other absences electronically. The system also now facilitates a self-service functionality for the recording of Mandatory Training.

DECA's pay remit for 2022-23, approved by the Minister for Defence Procurement and the Secretary of State for Defence, utilised the flexibility allowed under the HM



Treasury Guidance for 2022/23 to deliver a consolidated award and targeted reforms. In applying this proposal, a minimum 2% was awarded to employees and a further 1% was used to fund reform elements, which included removal of minimum spine points and the introduction of a spot rate of pay for DECA's lowest pay band.

WELL-BEING

DECA's successful business performance is dependent on its healthy and engaged workforce. DECA promotes emotional resilience through;

- safeguarding frameworks and strategies to enable staff to access support including 24/7 confidential helpline and occupational health provision.
- incorporating mental health and wellbeing into organisational safeguarding strategies, including counselling sessions and 16 trained mental health advisers in the DECA Connections Team championed by the Chief Executive and two Executive Directors.
- mandating Human Factors (ergonomics) as a discipline to consider both the physical and mental characteristics of people as well as the organisational factors as a way of working at DECA.

Human factors is about ensuring a good 'fit' between the people, tools, tasks and environment in which they work in order to make work safer, healthier and more productive. A key part of this is effective two-way communication, good work planning, high competence levels and having a health and safety culture.

DECA participated in the Civil Service People Survey (CSPS). The results, published in Dec 22, provide a valuable temperature check into employee engagement. Senior managers and TUs have reviewed the results to understand the collective areas of focus and action.

Overall participation rates were higher than 2021 at 60% and engagement index dropped 5% to 47% (52% in 2021).

Each of the core themes dropped except for Organisational Objectives and Purpose and My Team, which both saw a slight increase.

DECA has implemented an Engagement Working Group, comprising a diverse cross section of the organisation. The drivers for the drop in engagement are being analysed and directorate action plans are in development.

LEARNING AND DEVELOPMENT

DECA is firmly committed to developing the talent and potential of its employees. In 2022/23 circa £120K was invested in training and development, almost a 20% increase on the previous year.

Using the Performance Appraisal Review (PAR) process managers identify and agree learning objectives with staff, where formal training is required the L&D department facilitate attendance on the courses. 150 staff benefitted from formal training this year.

The broad categories for training undertaken are: management (sifting and interview, performance management, finance for non-financial managers); professional development (exams and accreditation); professional education (further and higher education); role related, HR; and compliance/health and safety (authorised persons/first aid).

Formal training by category

Category	Sealand	Stafford	Donnington	Total
Compliance/H&S	29	5		34
HR	6			6
L&D	3			3
Management	39			39
Professional development	13	1		14
Professional education	15	3		18
Role	20	12	4	36
Totals	125	21	4	150



Apprentices

DECA has two main apprentice pathways, one based in Sealand (partnered with Coleg Cambria) and one in Stafford (partnered with Newcastle and Stafford College).

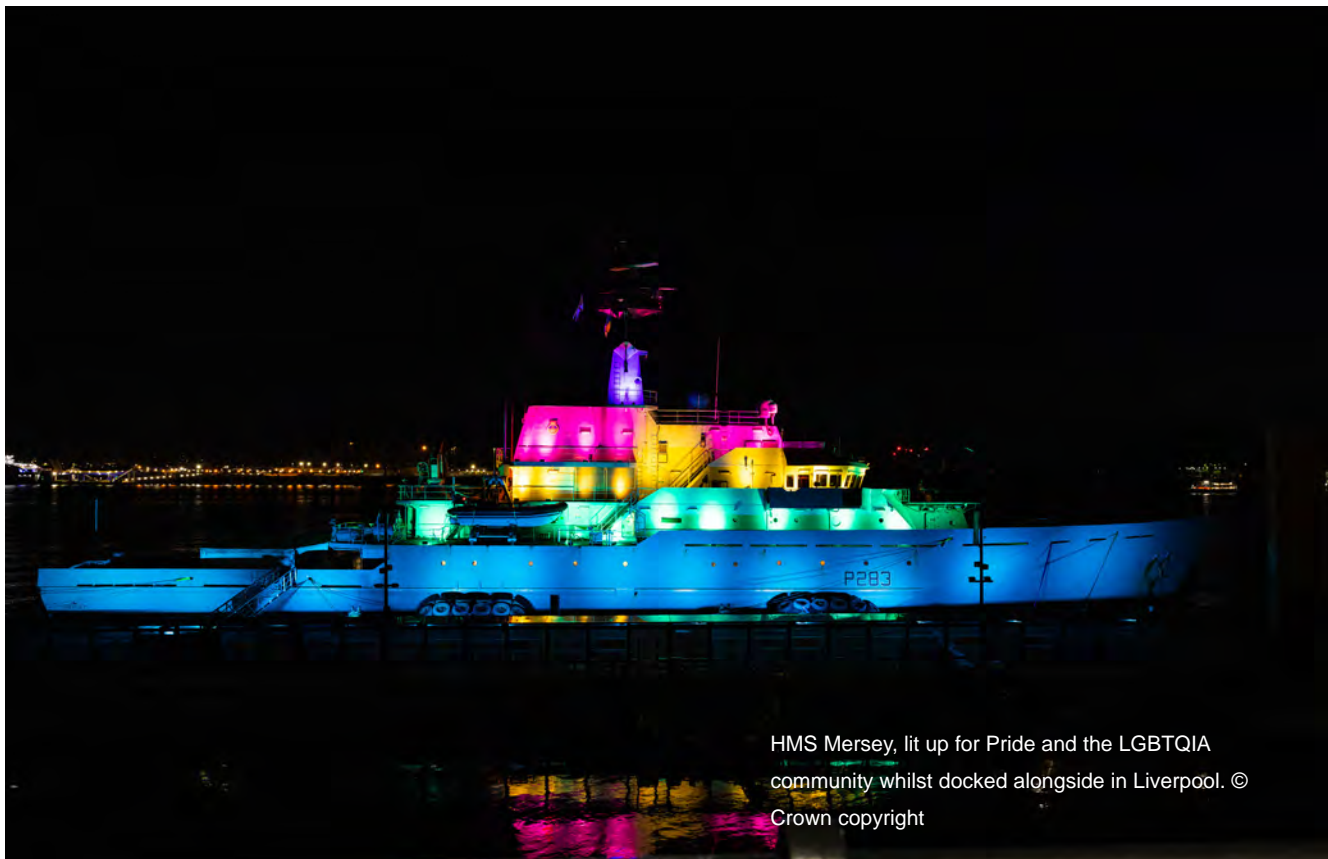
Breakdown by year group

Years	Sealand	Stafford
One	10	3
Two	6	3
Three	8	3
Total	24	9

The course content and the delivery of the two schemes is under constant review and improvement to ensure the

apprentices are best supported throughout the work based learning qualifications. Senior Management are engaged and supportive of the changes under development. The use of apprenticeships at all levels is increasing with staff now undertaking degree apprenticeships and other apprentice pathways to develop the skills they need to succeed in DECA.

The L&D team are now at full complement and are seeking to align what we do with DE&S in 2023/4. A period of change is upon us all but there are net L&D benefits anticipated from the merger.





Ex TUSKER RAPTOR-0528 French troops use two Royal Air Force Chinooks from RAF Odiham to conduct insertion drills © Crown copyright



FINANCIAL PERFORMANCE REVIEW

TRADING RESULTS

DECA completed its final year as an Executive Agency reporting a net operating loss of £0.721M . The operating performance was impacted by an impairment of £2M in respect of the surrender of the SSSL Finance Lease.

	2022/23		2021/22	
	Plan £M	Actual £M	Plan £M	Actual £M
Turnover	27.472	32.683	28.442	28.997
Non Turnover Receipts	0.592	0.733	0.563	0.745
Total Operating Income	28.064	33.416	29.005	29.742
Variable Costs	0.625	6.96	3.44	4.486
Production Overheads	26.17	25.177	25.081	24.426
Impairment of Finance Lease	0.00	2.00	0.00	0.00
Total Operating Expenditure	26.795	34.137	28.521	28.912
Profit	1.269	(0.721)	0.484	830

CASH FLOW AND FUNDING

Cash flow remained strong throughout the year in line with the prior year.

NET GAIN/(LOSS) ON REVALUATION OF PROPERTY/ PLANT AND EQUIPMENT

There was a net gain of £843K due to the end of year revaluation of our land and buildings in line with DIO's valuation.

CAPITAL INVESTMENT

The capital investments for the year were for IT Network upgrades (£0.652M), the replacement of DECA's Enterprise Resource Planning system (£0.161M), building

improvements (£0.816M), HVLV upgrades (£0.066M), and new equipment in support of production (£0.102M).

ADMINISTRATION AND ACCOUNTING

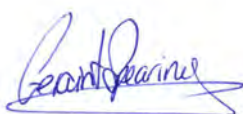
DECA, in its eighth year of trading, continued to successfully operate its own accounting and administration systems.

APPROVAL

The performance report is approved.

APPROVAL

The performance report is approved.



Geraint Spearing
Accounting Officer
12 July 2023

ACCOUNTABILITY REPORT

INTRODUCTION


The purpose of the accountability report is to meet key accountability requirements to Parliament. The accountability report has three sections:

- Corporate governance report
- Remuneration and staff report
- Parliamentary accountability and audit report

The corporate governance report explains the composition and organisation of the DECA's governance structures and how they support the achievement of our objectives. The corporate governance report comprises:

- the Directors' report
- the Statement of Accounting Officer's responsibilities
- the Governance statement

The remuneration and staff report sets out DECA's remuneration policy for Board members and how that policy has been implemented. In addition, the report provides details on remuneration and staff that are fundamental to demonstrating transparency and accountability. The Parliamentary accountability and audit report brings together the key Parliamentary accountability disclosures including the Certificate and Report of the Comptroller and Auditor General to the House of Commons.



Queen Elizabeth embarked the first F-35-B Lightning jets of 617 Squadron, based at RAF Marham. © Crown copyright

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Directors who served during the year were:

- Geraint Spearing Chief Executive
- Lin Longman Finance Director
- Jason Leeks Strategy & Business development Director
- Wayne Baker Operations Director
- Ian Doughty Support Services Director
- Ian Cole Business Development Director (Until May 2022)
- Keith Pavett Commercial & Contracts Director
- Carol-Ann Giffin People & Transformation Director

• Non – Executive Directors who served:

- Alec Don Chairman (Non-executive Director) until 30th Jul 2022
- David Jones Chairman (Non-executive Director) from 1st Aug 2022
- Amanda McKenna MOD Non-executive Director until 31 Jan 2023
- Roger Dunshea Non-executive Director
- Fay Sandford MOD Non-executive Director from 1st Feb 2023

DIRECTORS REPORT

There have been seven non-executive directors who are detailed below. In addition there were three executive directors on the DECA Agency Board, Geraint Spearing (Chief Executive), Lin Longman (Finance Director) and Jason Leeks (Strategy and Business Development Director).

