



Department for  
Science, Innovation  
& Technology

# Annual report and accounts 2023–24

HC 216



Department for  
Science, Innovation  
& Technology

# Annual report and accounts 2023–24

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This is part of a series of departmental publications which, along with the Main Estimates 2024–25 and the document Public Expenditure: Statistical Analyses 2024, present the government's outturn for 2023–24 and planned expenditure for 2024–25.

**OGL**

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# Performance report



# Performance overview

## Purpose of the performance overview

The purpose of the performance overview is to give a summary that provides sufficient information to understand the department - its purpose, its priorities, its performance against delivering its priorities, and impact and management of key risks.

For further detail on performance or specific accountability, see the performance analysis and accountability report sections of the annual report and accounts.

## Permanent Secretary's statement on performance

**DSIT was created in February 2023** to help unleash the power of UK research and development, grow the economy, create better jobs, and support bold discoveries which will enable people to live longer, healthier, happier lives. The agenda we have been leading on behalf of the whole of government, including our focus on the government's 5 priority technologies, was set out in the Science and Technology Framework, and in February 2024 we updated on our delivery progress. I note some highlights here.

**We have delivered key science and technology milestones** including hosting the world's first AI Safety Summit in November 2023 which established the world's first AI Safety Institute, and saw the signing of the Bletchley Declaration to foster a global consensus on the opportunities and risks of AI. At the start of 2024, the UK hit a milestone, with over 80% of premises gaining access to gigabit broadband connection – compared to 5 years ago when gigabit coverage stood at just 6%. We secured the UK's association to Horizon Europe and Copernicus (worth more than £80 billion). We have identified our 5 critical technologies and published ambitious plans and investment for each – AI, engineering biology, future telecoms, semiconductors, and quantum.

**We have already achieved our total R&D public spending target of £20 billion by 2024–25.** We have been piloting novel approaches to funding R&D and leveraging increased private and philanthropic investment. There has been over £1 billion of investment in UK S&T from leading global companies, we have supported over 3,000 UK researchers and innovators through the Horizon Europe Guarantee scheme, and we have worked to deliver a lower bureaucracy, more diverse R&D funding landscape.

**As part of our legislative and regulatory agenda,** we worked to develop pro-innovation approaches to regulation through our response to the AI white paper in February. We established regulatory sandboxes for telecoms, engineering biology and space. We passed the Online Safety Act to protect people, and particularly children, online, and worked across government to bring to life a pro-innovation approach to fair, safe, and transparent use of AI.

**Standing up a new department is a complex task.** Alongside the important matters of systems and people integration that accompany any merger, we have established the first Integrated Corporate Services function shared between multiple government departments (DSIT, DESNZ and DBT). We have also trialled AI-based approaches to automate administrative processes, brought in over 100 external experts through our Expert Exchange Programme, and prioritised new analytical and evidence techniques, including through our clusters mapping work.

**I am extremely proud of everything DSIT has achieved in its first year**, having laid the groundwork for strengthening the UK's science and technology position and harnessing the benefits of progress for our citizens. We are excited to continue this journey. This report sets out the breadth of DSIT's work programme and shows our achievements delivering on it throughout 2023–24.

## Purpose and priorities

### Purpose

Our collective mission, which underpins all our work, was to use science and technology to drive stronger growth, better jobs, and bold discoveries.

### Priorities

For 2023–24, the Department for Science, Innovation and Technology (DSIT) did not have a set of priority outcomes and metrics published as part of the most recent spending review.

DSIT was established on 7 February 2023 and has rapidly begun delivering an ambitious programme. As a new Whitehall department, DSIT focused on positioning the UK at the forefront of global scientific and technological advancement to drive growth, better jobs and prosperity, and become the most innovative economy in the world.

The Science and Technology Framework (S&T Framework), published on 6 March 2023, has been DSIT's overarching strategic framework. The strands of the S&T framework correspond to DSIT's early priorities outlined below.

### S&T Framework

[The S&T Framework](#) formulated 10 strands for cross-government action. It is led overall by DSIT. DSIT takes a leading role on 5 of these strands – indicated by the highlights below – and takes a central role on the others by driving, coordinating, and enabling delivery.

On 9 February 2024 DSIT published a delivery update – [The UK Science and Technology Framework](#): update on progress, which outlined achievements since the publication of the Framework and set out key actions for the 12 months ahead.

<b>The UK Science and Technology Framework</b>	
1	Developing and deploying critical technologies (Formerly 'Identifying critical technologies' strand. This strand has been updated following publication of DSIT's 5 Critical Technologies plans.)
2	Signalling UK strengths and ambitions
3	Investment in research and development
4	Talent and skills. Lead department: Department for Education
5	Financing innovative science and technology companies. Lead department: HM Treasury
6	Procurement. Lead department: Cabinet Office
7	International opportunities. Lead department: Foreign, Commonwealth and Development Office
8	Access to physical and digital infrastructure
9	Regulation and standards
10	Innovative public sector

### DSIT early priorities

Alongside the broader strategic strands of the Framework, we were set some specific early priorities.