Board members provide a valuable contribution to the ongoing work of DECA. The Non-executive Board members for 2022/23 are listed below:

Non-Executive Director	Date of original appointment	Date current or most recent appointment ends	Current Term (Years)	Audit & Risk Assurance Committee	Remuneration Committee
Alec Don	1st August 2020	31st July 2022	3		✓
David Jones	28th October 2019	31st July 2023	4		Chair
Roger Dunshea	11th July 2021	31st July 2023	3	Chair	
Amanda McKenna	31st March 2022	31st January 2023	2	✓	✓
Fay Sandford	1st February 2023	31st July 2023	1	✓	✓

Note: Fay Sandford replaced Amanda McKenna as a Departmental NED during the year. David Jones assumed the role as Chairman of the DECA Agency Board replacing Alec Don.

DOMICILE

DECA is an Executive Agency of the UK Ministry of Defence, domiciled in the United Kingdom. Its principal place of business is at Welsh Road, Deeside, Flintshire, CH5 2LS, Wales, United Kingdom

COMPOSITION OF MANAGEMENT BOARD

The composition of the management board can be found on page 9

PENSION LIABILITIES

Details of the pension liabilities and their treatment is contained within the Remuneration and staff report on page 44 and in the notes to the accounts.

COMPANY DIRECTORSHIPS AND OTHER SIGNIFICANT INTERESTS HELD BY BOARD MEMBERS

Geraint Spearing resigned from the non-executive directorship of MOD's joint arrangement SSSL on the 21st December 2022. Alec Don held a directorship of AutoTerminal Khalifa LLC, a company within Abu Dhabi Ports and Zura Properties Limited. No other directors of the DECA Board held any company directorships or other significant interests out with

their DECA positions that would provide conflict with their DECA positions.

REMUNERATION PAID TO THE AUDITORS FOR NON-AUDIT WORK

DECA made no remuneration to the auditors for non-audit work in the year 2022/23 (2021/22: Nil).

SICKNESS ABSENCE

DECA's sickness absence data is in the Staff Report, which is at page 48.

REPORTING OF PERSONAL DATA RELATED INCIDENTS

No personal data related incidents were reported for the financial year 2022/23 (2021/22: Nil reported and subsequently dismissed).

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Section 7 (2) of the Government Resources and Accounts Act 2000, HM Treasury has directed DECA 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 state of affairs of DECA 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 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 is fair, balanced and understandable taking personal responsibility for the judgements required for determining that it is fair, balanced and understandable.

HM Treasury, through MOD's Permanent Secretary (PUS), has appointed the Chief Executive as Accounting Officer of DECA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding DECA's assets, are set out in Managing Public Money published by 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 DECA'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.





HMS Albion's Air Department operating with Army Wildcat Helicopters on the flight deck during BALTOPS 2023 © Crown copyright



GOVERNANCE STATEMENT

OVERVIEW

As Accounting Officer, the Chief Executive of DECA ensures that it adheres to the principles and standards set out in HM Treasury's 'Managing Public Money' guidance, including in terms of governance, decision-making and financial management. This governance statement sets out frameworks, processes and supporting evidence to provide assurance on how we have managed risks and complied with good corporate governance.

SCOPE OF RESPONSIBILITY

I was appointed as Accounting Officer for the Agency on its formation on 1 April 15 with responsibility for the preparation of these eighth DECA Agency Accounts for 2022/23. As Accounting Officer, I must be able to assure Parliament and the public of high standards of probity in the management of public funds.

The Annual Report and Accounts for 2022/23 as presented here have been produced under the guidance and oversight of the members of the Audit and Risk Assurance Committee. In order to sign this statement, I can confirm that I have sought advice and assurance from various sources including:

- The Executive Directors and senior management and their direct reports
- Internal and External Audit
- Executive Management Board sub-committees

GOVERNANCE FRAMEWORK

From the reviews I have undertaken, I believe the Governance Structure and systems of Internal Control within DECA, to the extent that it is deemed relevant and practical, have followed the requirements of the good practice guidance laid down in HMT Corporate Governance in Central Government Departments: Code of Good Practice 2017. The Governance Policy and processes were defined and agreed through the DECA Framework Document which re-issued in January 2022. Work continues to ensure that DECA Corporate Governance remains in line with established MOD best practice and wider government guidelines.

The governance structure in place during 2022/23 was as follows:

- DECA Performance and Risk Review (P&RR), the

P&RR was chaired by MOD's Director of Sponsorship and Organisational Policy (DSOP) on behalf of the Departmental Sponsor (MOD's Chief Operating Officer) with delegated responsibility for oversight of DECA on behalf of MOD's Permanent Under Secretary and DECA's owner, the Minister for Defence Procurement. The permanent membership of the P&RR comprised DSOP, DECA's Departmental NED, DECA Chairman, the Chief Executive of DECA, the DECA Finance Director and DECA's Strategy & Business Development Director. The P&RR supports and advises the sponsor and owner on the review and setting of DECA's strategic objectives, KPIs, the approval of the Corporate Plan and major business decisions as well as supporting and challenging business delivery and risk management to assure DECA's strategic direction and performance. The P&RR met three times during the year.

- DECA Board ("the Board"), the Board was chaired by our independent Non-Executive (NED) Chairman and comprises two additional NEDs, one of whom is the departmental NED as representative of MOD. In addition, DECA's Chief Executive, Finance Director and Strategy & Business Development Director are all full members of the Board. The main responsibilities of the Board are to provide expert advice, challenge and guidance to the Executive Management Board including reviewing the performance of DECA against the Corporate Plan, DECA's risk appetite and controls for risk management as well as supporting the development and endorsement of the Corporate Plan and Annual Report and Accounts. The Board met eight times during the year.
- Audit and Risk Assurance Committee (ARAC), the ARAC is a sub-committee of the DECA Board, which was chaired by an independent NED, with the departmental NED also a member. It is attended by invited members of DECA management, the NAO and Defence Internal Audit (DIA). The main responsibilities of the ARAC are to support the Board and Chief Executive, as Accounting Officer, in monitoring DECA's corporate governance, risk and control systems. The ARAC met four times during the year. The Chair of the ARAC reports to the DECA Board on its proceedings. The Internal Audit service is undertaken by DIA, the in-house audit function for the MOD. Operating to



standards defined in the Public Sector Internal Audit Standards it has carried out on my behalf independent checks on the adequacy and effectiveness of DECA controls.

- Remuneration & Nomination Committee (RENCO), the RENCO is a sub-committee of the DECA Board, which was chaired by an independent NED, with the departmental NED and DECA Chair also members. It is attended by the DECA People & Transformation Director and the DECA Head of HR (who also acts as Secretary). The RENCO Chair may also invite the DECA Chief Executive, any other DECA Executive Directors, and/or any other Subject Matter Experts (SMEs) from within DECA, as appropriate. The main responsibilities of the RENCO were to advise the owner, sponsor, Chief Executive and Board on matters relating to DECA's pay and reward strategy. The RENCO met four times during the year.
- DECA Executive Management Board (XMB), the XMB is chaired by the DECA Chief Executive and attended by all members of the Executive Management team (DECA's Operations Director, Support Services Director, People & Transformation Director Commercial and Contracts Director, Business Development Director, Finance Director and Head of Strategy, Governance and Secretariat). The purpose of the XMB is to support and advise the Chief Executive on the day-to-day management of the Agency to ensure delivery of the approved Corporate Plan. The XMB met twelve times during the year.
- Executive Governance Review, the Chief Executive, as Accounting Officer, chaired the Executive Governance Review, which included all XMB members. The main responsibilities were to review the governance policy and processes of DECA and manage the internal audit and risk management policies and processes. The Executive Governance Group met four times during the year.
- Executive Compliance Review (XCR), is chaired by the Chief Executive and attended by all members of the XMB, plus the Focal Point for each of DECA's four recognised Trades Unions, the Safety, Health & Environment (SHE) Manager and the Quality & Airworthiness Manager. In addition, functional managers such as the Operations Manager and the Estates & Facilities Manager attend as required. The XCR acts to hold the business to account for all aspects of compliance (including, but not limited to Health & Safety, Quality, Environmental, Airworthiness and Security), primarily in accordance with the direction set out in the Chief Executive's Safety, Health, Environment and Quality Statement of Intent. The occurrence of the Review is fixed in relation to the Compliance Review and the Whitley Meeting to allow for timely escalation of compliance concerns if required.



HMS Defender transits through the North Atlantic around the outer Hebrides during Formidable Shield 2023. © Crown copyright



Schedule of meetings and attendance during 2022/23:

Meeting	Members	Meetings held	No. attended	% attendance	% Overall attendance	No. of members	Scheduled frequency
DECA Performance & Risk Review	Dir DSOP (Chair)	3	3	100%	100%	4	Up to 3 times
	MOD NED	3	3	100%			
	DECA Board Chair	3	3	100%			
	DECA CE	3	3	100%			
Agency Board	DECA Board Chair (note 1)	8	8	100%	95%	7	At least quarterly
	Independent NED	8	8	100%			
	Independent NED	8	8	100%			
	MOD NED	8	8	100%			
	DECA CE	8	8	100%			
	DECA Finance Director	8	8	100%			
	Strategy & Business Development Director	8	5	63%			
Audit and Risk Assurance Committee	Independent NED (Chair)	4	4	100%	100%	5	"Up to 6 times annually (minimum 2)"
	MOD NED	4	4	100%			
	DECA CE (by invitation) (Note 2)	1	1	100%			
	DECA FD (by invitation)	4	4	100%			
	DECA Chair (by Invitation) (Note 2)	1	1	100%			
Remuneration Committee	Independent NED (Chair)	4	4	100%	94%	5	"Up to 6 times annually (minimum 2)"
	MOD NED	4	4	100%			
	DECA People & Transformation Director (Note 2)	4	4	100%			
	DECA Head of Human Resources	4	3	75%			
		4	3	75%			
Executive Management Board	Chief Executive (Chair)	12	12	100%	90%	7	Monthly
	Finance Director	12	12	100%			
	Commercial Director	12	9	75%			
	Support Services Director	12	11	92%			
	Operations Director	12	11	92%			
	Business Development Director (Note 3)	2	2	100%			
	People & Transformation Director	12	11	92%			
	Strategy & Business Development Director	12	8	67%			
		12	8	67%			
Executive Governance Review	Chief Executive (Chair)	4	4	100%	86%	7	"Up to 6 times annually (Minimum 2)"
	Finance Director	4	4	100%			
	Commercial Director	4	2	50%			
	Support Services Director	4	3	75%			
	Operations Director	4	4	100%			
	People & Transformation Director	4	4	100%			
	Strategy & Business Development Director	4	3	75%			
		4	3	75%			
Executive Compliance Review	Chief Executive (Chair)	4	4	100%	84%	7	"Up to 4 times annually"
	Finance Director	4	4	100%			
	Commercial Director	4	3	75%			
	Support Services Director	4	4	100%			
	Operations Director	4	3	75%			
	Business Development Director (Note 3)	1	1	100%			
	People & Transformation Director	4	4	100%			
	Head of Strategy & Governance	4	1	25%			
		4	1	25%			

Note 1. David Jones attended the meeting 3 times as an independent NED and 5 times as Chair.

Note 2. Number of meetings attended differs as attendance is by invitation.

Note 3. Business Development Director retired May 22.

Formal minutes were taken and agreed at all of the meetings above. There was a requirement to report to DECA's CE, as Accounting Officer, any significant issues/risks and, if these arose, demonstrate how they were being effectively managed/mitigated including the assignment of owners and appropriate management through reviews of Corporate, Functional and Project risk registers.

DECA's NEDs continued to make a valuable contribution to the board meetings and governance of DECA.

There was a register of member's interests maintained by the DECA Head of Human Resources and this included any relevant interests of the Executive Board members.

Declaration of any conflicts of interest is a standing item on the DECA Board, ARAC and RENCO meeting agendas. There were subsidiary committees that report to the XMB in respect of Compliance (including Security, Health & Safety, Environmental Control, and Business Continuity), Transformation, Remuneration, Risk Management and Internal Audit.



BOARD PERFORMANCE

The Performance and Risk Review was held four times during the year with the DECA Board and Board sub-committees (Audit and Risk Assurance Committee (ARAC) and Remuneration and Nominations Committee (RENCO)) meeting eight, four and four times respectively during the year.

The Executive Management Board and ARAC received regular reports from DECA Support Services (compliance, security and business continuity) and Finance (risk management and internal audit) including any corporate governance issues arising in compliance, internal audit and risk management. All meetings were quorate and minutes and actions were recorded.

The DECA Chair reviews the performance of the Board and sub-committees each year and determined that, during 2022/23 the Board and sub-committees had all performed satisfactorily and that there had been no departures from the Corporate Code of Good Practice.

HIGHLIGHTS OF BOARD COMMITTEE REPORTS

Highlights of the ARAC, RENCO, Risk Management and Compliance meetings were raised to the Executive Board and DECA Board as appropriate along with any relevant reports. Significant items from these meetings were:

AUDIT AND RISK ASSURANCE COMMITTEE (ARAC)

The ARAC has been proactive in reviewing the Internal Audit activities and attending to process improvements for both Internal Audit and Risk Management; approving the annual internal audit plan and monitoring its progress during the year. During the year the committee reviewed the definitions and scoring of the Corporate Risk Register.

The audit programme was designed to provide validation that the 2021/22 KPIs had been achieved and through two further audits to provide assurance on ERP Programme Governance and Business Continuity Planning.

DIA provided the following levels of assurance in these areas during the year:

- KPIs (2021/22) (Validated)
- ERP Programme Governance (Substantial Assurance)
- Business Continuity Planning (Substantial Assurance)

The overall audit opinion provided by DIA was substantial assurance with all due management actions completed and closed. A Cyber resilience audit was successfully undertaken by MOD's Cyber team with no significant findings.

The committee reviewed and approved the Annual Report and Accounts with no significant issues raised.

REMUNERATION AND NOMINATIONS COMMITTEE (RENCO)

The RENCO's core activity has been to review and endorse the annual proposed DECA Pay Remit for employees below Senior Civil Service, prior to onward submission through MOD Centre, to our Minister for final approval and to undertake a review of DECA's corporate bonus scheme alongside the endorsement of payment arising from the current year's business performance.

Additionally RENCO reviewed any wider activities across the MOD with potential to impact on DECA.

EXECUTIVE COMPLIANCE REVIEW (XCR)

The XCR ensures that DECA's safety culture remains high on the agenda and consequently flows down through all the compliance review meetings across the business. This in turn promotes an ethos of 'no blame' incident reporting and proactive health and safety behaviour. There were no major attributable customer concerns and no RIDDOR incidents during the year.

CORPORATE GOVERNANCE

The structure of Corporate Governance in DECA has been effectively maintained and was regularly reviewed internally throughout the year in 2022/23. Therefore, in the CE's opinion, DECA has followed the HM Treasury Corporate Governance Code's requirements to the extent that it is deemed relevant and practical.

INFORMATION REPORTING

DECA has a consolidated single enterprise resource planning system from which management and performance information is supplied.

The DECA Performance and Risk Review, Board, Board sub-committees, XMB and DECA senior management review



management information at all meetings and as business requirements dictate. Assessments by these bodies have provided recommendations for improvement to the data produced during the year to ensure that this remained aligned to best practice and have confirmed their satisfaction with the levels of data generated to assist management decision making throughout the year.

RISK MANAGEMENT

Both the DECA Board and Executive Management Board carried out regular reviews of the Corporate Risk Register including further in-year work to conduct ‘deep dive’ activity on both Corporate and Functional Risk Registers to ensure focus on business delivery, business efficiency, business growth, forecast demand delivery and IS risks.

The focus of Risk Management within DECA during its eighth year has been to embed the risk management categorisation framework; Financial, Reputational, Operational, Governance and Strategic (FROGS), which enable the management of risk appetite and tolerance levels within the business.

The DECA XMB accepts that some degree of business risk is inevitable, being a normal part of the operation of an organisation. Within the in-depth reviews of the Corporate Risk Register, the XMB has demonstrated its tolerance and risk appetite with the different categories of risk and through its Executive Directors has given guidance to the functional Risk Co-ordinators. Similar decisions have been made in respect of new business, key projects and business plans with decisions on risk levels communicated to those responsible for managing those risks or risk areas.

ASSESSMENT OF THE MAIN RISKS

Following an in-depth assessment, those risks identified as the main priority and highest potential impact to the business were:

Key business risks 2022/23	Inherent risk score		Residual risk score	
	Probability	Impact	Probability	Impact
Inflationary pressure	Very high	High	Medium	High
Achievement of Demand Plan	Very high	High	Medium	High
Recruitment & Retention	High	High	Medium	High
Stand up of F-35	Very high	High	High	High

RISK MANAGEMENT WITHIN DECA IS STRUCTURED AS FOLLOWS:

Corporate Risk Register – owned and reviewed by the DECA Board and Executive Management Board. Risks included are those identified as affecting DECA as a whole and requiring Board members to manage them.

Functional Risk Registers owned by Executive Board Directors and cover all the functions within DECA and include risks that have been downgraded due to mitigation actions.

Project Risk Registers are required for all major projects and proposals.

The Risk Management Process is structured as follows:

- DECA Board – owns the Corporate Risk Register and is responsible for ensuring mitigation is in place.
- XMB – carry out more frequent in-depth reviews of the corporate risks and recommend downgrading or approving and accepting upgrades of risks.
- Audit Committee – has approved the Risk Policy and Process and through Head of Internal Audit (HIA) receives regular updates to incorporate central government advice and recommendations and implement recommendations from Internal Audit activity. The Audit Committee also carried out reviews of the Corporate Risk Register and Functional Risk Registers.
- Executive Risk Management Committee – meets at least three times a year and manages the policy and process for the Audit and Risk Assurance Committee. The chair is the Finance Director or their delegated deputy and membership includes XMB Directors, or their deputies. Risk escalations or reductions of are reviewed and proposed in this meeting.

INFORMATION ASSURANCE

DECA has successfully maintained its network accreditation against criteria set down by the Cyber Defence and Risk (CyDR) department and has worked with the Joint Cyber Unit to ensure systems are secure. DECA continues to satisfy all network joining rules set down by the MOD Defence Digital (DD) organisation and has maintained authority to operate on the MOD network.



An annual MOD Cyber Compliance Framework (CCF) security audit in 2022/23 determined that DECA is operating at a level of Risk Informed. Where areas for improvement were identified, these are being actioned.

All employees have undertaken mandatory managing information training in accordance with their role in the organisation.

There have been no breaches of the Information Management Asset Process and no loss of corporate data or corporate IT hardware.

DECA has no business critical systems that are unsupported.

SECURITY ASSURANCE

MOD Sealand is routinely audited by UK MOD specialists to ensure continued compliance with departmental standards, supplemented by quarterly security alarm system inspections by the Security Services Group (SSG). This involves both Internal and External audits carried out internally by DECA Assurance team and externally via Defence Internal Audit (DIA) teams to ensure a level of substantial and above assurance is maintained.

In addition to these audits, annual security risk assessments are undertaken by the site security team using the Classified Material Assessment Tool (CMAT). CMAT reports are used to identify any non-compliance or areas for improvement to inform the maintenance and improvement of physical security of buildings on the DECA estate. DECA has taken on the Principal Security Adviser (PSyA) responsibilities this year ensuring that all security reporting requirements have been delivered and that DECA has been represented at all MOD centre security meetings.

All employees have undertaken mandatory security training in accordance with DECA policy.

FRAUD & WHISTLEBLOWING

DECA has counter fraud processes in place and has a zero tolerance policy in operation in line with the rest of the Department. DECA maintains a specific fraud risk register which is regularly reviewed. DECA has designated a Fraud Focal Point and engages regularly with MOD Fraud Defence.

There were no reported / detected fraud attempts in 2022/23 (2021/22: Nil).

The Public Interest Disclosure Act (PIDA) 1998 applies to people at work raising genuine concerns about fraud, crimes, civil offences (including negligence, breach of contract, breach of administrative law), miscarriages of justice, dangers to health and safety or the environment and the cover up of any of these. Under PIDA it is unlawful for an employer to dismiss or victimise a worker for having made a 'qualifying disclosure' and the protection it provides is not subject to any qualifying period of employment.

DECA fully complies with these requirements through the MOD Policy on Whistleblowing and Raising a Concern applies to the DECA workforce, which includes contractors, trainees, agency staff and home workers.

BUSINESS CONTINUITY

The organisation's risk of exposure to internal and external threats is reviewed regularly and forms the basis of the Business Continuity Plan (BCP). This considers threats such as natural disasters, loss of incoming power supply, major IT failure, Cyber-attack, data breaches, terrorism and factors affecting the availability of labour such as industrial action or pandemic illness. DECA's BCP includes disaster recovery, business recovery, crisis management, incident management, emergency management and contingency planning.

The DIA team audited the BCP in 2022/23 providing an overall assessment of Substantial. Where areas for improvement were identified these have been actioned.

The plan is subject to regular review, which reflects developments within the business, and any new requirements are considered during the new service provision process. The effectiveness of our BCP plan was proven once during 2022/23. The BCP was activated as a result of a failure in the Air Conditioning unit in one of our workshops at the Sealand site. Formal lessons learned exercises followed the activation, further strengthening our BCP plans.

HEALTH & SAFETY

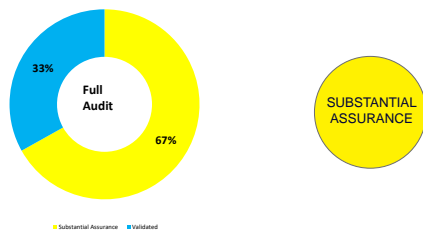
DECA achieved zero reportable incidents (RIDDOR), exceeding the target of less than 1 per 100,000 output hours.



DECA focused on reinforcing an open reporting culture and consequently.