- 1) Optimise public R&D investment to support areas of relative UK strength and increase the level of private R&D to make our economy the most innovative in the world.
- 2) Promote a diverse research and innovation system that connects discovery to new companies, growth and jobs – including by delivering world-class physical and digital infrastructure (such as gigabit broadband), making the UK the best place to start and grow a technology business and developing and attracting top talent.
- 3) Strengthen international collaboration on science and technology in line with the Integrated Review, and ensure our researchers are able to continue to work with leading scientists in Europe and around the world.
- 4) Deliver key legislative and regulatory reforms to drive competition and promote innovation, including the Data Protection and Digital Information Bill, the Digital Markets, Competition and Consumer Bill and our pro-innovation approach to regulating AI.
- 5) Pass the remaining stages of the reformed Online Safety Bill to keep British people, especially children, safe online.

## Business model and environment

- DSIT was formed in February 2023. It brought together the relevant parts of the former Department for Business, Energy & Industrial Strategy (BEIS), the Department for Digital, Culture, Media & Sport (DCMS) and the Cabinet Office.
  - The core department consults a range of stakeholders including small and large businesses, business representative organisations, unions, and research institutions. It also consults the public on critical policy decisions.
  - In the year, the core department was structured into 3 groups and supported by 2 adviser roles
- 1) Digital Technology and Telecoms,

- 2) Science, Innovation and Growth,
  - 3) Corporate Services,
  - 4) National Technology Adviser,
  - 5) DSIT Chief Scientific Adviser.
- The department sponsors arm's length bodies (ALBs) which contribute to its work – the ALBs are listed below.
  - DSIT's priorities are constantly shaped by issues in the social and economic environment and government priorities, to serve the public effectively.
  - Internally, our ambition is to be the most innovative department in government, with faster, more imaginative approaches that deliver results.

## Our group

During the year, DSIT worked with 15 agencies and arm's length bodies, listed below. The list is [updated on gov.uk](#). This allocation to DSIT is determined by the Cabinet Office classification rules.

### Executive agency

- Building Digital UK
- Intellectual Property Office
- Met Office
- UK Space Agency

### Executive non-departmental public body

- Advanced Research and Invention Agency
- Information Commissioner's Office
- UK Research and Innovation

### Tribunal

- Copyright Tribunal

### Public corporation

- National Physical Laboratory
- Ordnance Survey

### Other

- British Technology Investments Ltd
- Government Office for Science
- Ofcom
- Phone-paid Services Authority
- UK Shared Business Services Ltd

## Departmental group in the financial statements

DSIT consolidates the financial statements for the departmental group. The departmental group allocation to DSIT is determined by ONS classification rules. This is published in the designation and amendment orders as per the Government Resources and Accounts Act 2000. The entities that overlap in the Cabinet Office classifications above and ONS classifications for the departmental group have been highlighted.

## Summary of performance on priority outcomes

### DSIT early priorities

<p>1. Optimise public R&amp;D investment to support areas of relative UK strength and increase the level of private R&amp;D to make our economy the most innovative in the world.</p>	<ul style="list-style-type: none"> <li>• We have identified our 5 critical technologies and published ambitious plans and investment for each: AI, engineering biology, future telecoms, semiconductors, and quantum - for their ability to build strategic advantage, create opportunities for growth, and capitalise on existing UK strengths.</li> <li>• We have achieved our total R&amp;D public spending target of £20 billion by 2024–25 already, and we have been at the forefront of innovating R&amp;D investment across government.</li> </ul>
<p>2. Promote a diverse research and innovation system that connects discovery to new companies, growth and jobs – including by delivering world-class physical and digital infrastructure (such as gigabit broadband), making the UK the best place to start and grow a technology business and developing and attracting top talent.</p>	<ul style="list-style-type: none"> <li>• We supported the Prime Minister’s second UK Global Investment Summit (delivered by DBT &amp; Office for Investment), which resulted in £29.5 billion of new investment in the UK and championed the UK’s science and technology sector at London Tech week, which attracted over 30,000 visitors from across the globe.</li> <li>• We published the Wireless Infrastructure Strategy in April 2023, and we have made progress upgrading and expanding digital connectivity by delivering world-class digital infrastructure.</li> </ul>
<p>3. Strengthen international collaboration on science and technology in line with the Integrated Review and ensure our researchers can continue to work with leading scientists in Europe and worldwide.</p>	<ul style="list-style-type: none"> <li>• We hosted the world’s first AI summit in November 2023 at Bletchley Park and secured the UK’s association to Horizon Europe and Copernicus worth more than £80 billion.</li> </ul>
<p>4. Deliver key legislative and regulatory reforms to drive competition and promote innovation, including the Data Protection and Digital Information Bill, the Digital Markets, Competition and Consumer Bill and our pro-innovation approach to regulating AI.</p>	<ul style="list-style-type: none"> <li>• We continue to progress the Data Protection and Digital Information Bill (DPDI) to deliver on the post-Brexit opportunity to create a UK data protection regime. We have also developed the Digital Markets and Consumer Competition Bill. The government response to the AI white paper delivered in February 2024 also sets out our commitment to implement a pro-innovation approach.</li> </ul>
<p>5. Pass the remaining stages of the reformed Online Safety Bill to keep British people, especially children, safe online.</p>	<ul style="list-style-type: none"> <li>• We have delivered the Online Safety Act, which received Royal Assent in October 2023, putting requirements in place to make the UK the safest place in the world to be online.</li> </ul>