DECA sustained its Safety Management System throughout 2022/23, maintain 3rd party assured certification to ISO45001 and ISO14001. Throughout the year, DECA continued to monitor closely the working environment to mitigate any risk and to maintain our commitment to continuous improvement in Health & Safety, driving to reduce incidents and constantly looking to improve our safety culture.

ANNUAL AUDIT OPINION – HEAD OF INTERNAL AUDIT



DECA Audit Assignments and Audit Opinions	
Audit	Audit opinion
Performance targets validation	Validated
ERP Programme Governance	Substantial
Business Continuity Planning	Substantial

This is DECA's eighth full year of operation and we continue to evidence maturing and effective systems of control. Management within DECA have demonstrated an ongoing commitment to internal control.

From the audit work completed over the past year we noted that there were adequate and effective frameworks in place to ensure effective systems of business continuity planning and DECA's readiness to deliver a replacement ERP in full system. This is reflected in our overall opinion of Substantial Assurance.

GOVERNANCE

DECA continues to maintain best practice Governance practices, which were reviewed by DIA in 2021/22 and obtained Substantial Assurance. DECA has an established Audit and Risk Assurance Committee (ARAC) as a Sub Committee of the Board with responsibilities for issues of risk, control and governance and to support the Board's assurance requirements. DIA regularly attends the ARAC and provides updates on programme delivery and briefs on the outcome of specific assignments. In turn, the ARAC has required attendance from responsible officers from within the business to provide assurance on actions being taken to address risks identified.

CONCLUSION

DECA's corporate governance arrangements have continued to evolve during the year to meet the needs of its status as an Executive Agency and reflect established best practice.

REMUNERATION AND STAFF REPORT

REMUNERATION REPORT

OVERVIEW

This report sets out the remuneration policy and provides details on remuneration and staff that Parliament considers key to accountability. The following sections are subject to audit:

- Remuneration (salary, benefits in kind and pensions) of Executive Board members
- Fees paid to Non-Executive Board members
- Pension benefits of Executive Board members
- Staff costs
- Average number of persons employed

REMUNERATION AND NOMINATION COMMITTEE (RENCO)

The RENCO is a sub-committee of the DECA Board, which was chaired by an independent NED with the MOD NED also a member. Standing DECA Members are the Chair, the People & Transformation Director and Head of HR (who also acts as Secretary).

The RENCO Chair may also invite any or all of the following, as appropriate:

- the DECA Chief Executive
- any other DECA Executive Director
- any other Subject Matter Expert (SME) from within DECA

The main responsibilities of the RENCO were to advise the owner, Chief Executive and Board on matters relating to DECA's pay and reward strategy below Senior Civil Service. The RENCO met four times during the year.

SERVICE CONTRACTS

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission 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.

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

Independent Non-Executive Directors (NEDs) are appointed for a fixed term period but not as Civil Servants. They are paid on a MOD administered payroll. Contracts may be terminated at one month's notice by either party or on dissolution of the Board, unless found guilty of gross misconduct when termination would be immediate.

Remuneration for (NEDs) was set at a fixed annual rate determined by the Department's Permanent Under Secretary. Fees were set on the basis that the role should require around 30 days' work per year. NEDs were not involved in any discussion about their own remuneration and all payments made were non-pensionable. There were no compensation entitlements for early termination.

REMUNERATION POLICY

DECA has no pay costs for Ministers.

The Chief Executive is a senior civil servant (SCS). As such his pay was set through recommendations made by the Review Body on Senior Salaries. The Review Body on Senior Salaries provides independent advice to the Prime Minister and Secretary of State for Defence on the remuneration of the SCS taking account of evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at <https://www.gov.uk/government/organisations/office-of-manpower-economics>.

All other employees had their remuneration determined by a process consistent with MOD and Cabinet Office and HM Treasury guidance.

The Chief Executive had delegated powers for the setting of terms and conditions of employment, including pay, for all DECA employees below SCS. The delegation required him to consult with MOD and receive Minister for Defence Procurement and Secretary of State of Defence approval before agreeing to any changes to pay. This was achieved through the pay remit process whereby DECA pay proposals were submitted through MOD for Ministerial approval before



negotiation with staff representatives. The outcome of negotiations was reported back to HM Treasury through the annual outturn statement.

For the 2022/23 pay settlement year, an average pay award of 3% was awarded to DECA employees below SCS. This comprised a 2% pay award for 73% of employees, with a higher pay award for 27% of employees through removal of minimum spine points and the introduction of a spot rate of pay at the lowest grade level. The overall total cost equated to 3% of the pay bill.

The award, approved by Minister of Defence for Procurement and Secretary of State, was fully compliant with Cabinet Office & HM Treasury Pay Remit Guidance 2022/2023.

The DECA Board and RENCO may approve changes to pay and conditions of service prior to commencing the pay negotiating process with the Trades Unions.

Performance Bonuses for SCS are considered as part of the overall performance appraisal process, the outcome of which is not usually known until after the publication of the Annual Accounts. Bonus payments to SCS Directors are reported in the year in which they are approved.

DECA directors and staff below SCS are eligible for a Corporate Bonus payment under a profit sharing scheme, the outcome of which will not be definitely known until after the publication of the Annual Report & Accounts. An accrual for the estimated overall level of the Corporate Bonus payment has been included in the Accounts.



Pictured are two heavily armoured 6 wheeled Mastiff Protected Patrol Vehicles from 11 (EOD) Regiment, Royal Logistic Corps. © Crown copyright



REMUNERATION (SALARY, BENEFITS IN KIND AND PENSIONS, SUBJECT TO AUDIT OPINION)

The following section provides details of the remuneration and pension interests of the most senior management (i.e. Executive Management Board members).

Officials	Salary (£'000)		Bonus Payments (£'000)		Benefits in kind (to nearest £100)		Pension Benefits (to nearest £'000)		Total (£'000)	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive Geraint Spearing	90 - 95	85 - 90	5 - 10	5 - 10	0	0	(8)	14	90 - 95	110 - 115
Operations Director Wayne Baker	65 - 70	65 - 70	0 - 5	0 - 5	0	0	0	17	65 - 70	90 - 95
Finance Director Belinda Longman	75 - 80	70 - 75	0 - 5	0 - 5	0	0	(7)	20	65 - 70	100 - 105
Support Services Director Ian Doughty	70 - 75	70 - 75	0 - 5	0 - 5	0	0	10	21	80 - 85	100 - 105
Head of Governance & Secretariat Jason Leeks	65 - 70	65 - 70	0 - 5	0 - 5	0	0	(1)	78	65 - 70	145 - 150
Business Development Director Ian Cole OBE	10 - 15	60 - 65	0 - 5	0 - 5	0	0	(6)	3	5 - 10	70 - 75
People and Transformation Director Carol Ann Giffin	65 - 70	55 - 60	0 - 5	0	0	0	27	21	95 - 100	80 - 85
Commercial Director Keith Pavett	55 - 60	70 - 75	0 - 5	0 - 5	0	0	(53)	11	0 - 5	90 - 95

NOTE: Pension information is supplied by MyCSP, the administrators of Civil Service pensions. All Executive Directors belong to the classic or alpha Civil Service pension schemes. All schemes are part of the Civil Service pension arrangements. Taking into account of inflation, the CETV funded by the employer has decreased in real terms for those with negative increase in CETV.

SALARY

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation.

BONUSES

Bonuses are reported in the year in which they are approved and become payable to the individual.

PENSION BENEFITS (SUBJECT TO AUDIT OPINION)

Officials	Accrued pension at pension age as at 31/03/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/23	CETV at 31/03/22	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Chief Executive Geraint Spearing	40 - 45 plus a lump sum of 80 - 85	0 - 2.5 plus a lump sum of 0	765	701	(18)
Operations Director Wayne Baker	25 - 30 plus a lump sum of 45 - 50	0 - 2.5 plus a lump sum of 0	404	368	(8)
Finance Director Belinda Longman	35 - 40	0	702	639	(17)
Support Services Director Ian Doughty	25 - 30	0 - 2.5	404	363	(1)
Head of Governance & Secretariat Jason Leeks	30 - 35 plus a lump sum of 10 - 15	0 - 2.5 plus a lump sum of 0 - 2.5	487	443	(9)
Business Development Director Ian Cole OBE	25 - 30 plus a lump sum of 75 - 80	0 plus a lump sum of 0	627	622	(8)
People and Transformation Director Carol Ann Giffin	0 - 5	0 - 2.5	38	16	16
Commercial Director Keith Pavett	35 - 40 plus a lump sum of 95 - 100	0 plus a lump sum of 0	863	822	(63)

NOTE: Pension information is supplied by MyCSP, the administrators of Civil Service pensions. All Executive Directors belong to the classic or alpha Civil Service pension schemes. All schemes are part of the Civil Service pension arrangements.

PAY MULTIPLES (SUBJECT TO AUDIT OPINION)

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

This information is subject to audit opinion	2022/23	2021/22
Band of highest paid Director total remuneration	£95,000 - £100,000	£90,000 - £95,000
Median total remuneration	£30,060	£28,808
Ratio	3.24	3.21

The remuneration of DECA's staff was in the range £15,783 per annum (2021/22: £15,474) to £95K to £100K per annum, these figures are for a full year. The median remuneration of the workforce was £30,060 (2021/22: £28,808).

The banded remuneration of the highest-paid executive director in DECA in the financial year 2022/23 was £95K to £100K (2021/22: £90K - £95K) (See Remuneration (salary, benefits in kind and pensions table). This was 3.24 times the median remuneration of the workforce, which was £30,060 (2021/22: £28,808).

The percentage change in 2022/23 from the previous year in respect of the highest paid Director was 3%. The average percentage change in 2022/23 from the previous year in respect of the employees was 8.86%

The table below shows the salary and total pay including benefits for the 25th, 50th and 75th percentile of pay and benefits.

Pay Type	25th Percentile pay ratio	50th Percentile pay ratio	75th Percentile pay ratio
Salary	27,577	30,131	34,678
Total pay (inc benefits)	35,382	41,466	47,807

The table below shows the ratios between the midpoints of the banded remuneration of the highest paid Director and the pay of the employees whose pay is on the 25th, 50th (Median) and the 75th percentile of pay and benefits of the employees for the financial year.

Year	25th Percentile pay ratio	Median pay ratio	75th Percentile pay ratio
2022/23	3.54:1	3.24:1	2.81:1
2021/22	3.58:1	3.21:1	2.93:1

As at the reporting date based on annualised full time equivalent salaries the below pay relationships existed.

(1) The banded remuneration of the highest paid director in 2022/23 was 3.54 (2021-22: 3.58) times the 25th Percentile of the remuneration of the workforce.

(2) The banded remuneration of the highest paid director in 2022/23 was 2.81 (2021-22: 2.93) times the 75th Percentile of the remuneration of the workforce.

In 2022/23, zero employees received remuneration in excess of the highest-paid executive director (2021/22: Nil).

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

COMPENSATION FOR LOSS OF OFFICE (SUBJECT TO AUDIT OPINION)

There have been no payments by DECA for compensation for loss of office for Financial Year 2022/23. (2021/22: Nil).

OFF PAYROLL APPOINTMENTS

There were no new or existing off payroll appointments during the financial year (2021/22: Nil).

REMUNERATION DETAILS OF NON-EXECUTIVE DIRECTORS (SUBJECT TO AUDIT OPINION)

Non-Executive Director	Fees 2022/23 £'000	Fees 2021/22 £'000
Alec Don (End 31st Jul 2022)	5-10	20-25
David Jones	15-20	10-15
Roger Dunshea	10-15	10-15
Amanda McKenna (Note 1) (End 31st Jan 2023)	Nil	Nil
Fay Sandford (Note 1) (Start 1st Feb 2023)	Nil	Nil

Note 1 Amanda McKenna and Fay Sandford received no fee as representative of the MOD as a Non-Executive Director.

STAFF REPORT

All staff listed below are on permanent contracts with the exception of 21 Agency staff (2021/22: 18 Agency staff) and 32 Fixed Term Appointments (2021/22: 40 Fixed Term Appointments) who are included in the civilian personnel number.

The figure for senior management includes one member of the Senior Civil Service and is a Band 1.

The employees consisted of the following numbers of males and females:

HEADCOUNT (SUBJECT TO AUDIT OPINION)

	2022/23		2022/21	
	Males	Females	Males	Females
Senior management	9	5	12	5
Civilian personnel	336	62	335	59
Agency staff	18	3	15	3
Total	363	70	362	67

PAYROLL COSTS £'000 (SUBJECT TO AUDIT OPINION)

	2022/23	2021/22
	£'000	£'000
Salaries, wages and allowances	13,027	12,688
Social security	1,335	1,246
Pension costs	3,454	3,436
Agency staff	748	559
Total payroll costs	18,564	17,929

Note: 2022/23 includes £52,251 (2021/22: £50,463) apprenticeship levy costs. The Apprenticeship Levy was introduced in April 2017, requiring employers with a pay bill more than £3 million each year to pay the levy

SICKNESS ABSENCE

The total number of days lost due to sickness absence in 2022/23 was 4,006, which equates to 9.2 days per employee, based on an average employee number for the year of 437 (2021/22: 3,361.5 at 8.6 per employee).

STAFF TURNOVER

The staff turnover figure for 2022/23 was 8.2% compared to 2021/22: 6.9%. This equates to 36 employees from established and fixed term contract posts (not agency). In the same period we recruited 39 established/fixed term posts.

EMPLOYMENT OF DISABLED PERSONS

As a disability Confident Employer, DECA takes positive action to improve how we recruit, retain and develop disabled people. We are committed to demonstrate that all employees are treated fairly and draw from the widest possible pool of talent. Having met the criteria to become a member of the scheme, it also evidences to the public, our customers and our employees that DECA is a business committed to equality in the workplace.

DECA has a diversity and Inclusion committee that leads our Diversity & Inclusion Strategy.

DECA operates a guaranteed interview scheme (GIS) for disabled candidates who meet the minimum essential criteria. During this year, as a member of the Armed Forces Covenant and a Gold Employer Recognition Award winner, DECA also introduced GIS for Armed Forces veterans.

CONSULTANCY AND CONTINGENT LABOUR

During 2022/23 a consultant concluded a review of the DECA Integrated Business Planning process at a cost of £10K (2021/22: £17K). Contingent Labour costs for 2022/23 were £748K (2021/22: £559K) and was driven by the need to fill any shortfall in capacity as well as to fill any short term vacancies due to the higher than expected attrition rate.

TRADE UNION RELATIONSHIPS

DECA has a recognition agreement with PCS, Prospect, Unite, GMB and FDA for the purposes of negotiation and consultation (although FDA has no DECA members and is not currently represented).

Relationships with represented Trades Unions are very effective. We operate a Whitley system at agency and local level and involve TU reps in key business activity such as

Transformation Programme Board, Executive Compliance Review, Apprentice Training Committee and Diversity and Inclusion Group.

Additionally, we have an agreed Engagement Policy with TUs, which details the agreed level of engagement, consultation or negotiation required depending on the circumstances. Informal engagements also take place regularly with Functional leads, primarily the HR functional lead who holds an informal engagement with TU focal points monthly.

The TU (Facility Time Publication Requirements) Regulations 2017 came into force on 1st April 2017. These regulations place a legislative requirement on relevant public sector employees to collate and publish, on an annual basis, data on the amount and cost of facility time. The tables below are for the period 1st April 2022 – 31st March 2023.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
22	20.92

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	22
51-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£73,516
Total annual civilian pay bill	£17,957,000
Percentage of total civilian pay bill spent on facility time	0.41%

The total annual civilian pay bill as defined by Cabinet Office is: The sum of direct wages and salaries, pension contributions and National Insurance Contributions. Includes all staff-related costs, comprising direct wages and salaries (including non-consolidated payments), employer pension contributions and employer National Insurance Contributions.

Paid Trades Unions activities

Time spent on paid trade union activities as a percentage of total paid facility time	0.00%
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TU activities means time taken off under section 170 (1) (b) of the 1992 TULR(C) A. These might include attendance at branch, regional or national TU meetings or conferences, meeting with full time officers regarding issues related to workplace, voting in TU elections. The above information is also published by the Cabinet Office online: <https://www.gov.uk/government/publications/trade-union-facility-time-publication-service-2018-19>

PENSIONS

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch 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 – see below). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS

or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (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 member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

For 2022/23, the employer contributions of £3.5 million were payable to MyCSP (2021/22: £3.4 million) at one of four rates in the range 26.6 per cent to 34.1 per cent of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions.

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. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023.

HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures

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. No contributions were due to the partnership pension providers at the balance sheet date.

There were no resignations on the grounds of ill-health during the year (2021/22: Nil).

REPORTING OF CIVIL SERVICE AND OTHER COMPENSATION SCHEMES – EXIT PACKAGES (SUBJECT TO AUDIT OPINION)

Exit costs are accounted for in full in the year of departure except for the annual compensation costs of certain packages which fall into future years and are accounted for in the year of payment.

There were no DECA exit packages for agreed or compulsory departures during the year or any costs relating to such packages (2021/22: Nil). There were no DECA voluntary or compulsory redundancies during the year (2021/22: Nil). Further details about the Civil Service pension arrangements can be found at the website: www.civilservicepensionscheme.org.uk.



Soldiers from the 3rd Battalion
the Parachute Regiment
Battlegroup awaiting orders
Crown copyright

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

REGULARITY OF EXPENDITURE (subject to audit opinion)

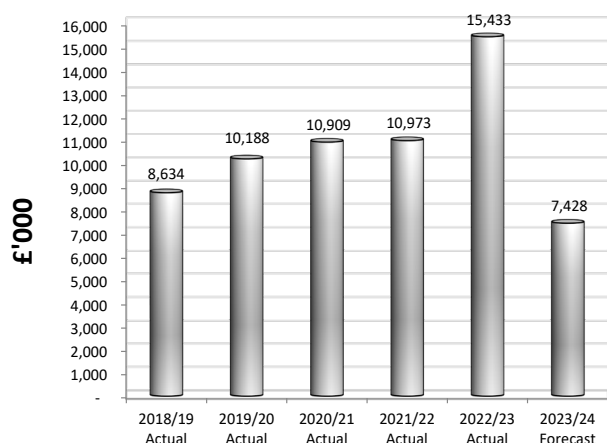
All expenditure made during the year was made in pursuit of DECA's business objectives.

There were no improper or irregular payments (2021/22: Nil).

There were no material losses or special payments (2021/22: Nil).

There were no severance payments or write-offs (2021/22: Nil).

Long-term expenditure trends



	MOD	Commercial	Total
FY2021/22	£'000	£'000	£'000
Revenue (Based on Hours)	20,744	3,408	24,152
Variable Revenue	4,845	0	4,845
Total Revenue	25,589	3,408	28,997

Variable Costs	4,486	0	4,486
Production Overheads	20,424	3,257	23,681
Total Costs	24,910	3,257	28,167

Surplus (deficit)	679	151	830
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An analysis of the Agency's fees and charges are shown above. It charges prices for its services based on negotiated contract prices with individual customers. No services are provided below full cost. In agreeing prices to be charged for work to be carried out for the MOD an agreed profit rate on costs is used to calculate prices.

REMOTE CONTINGENT LIABILITIES (subject to audit opinion)

DECA has no remote contingent liabilities in 2022/23. (2021/22: Nil)

APPROVAL

The Accountability report is approved

FEES AND CHARGES (subject to audit opinion)

	MOD	Commercial	Total
FY2022/23	£'000	£'000	£'000
Revenue (Based on Hours)	22,392	3,053	25,445
Variable Revenue	6,433	805	7,238
Total Revenue	28,825	3,858	32,683

Variable Costs	6,260	700	6,960
Production Overheads	21,778	2,666	24,444
Impairment of Finance Lease	0	2000	2,000
Total costs	28,038	5,366	33,404

Surplus (deficit)	787	(1,508)	(721)
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Geraint Spearing
Accounting Officer
12 July 2023

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

OPINION ON FINANCIAL STATEMENTS

I certify that I have audited the financial statements of the Defence Electronics and Components Agency for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise: the Defence Electronics and Components Agency's

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

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Defence Electronics and Components Agency's affairs as at 31 March 2023 and its Total Net Operating Expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

OPINION ON REGULARITY

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

BASIS FOR OPINIONS

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

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

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 1 to the financial statements which explains that the Defence Electronics and Components Agency was merged into Defence Equipment & Support on 1 April 2023 and therefore the financial statements are not prepared on a going concern basis, and have been prepared on a basis other than going concern.

Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Chief Executive as Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I



conclude that there is a material misstatement of this other information, I am required to report that fact.
I have nothing to report in this regard.

OPINION ON OTHER MATTERS

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

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

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

MATTERS ON WHICH I REPORT BY EXCEPTION

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

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

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

accounting records and returns; or

- the Governance Statement does not reflect compliance with HM Treasury's guidance.

RESPONSIBILITIES OF THE CHIEF EXECUTIVE AS ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Defence Electronics and Components Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the Defence Electronics and Components 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 Chief Executive as Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My responsibility is to audit, certify and report on the financial statements in accordance with the Government





Resources and Accounts Act 2000.

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Defence Electronics and Components Agency's accounting policies, key performance indicators and performance incentives.
- inquired of management, Defence Electronics and Components Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Defence Electronics and Components Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;

- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Defence Electronics and Components Agency's controls relating to the Defence Electronics and Components Agency's compliance with the Government Resources and Accounts Act 2000, and Managing Public Money;
- inquired of management, Defence Electronics and Components Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team, and relevant specialists, such as on property valuation, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Non-compliance is defined as acts of omission or commission intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity. ISA 700 uses the word "irregularities" to describe non-compliance with laws and regulations. We do not use the word irregularities to describe non-compliance within our certificates and reports as it has another meaning in the context of PN10.

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

I obtained an understanding of the Defence Electronics and



Components Agency's framework of authority and other legal and regulatory frameworks in which the Defence Electronics and Components Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Defence Electronics and Components 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.

I considered specific risk assessments performed in respect of significant risks relating to fraud: risk-based sampling of manual journals to identify those presenting higher risk of fraud, informed by planning risk assessment and review of outturn against budget; review of estimates presented within the accounts; analysis of individual income streams to address the potential risk of fraud in revenue recognition.

AUDIT RESPONSE TO IDENTIFIED RISK

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- substantive testing of manual journals including journals with fraud characteristics; reviewing estimates within the account and challenging underlying assumptions and methodologies; and substantive testing of income streams to address risk of fraud in revenue recognition.

I also communicated relevant identified laws and regulations and potential risks of fraud 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 expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

I have no observations to make on these financial statements.

Gareth Davies **Date: 17 July 2023**
Comptroller and Auditor General

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

FINANCIAL STATEMENTS

STATEMENT OF NET COMPREHENSIVE EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2023

		2022/23	2021/22
	Note	£'000	Restated £'000
Income from contracts with customers	2	32,289	28,271
Other operating income	2	1,127	1,471
Total operating income		33,416	29,742
Staff costs	5	(18,705)	(17,929)
Purchase of goods and services	3	(11,522)	(9,246)
Depreciation charges	4,6	(722)	(636)
Impairment of Finance lease	12	(2,000)	
Other operating expenditure (excluding depreciation)	4	(1,188)	(1,101)
Total operating expenditure		(34,137)	(28,912)
Net operating income		(721)	830
Total net income		(721)	830
Amounts due to parent department	10	(1,269)	(484)
Retained net income		(1,990)	346
OTHER COMPREHENSIVE INCOME			
Items which will not be reclassified to net operating income:			
Net gain (losses) on revaluation of property, plant & equipment	6	843	577
Total comprehensive income for the year		(1,147)	923

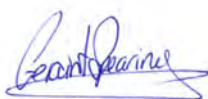
Note: 2021/22 restated due to Interest from finance lease being reclassified as other operating income.

The notes on pages 62 to 74 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	2022/23 £'000	2021/22 £'000
Non current assets			
Property, Plant and Equipment	6	19,120	17,200
Finance Lease Receivable	12		1,933
Total Non Current Assets		19,120	19,133
Current assets			
Inventories and work in progress	7	335	277
Trade and other receivables	8	8,757	9,489
Cash and cash equivalents	9	13,497	14,008
Total current assets		22,589	23,774
Total Assets		41,709	42,907
Current liabilities			
Trade and other payables	10	(9,213)	(10,056)
Provisions	11	(57)	(57)
Total current liabilities		(9,270)	(10,113)
Total assets less total liabilities		32,439	32,794
Financed by:			
Taxpayers equity and other reserves			
Revaluation reserve	SOCTE	16,028	15,185
General fund	SOCTE	16,411	17,609
Taxpayers' equity		32,439	32,794

The notes on pages 62 to 74 form part of these accounts.



Geraint Spearing
Accounting Officer
12 July 2023

STATEMENT OF CASH FLOWS AS AT YEAR ENDED 31 MARCH 2023

		2022/23	2021/22 Restated
CASH FLOWS FROM OPERATING ACTIVITIES	Note	£'000	£'000
Net operating income	SCNE	(721)	830
Adjustments for non cash transactions:			
Depreciation charges	6,4	722	636
Notional audit fee	4	48	43
MJDI Supplied Materials	3	93	93
DIO Notional Costs	4	441	430
Finance lease Income	12	(63)	(96)
Other Notional Costs	3	210	
(Increase) / decrease in inventories and work in progress	7	(58)	11
(Increase) / decrease in receivables	8	732	3,794
(Decrease) / increase in payables	10	(1,467)	(1,104)
Use of provisions for liabilities and charges	11		
Impairment of Finance lease	12	2,000	
Inflow / (Outflow) from operating activities		1,937	4,637
Capital Expenditure	6	(1,798)	(891)
Net cash (outflow) from investing activities		(1,798)	(891)
Cash flows from financing activities			
Repayment of funding to parent department		(650)	0
Net cash inflow from financing activities		0	0
Inflow / (Outflow) in cash and cash equivalents		(511)	3,746
Cash and cash equivalents at start of year		14,008	10,261
Cash and cash equivalents at end of year	9	13,497	14,008

The notes on pages 62 to 74 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Note	Revaluation Reserve £'000	General Fund £'000	Taxpayers' Equity £'000
Taxpayers' equity at 31 March 2022		15,185	17,609	32,794
Recognised in Statement of Comprehensive income for the year:				
Net operating income	SCNE		(721)	(721)
Parent departments profit share	SCNE		(1,269)	(1,269)
Gain/ (loss) on revaluation of property, plant and equipment	6	843		843
Interest on finance lease	12			
Other movements:				
DIO communicated costs	4		441	441
Other Notional Costs	3		210	210
Repayment of equity to Parent department	10			
MJDI Supplied Materials	3		93	93
Notional audit fee	4		48	48
Taxpayers' equity at 31 March 2023		16,028	16,411	32,439

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Note	Revaluation Reserve £'000	General Fund £'000	Taxpayers' Equity £'000
Taxpayers' equity at 31 March 2021		14,608	16,697	31,305
Recognised in Statement of Comprehensive income for the year:				
Net operating income	SOCI		830	830
Parent department's profit share	SOCI		(484)	(484)
Gain / (Loss) on revaluation of property, plant and equipment	6	577		577
Impairment				
Other movements:				0
DIO Communicated costs	4		430	430
Repayment of equity to Parent department	10			0
MJDI Supplied Materials	3		93	93
Notional audit fee	4		43	43
Taxpayers' equity at 31 March 2022		15,185	17,609	32,794

The notes on pages 62 to 74 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts are prepared in accordance with the Government Financial Reporting Manual (FReM) for 2022/23 and the Accounts Direction, both issued by HM Treasury. 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 DECA for the purpose of giving a true and fair view is selected. The particular policies adopted by DECA are described below. They are applied consistently in dealing with items considered material in relation to the accounts.

GOING CONCERN

In 2021, UK Government Investments (UKGI) conducted a tailored review of DECA. This review found that DECA should be retained for Defence as a strategic second-source, in-house provider of Maintenance, Repair, Overhaul and Upgrade services, and that DECA had the potential to offer greater benefits through increased utilisation.

A comprehensive study was carried out involving DECA and their main customer, Defence Equipment & Support (DE&S) and their respective sponsors (the MOD Sponsorship team and UKGI). The study identified options for optimal governance arrangements to best deliver identified strategic priorities and ensure Defence achieved maximum value from DECA.

Consistent with the Government's Public Body Reform agenda, it was concluded that the optimum value for Defence and HMG was to merge DECA into the materially larger DE&S, with DECA becoming a business unit within DE&S from 1st April 2023. This is a routine regularisation of existing governance arrangements and process, and it does not represent a significant change of policy.

DECA FY2022/23 accounts are not prepared on a going concern basis following the incorporation of the Agency within DE&S on 1st April 2023, however Management are of the opinion that no adjustments are necessary as a result of the

accounts being prepared on a basis other than going concern, as operations, the assets and liabilities have been transferred to DE&S.

DECA as part of DE&S will continue to deliver the same functions, operate through the same regional footprint, and deliver the same MRO&U outputs for Defence and HMG, enabling business growth by creating a more efficient, and sustainable body, that is fully compliant with government policy.

The Merger recommendation was appraised in compliance with Treasury (HMT) and Cabinet Office guidance as a part of the approval process for the merger of two arm's-length bodies following the five-case model. It has been developed in conjunction with all key stakeholders, including DE&S, DECA, UKGI and the HMT and Cabinet Office policy teams.

DOMICILE

DECA is an Executive Agency of the UK Ministry of Defence, domiciled in the United Kingdom. Its principal place of business is at Welsh Road, Deeside, Flintshire, CH5 2LS, United Kingdom.

ACCOUNTING CONVENTION

These accounts are prepared in accordance with the accruals concept and the historical cost convention, modified to account for the revaluation of land and buildings and other non-current assets, at current costs or value to the business.

REVENUE

Revenue comprises the invoiced and accrued value of services (excluding VAT and other sales taxes) and is recognised in line with the underlying sales contract which may result in turnover and costs recognised prior to job completion.

DECA has applied IFRS 15, as adapted by the FReM, in full.

The contracts are categorised as either: outside the scope of IFRS 15; in scope of IFRS 15.

The bulk of what DECA provides to external customers is the provision of services on a rolling basis, e.g. repair and maintenance services. The performance obligations in these

contracts are satisfied over time using output methods to recognise revenue on the basis of direct measurement of value to the customer using methods such as milestones and time elapsed.

PROPERTY, PLANT AND EQUIPMENT

- **Basis of Recognition**

Expenditure on plant, equipment, computers and transport equipment is periodically reviewed and capitalised where the useful life exceeds one year and the cost of acquisition exceeds the threshold of £25,000 excluding VAT. The value of capitalised plant, equipment and transport equipment is reviewed annually.

Non-current assets are recognised initially as Assets in the Course of Construction which are not depreciated. At the point that an asset becomes fully available for use, it is re-categorised appropriately and depreciation commences.

- **Basis of Valuation**

Property plant and equipment is carried at fair value. A quinquennial professional valuation of Land and Buildings is carried out by the Valuation Office Agency under the instruction of the Defence Infrastructure Organisation who is certified by the Royal Institute of Chartered Surveyors. In the years between quinquennial valuations land and buildings are revalued using indices. All other property, plant and equipment are valued at year end using Modified Historical Cost Accounting (MHCA) indices provided by the Valuation Office Agency under the instruction of the Defence Infrastructure Organisation. DECA Management have reviewed these indices given and deemed them appropriate for the valuation of its buildings. A physical valuation was carried out for DECA's land & buildings in Nov 2018

- **Impairment of assets**

On an annual basis DECA reviews its assets for any indication that an asset may be impaired (i.e. that its carrying amount may be higher than its recoverable amount). If any asset is found to be impaired its value is reduced to its recoverable amount.

- **Depreciation**

Freehold land is not depreciated. Depreciation on buildings, plant and equipment, transport equipment and IT equipment is calculated to reflect the consumption of economic benefit of assets by equal instalments over their estimated useful lives. The lives of the assets are periodically reviewed with reference to obsolescence and continued asset usage.

The depreciation rates applied to the main categories of assets are based on the following initial estimates of useful life:

- **Buildings - Not exceeding thirty five years**
- **Plant & Equipment - Between ten and twenty five years**
- **IT Equipment - Between five and fifteen years**

PENSION COSTS

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Although the scheme is a defined benefit scheme, liability for payment of future benefits is a charge to the PCSPS. The cost of pension cover provided is by payments of charges (Accrued Superannuation Liability Charges - ASLC) based on a percentage of salary. Salaries include gross salary, certain performance bonuses and recruitment and retention allowances. It does not include the estimated monetary value of benefits in kind. Payments are made at contribution rates determined by the Government Actuary's Department. The Executive Agency is unable to identify its share of the underlying assets and liabilities and therefore it accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Income represents the contributions payable to the schemes in respect of the accounting period.

INVENTORIES

Inventory is valued on a first in first out basis (FIFO) and at the lower of cost or net realisable value. Following periodic reviews, inventory may be written down to address obsolescence, surpluses and defective items using two main criteria based on redundancy and technical validity.

WORK IN PROGRESS

Work in progress is valued on the basis of direct labour, where this is applicable to the contract, and indirect production support, plus those business overheads that are directly related to normal levels of production activity. For spares inclusive contracts, the cost of the spares consumed is also included in the WIP valuation. The value is reviewed to reflect the lower of cost or net realisable value. The rates used to value WIP are reviewed at least annually.

PROVISION FOR BAD AND DOUBTFUL DEBTS

DECA makes provision for bad and doubtful debts as soon as they are deemed to be irrecoverable based on analysis and reviews of aged receivables.

CASH

Cash is held via a Government Banking Service bank account. DECA does not hold any cash equivalents.

REPAYMENT OF PLANNED PROFITS

Each year under the agency's framework document, DECA is required to repay to its parent department the planned level of profit.

FINANCE LEASE – LESSOR

At the commencement of the lease term the leased asset is de-recognised from property, plant and equipment with a finance lease receivable recognised, being at an amount equal to the net investment in the lease. Any difference is recognised in the statement of comprehensive income. The net investment in the lease is calculated as the discounted future lease payments receivable. Subsequently, the balance is unwound using the implicit interest rate over the lease term, recognising the corresponding finance income in the statement of comprehensive income.

VALUE ADDED TAX

DECA has a single registration for VAT with HMRC and accounts for VAT on an accruals basis. Where VAT is recoverable by the Department, amounts are included net of VAT. Irrecoverable VAT is included in operating costs and capital additions. The amount due to or from HM Revenue and Customs in respect of VAT is included within receivables or payables as appropriate.

EMPLOYEE BENEFITS

DECA accrues for untaken employee leave entitlement at the end of the financial year. For permanent employees the leave year runs to 30th April and employees are able to carry forward an element of entitlement at the end of the financial year. These amounts fall due within one year and the value of the liability is calculated using records of actual untaken leave and average pay rates to comply with IAS 19.

FOREIGN EXCHANGE

All foreign denominated transactions are translated at the average exchange rate for the previous month, being a proxy rate for that ruling at the time of the transaction. At 31 March balances are translated into Sterling at a year-end spot rate. Foreign exchange differences are taken directly to the Statement of Comprehensive Income.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

DECA management makes judgements and assumptions concerning future impacts on the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions, by definition, seldom equal to the related actual results but are based on historical experience and expectations of future events. The risk generated by these judgements and estimates is therefore mitigated as far as is practical. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

The following areas represent significant judgments and estimates that DECA has made in applying the accounting policies:

- Accrued Income
- Land and Buildings valuation

PROVISIONS

Provisions are made for various liabilities of uncertain timing or amount. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.



ACCOUNTING ACCRUALS

Accruals for the costs of goods and services received are recognised based on the best information available at the reporting date. Any difference between accounting accruals and the actual liability when presented are accounted for in the period when such determination is made.

REVENUE RECOGNITION

Revenue is stated net of trade discounts, provisions, VAT and similar taxes. The majority of Revenue arises from UK sources. DECA recognises revenue when an individual task or service within a contract is completed to the customer's satisfaction. Any incomplete tasks are accounted for as work in progress until such time as they are completed to the customer's satisfaction.

Substantially all revenue relates to the same class of business, the repair, overhaul and maintenance of equipment and components belonging to MOD.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There have been no changes in accounting policy and no disclosures to report.

IFRS's issued now effective

IFRS 16 Leases – effective from 1st April 2022, IFRS16 specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases unless the term is 12 months or less or the underlying asset has a low value. Lessors will continue to classify leases as operating or finance with IFRS 16's approach to lessor accounting unchanged from the previous standard International Accounting Standard (IAS) 17 Leases.

DECA have applied the short term/low value exemption mandated by the FReM along with other disclosures that are required.

DECA currently has two leases for vehicles. Both leases are on a monthly rolling contract and are therefore not affected by the standard.

Rentals under leases are charged to the Statement of Comprehensive Income as incurred.

DECA has a Finance Lease Receivable of which the accounting treatment is unchanged from IAS17. DECA has one Finance Lease for which it is the Lessor. This relates to the lease of building 14 by Sealand Support Services (SSSL)

DECA occupies an area at MOD Stafford provided by DIO but this is not considered a lease in accordance with the FReM due to DECA not having an agreement that defines the actual buildings or specific location to be provided and are subject to be moved upon notice provided by DIO. With this in mind it is judged that the contract does not include a lease.

IFRS issued but not yet effective

IFRS 17 Insurance Contracts – effective for periods beginning on or after 1st January 2023 for public sector entities and it is anticipated to have no material impact on the financial statements.



2. INCOME

	Timing of income recognition	2022/23	2021/22
		£'000	£'000
MOD Revenue	At a point in time	15,295	13,453
MOD Revenue	Over time	13,530	12,136
Non- MOD Revenue	At a point in time	634	911
Non-MOD Revenue	Over time	2,830	1,771
Total		32,289	28,271

OTHER OPERATING INCOME

	2022/23	2021/22
	£'000	Restated £'000
Rental income	656	639
Non rental income	9	10
Income not through contracts	462	822
Total	1,127	1,471

DECA is effectively a single business and it is not possible to allocate income or profit to different business segments.

3. PURCHASES OF GOODS AND SERVICES

	2022/23	2021/22
	£'000	£'000
Cash costs		
Materials & sub contract costs	6,951	4,643
Accommodation costs	711	1,227
IT and Telecommunications	1,497	583
Utilities	798	939
Security	362	509
Equipment Support	492	372
Other services	409	880
Total Cash Costs	11,220	9,153

Purchases of goods and services are those costs incurred directly in carrying out the production activities of DECA.

	£'000	£'000
Non - Cash Costs		
MJDI Supplied materials	93	93
Notional Costs for Other sites rental	171	
Non-Executive Director Fees	38	
Total Non - Cash Costs	302	93
Total Purchases of goods and services	11,522	9,246

4. OTHER OPERATING EXPENDITURE

	2022/23	2021/22
	£'000	£'000
Cash costs		
Training	133	98
Insurance	254	233
Travel & subsistence	108	105
Other professional services	108	80
Lease and hire costs of plant, machinery & vehicles	96	112
Total cash costs	699	628
Non cash costs		
Notional Audit Fee	48	43
Notional Costs for DIO (see note)	441	430
Depreciation	722	636
Total non - Cash Costs	1,211	1,109
Total other operating costs	1,910	1,737
Total other operating expenditure (excluding depreciation)	1,188	1,101

5. STAFF COSTS

	2022/23	2021/22
	£'000	£'000
Salaries, wages and allowances	13,168	12,688
Social security	1,335	1,246
Pension costs	3,454	3,436
Agency staff	748	559
Total payroll costs	18,705	17,929

6. PROPERTY, PLANT AND EQUIPMENT

The movements in each class of assets during 2022/23 were:

	Land	Buildings	Plant & Machinery	IT	Assets in Course of Construction	Total Tangible Assets
Cost or valuation:	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2022	7,653	9,878	785	414	839	19,569
Additions					1,798	1,798
Revaluation of Buildings previously Not In Use		327				327
Impairments						
Reclassification		39	60	324	(423)	0
Revaluation	(153)	881				728
At 31 March 2023	7,500	11,125	845	738	2,214	22,422

Depreciation:

At 1 April 2022	0	1,853	290	226	0	2,369
Depreciation charged during the year	0	609	44	68	0	722
Disposals	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Revaluation	0	212	0	0	0	212
At 31 March 2023	0	2,674	334	294	0	3,303

Net book value

At 31 March 2023	7,500	8,451	511	444	2,214	19,120
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The movements in each class of assets during 2020/21 were:

	Land	Buildings	Plant & Machinery	IT	Assets in Course of Construction	Total Tangible
Cost or valuation:	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2021	7,503	8,937	785	288	590	18,103
Additions	0	0	0	0	891	891
Impairments	0	0	0	0	0	0
Reclassification	0	514	0	126	(642)	(2)
Revaluation	150	427	0	0	0	577
At 31 March 2022	7,653	9,878	785	414	839	19,569

Depreciation:

At 1 April 2021	0	1,300	247	186	0	1,733
Depreciation charged during the year	0	553	43	40	0	636
Disposals	0	0	0	0	0	0
Impairment	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0
At 31 March 2022	0	1,853	290	226	0	2,369

Net book value

At 31 March 2022	7,653	8,025	495	188	839	17,200
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7. INVENTORIES AND WORK IN PROGRESS

Stocks	2022/23	2021/22
	£'000	£'000
Opening Balance	71	66
Net movement during year	(6)	5
Balance at 31st March	65	71

Work in progress

Opening Balance	206	222
Net transfers to operating expenses during the year	64	(16)
Balance at 31 March	270	206

Total at 31 March

335	277
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8. TRADE AND OTHER RECEIVABLES

Amounts falling due within 1 year:	31 March 2023	31 March 2022
	£'000	£'000
Trade and sundry invoiced receivables	2,991	4,941
Other receivables	8	6
Prepayments	459	462
Accrued income	5,299	4,080
Total as at 31 March	8,757	9,489

All above balances fall due within 1 year

Aged Trade and Sundry Invoiced Receivables Analysis	Not yet due	30 - 60 days	60 to 90 Days	90 to 120 Days	120 to 365 Days	365+ Days	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2023	2,609	157	6	11	131	78	2,991
At 31 March 2022	2,866	308	517	100	857	293	4,941

9. CASH AND CASH EQUIVALENTS

	31 March 2023	31 March 2022
	£'000	£'000
Cash held with Government Banking Service (GBS)	13,497	14,008
Total	13,497	14,008

The Cash balance at year end excludes a BACS payment of £1.398m that was cleared on 5th April 2023 (£0.513m 2021/22).

10. TRADE AND OTHER PAYABLES

	31 March 2023	31 March 2022
	£'000	£'000
Amounts falling due within one year:		
Trade payables	615	160
Taxation and social security	455	309
Value Added Tax	627	1,395
Accruals	1,681	1,906
Deferred income	225	1,198
Amounts due to pension schemes	435	343
Sundry payables	366	560
Payable to Parent Department	4,809	4,185
Total	9,213	10,056

Each year DECA is required to repay its parent department the level of planned operating profit. This is classed as a short term payable. In 2022/23 DECA, on behalf of the MOD paid for work completed on the site (£645k) which reduced the value of the movement of the payable to department in year, the increase being £624k (£1,269 less £645k)

The £1,467K decrease in payables in the Statement of Cash Flows on page 64 excludes the payable to the parent department £4,809K. Therefore the decrease is calculated as £9,213K less £4,809K = £4,404K which is a decrease of £1,467K when compared with the 2021/22 total of £5,871K (calculated as £10,056K less £4,185K).

The amount payable to the department comprises of the return payable to MOD for both 2018/19, 2019/20, 2020/21 & 2021/22 and £624k for 2022/23

11. PROVISIONS

	2022/23
	Total
	£'000
Balance at 1 April 2022	57
Created during year	
Utilised in year	
Balance at 31 March 2023	57

	2021/22
	Total
	£'000
Balance at 1 April 2021	57
Created during year	
Utilised in year	
Balance at 31 March 2022	57

12. LEASES

Operating Lease payments recognised as expenses in the period were:

	2022/23	2021/22
	£'000	£'000
Leases of other land and buildings	441	430
Leases of vehicles and other equipment	43	112
Total operating leases paid (i)	484	542

(i) Contained within note 4

None of these payments were contingent rents or sublease payments.

No future minimum lease payments under non-cancellable operating leases are due.

None of DECA's leasing arrangements have renewal or purchase options, rentals are payable on fixed instalments over the duration of the lease.

There are no restrictions imposed by lease arrangements on dividends or further debt.

Note: DECA has lease of land and buildings at Stafford with DIO for £441K (2021/22: £430K) which is treated as a notional cost based on a market rental valuation.

Operating lease payments going forward:	31 March 2023	31 March 2022
	£'000	£'000
Payable within one year	9	1
Payable after one year and less than five years	24	0
Total	33	1

Future minimum lease payments where DECA is acting as lessor:	31 March 2023	31 March 2022
	£'000	£'000
Receivable within one year	430	360
Receivable within two to five years	690	
Total	1,120	360

	31 March 2023	31 March 2022
	£'000	£'000
Finance Lease of Bldg 14 to SSSL Opening Balance	1,934	1,836
Interest earned	66	98
Impairment @ 31 March 2023	(2,000)	
Closing Balance	0	1,934
Total	0	1,934

The Finance lease relates to the lease of Building 14 to Sealand Support Services Ltd (SSSL). Due to SSSL requesting to terminate the lease, the lease has been impaired down to zero as no more payments will be received in the future.

Amounts receivable under non-cancellable Finance Leases are as follows:

	31 March 2023	31 March 2022
	£'000	£'000
Less than one year	0	0
Between one and five years	0	215
More than five years	0	2,760
Total undiscounted lease assets at 31 March 2023	0	2,975

13. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

DECA had capital commitments to the value of £105K at 31 March 2023 (£119K at 31 March 2022).

There are no financial commitments at 31 March 2023 (Nil at 31 March 2022).

There are no contingent assets at 31 March 2023 (Nil at 31 March 2022).

There are no contingent liabilities at 31 March 2023 (Nil at 31 March 2022).

14. FINANCIAL INSTRUMENTS

DECA's treasury operations are restricted to collecting cash remittances from receivables and paying off liabilities as they fall due. DECA's financial instruments comprise cash deposits, receivables and payables. Any cash surplus balances are remitted to the Government Banking service overnight. DECA has no powers to borrow or invest surplus funds. The main risks that arise from the financial instruments are foreign currency and liquidity risks. DECA's policies for managing these risks are set to achieve compliance with the regulatory framework including the rules contained within Managing Public Money. Risks are reviewed as part of the management board and none have materialised or are expected to materialise soon, but this is kept under review.

CURRENCY RISK

DECA conducts business in Sterling, US Dollars and Euros and is therefore subject to foreign exchange risk. At 31 March 2023 there are no existing liabilities. (Nil at 31 March 2022).

FINANCIAL ASSETS

		31 March 2023	31 March 2022
		£'000	£'000
Trade, sundry and other receivables	8	8,298	9,027
Cash at bank and in hand	9	13,497	14,008
Finance lease	12	0	1,932
Total Financial Assets		21,795	24,967

LIQUIDITY RISK

Current liquidity throughout the year was strong. Cash at bank is available on demand.

COUNTERPARTY / CREDIT RISK

DECA's approach is to minimise counter-party risk by aiming only to enter into contracts with institutions with long term credit ratings of AA or better. Because the majority of sales are to the MOD, we have determined they have very low credit risk and there is no expected credit loss to recognise as at 31 March 2023 (2021/22: Nil losses).

CAPITAL MANAGEMENT

The financial strategy of DECA supports its aim of sustaining its operating capability and achieving the return on capital objectives set by its owner. The key elements of the strategy are:

- Sufficient flexibility for the funding of necessary capital expenditure and working capital required for any expansion of the business.
- As DECA is part of the MOD and sits under Head Office & Commissioning Services (HOCS) it may rely on its parent department to underpin any financial risk.
- Avoidance of risk and compliance with HM Treasury policies.

DECA is not subject to covenants in any of its financing agreements

DECA did not retain any assets classed as held to maturity investments or available for sale financial assets, or any financial assets or liabilities held for trading. For all assets and liabilities, amortised cost was a proxy for fair value due to the short term nature of the instrument.

FINANCIAL LIABILITIES

		31 March 2023	31 March 2022
		£'000	£'000
Trade and other payables	10	7,765	7,155
Total Financial Liabilities		7,765	7,155

Note

- Trade, sundry and other receivables does not reconcile to Note 8 as it does not include prepayments which are not classed as financial instruments.
- Trade and other payables do not reconcile to note 10 as the VAT, deferred income and tax and social security balances are not classed as financial instruments.

15. RELATED PARTIES

The Ministry of Defence (MOD) was a related party and has a representative on the DECA Board. During the year, DECA has had material transactions with the Department and with other entities for which MOD is the parent department. None of the DECA Board members or key managerial staff has declared any related party interests which may conflict with their management responsibilities.

DECA also has a related party with MOD's joint arrangement, Sealand Support Services Ltd (SSSL) which is based at DECA's Sealand facility. MOD has seconded one of its employees into SSSL to undertake the role as Finance Manager. In addition, Geraint Spearing, DECA Chief Executive represented MOD as one of its nominated non-executive directors on the SSSL Board until December 2022.

During the year DECA provided management service to SSSL to the value of £615K, (2021/22: £726K)

The following balances for Sealand Support Services were held in DECA's accounts at year end.

	31 March 2023	31 March 2022
	£'000	£'000
Trade receivables	0	635
Accrued income		
Total	0	635

16. LOSSES AND SPECIAL PAYMENTS

There were no material losses or special payments. (2021/22: Nil)

17. AUDITORS

The Government Resources and Accounts Act 2000 require DECA's Annual Report and Accounts to be audited by the Comptroller and Auditor General. DECA's auditor is the National Audit Office (NAO). The cost of this audit is £48K. (2021/22: £43K)

18. EVENTS AFTER THE REPORTING PERIOD

As at the 1st April 2023 DECA merged with DE&S. The merger decision was sparked by a UK Government Investments (UKGI) review which identified that DECA was a valuable strategic asset and that its capability should be grown to the benefit of defence and the UK taxpayer.

These accounts have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's Audit Certificate.

As a result of the SSSL dissolution an impairment review was undertaken and as a consequence the financial lease has been impaired to zero and reflected in the financial statements.

GLOSSARY

LIST OF ACRONYMS AND ABBREVIATIONS

AMRC	Advanced Manufacturing Research Centre	FDA	First Division Association	NED	Non-Executive Chairman/Director
ARAC	Audit and Risk Assurance Committee	FIFO	First In First Out Basis	NETMA	NATO Eurofighter 2000 and Tornado Management Agency
ASLC	Accrued Superannuation Liability Charges	FRem	Financial Reporting Manual	NHS	National Health Service
ATE	Automatic Test Equipment	FROGS	Financial, Reputational, Operational, Governance and Strategic	NSPCC	National Society for the Prevention of Cruelty to Children
BACS	Bankers Automated Clearing Services	FY	Financial Year	OBE	Officer of the Most Excellent Order of the British Empire
BCP	Business Continuity Plan	GHG	Greenhouse Gas	OEM's	Original Equipment Manufacturer
CE	Chief Executive	GIS	Guaranteed Interview Scheme	P&RR	Performance & Risk Review
CETV	Cash Equivalent Transfer Value	HIA	Head of Internal Audit	PCSPS	Principal Civil Service Pension Scheme
CI	Continuous Improvement	HM	Her Majesty's	PIDA	Public Interest Disclosure Act
CIPD	Chartered Institute of Personnel and Development	HMRC	Her Majesty's Revenue & Customs	PSyA	Principal Security Adviser
CMAT	Classified Material Assessment Tool	HMT	Her Majesty's Treasury	PUS	Permanent-Under Secretary
CMI	Chartered Management Institute	HOCS	Head Office & Commissioning Services	RAF	Royal Air Force
CO2	Carbon Dioxide	HR	Human Resources	RDF	Refuse Derived Fuel
CO2e	Carbon Dioxide Equivalent	HVLV	High Voltage Low Voltage	REME	Royal Electrical and Mechanical Engineers
CSPS	Civil Service People Survey	IAS	International Accounting Standards	RENCO	Remuneration & Nomination Committee
CyDR	Cyber Defence and Risk	IFRS	International Financial Reporting Standards	RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
DARA	Defence Aviation Repair Agency	IPR	Intellectual Property Rights	RN	Royal Navy
DD	Defence Digital	ISO	International Organization for Standardization	SCS	Senior Civil Servant
DE&S	Defence Equipment and Support	ISO	International Standard Organisation	SDA	Submarine Delivery Agency
DECA	Defence Electronics & Components Agency	ISS	Information System Services	SHE	Safety, Health & Environment
DEF STAN	Defence Standard	IT	Information Technology	SME	Subject Matter Expert
DESA	Defence Equipment Sales Authority	JPO	Joint Programme Office	SSG	Security Services Group
DIA	Defence Internal Audit	JSP	Joint Service Publication	SSSI	Sites of Special Scientific Interest
DIO	Defence Infrastructure Organisation	KPIs	Key Performance Indicators	SSSL	Sealand Support Services Limited
DL	Deputy lieutenant	L&D	Learning & Development	TU	Trade Unions
DoD JPO	Department of Defence, Joint Program Office	LPG	Liquid Petroleum Gas	UAS	Unmanned Air Systems
DSEI	Defence & Security Equipment International	MBA	Master of Business Administration	UK	United Kingdom
DSG	Defence Support Group	MHCA	Modified Historical Cost Accounting	UKGI	United Kingdom Government Investment
DSOP	Director of Sponsorship and Organisational Policy	MJDI	Management of the Joint Deployed Inventory	US	United States
DSTL	Defence Science & Technology laboratory	MOD	The Ministry of Defence	VAT	Value Added Tax
DTP	DECA Transformation Programme	MRO&U	Maintenance, Repair and Overhaul and Upgrade	WIP	Work in Progress
ERP	Enterprise Resource Planning	MyCSP	My Civil Service Pension	XCR	Executive Compliance Review
EU	European Union	NAO	National Audit Office	XMB	Executive Management Board



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