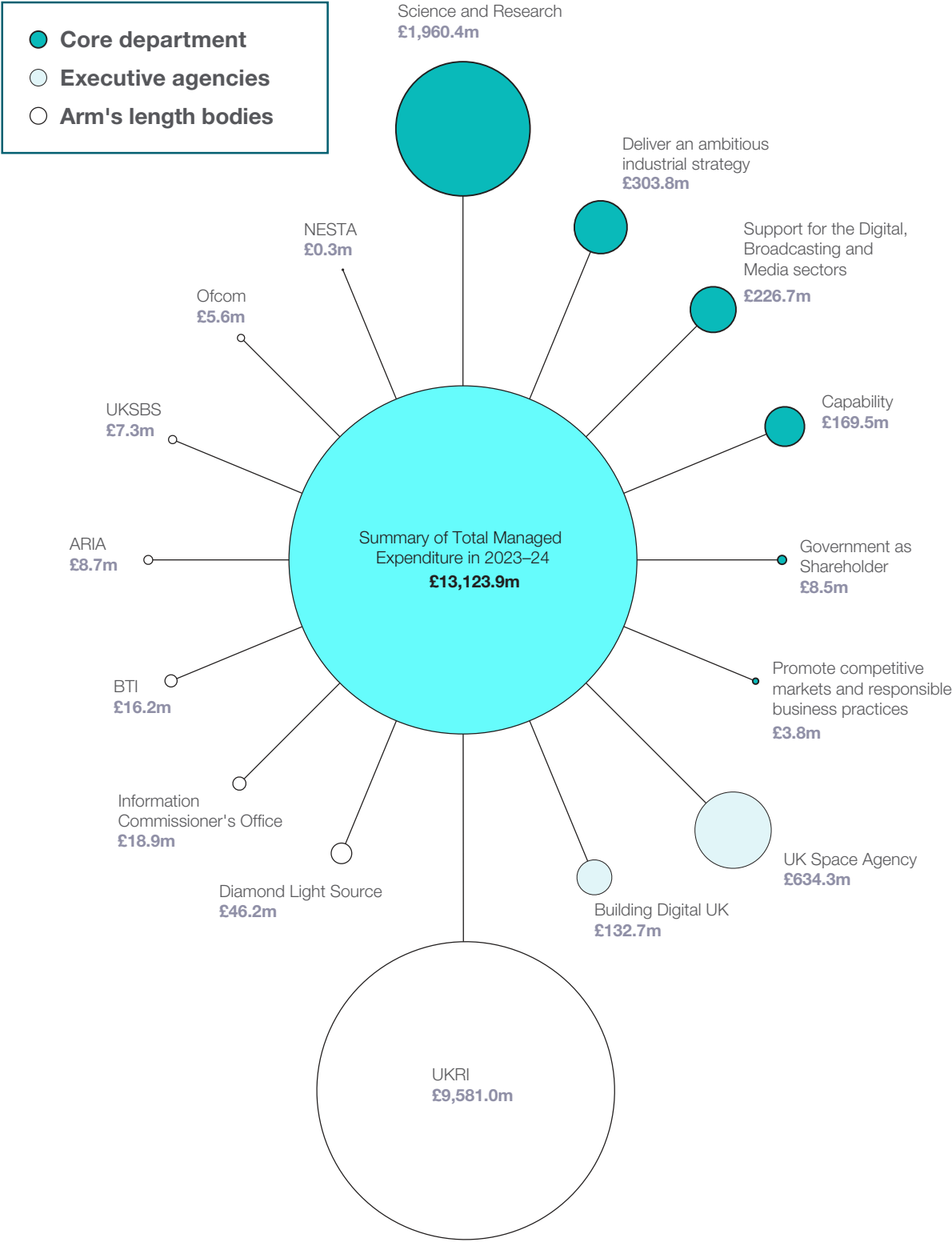
## Summary of principal risks

See the performance analysis for the department’s principal risks in 2023–24.

See the governance statement for details of the department’s risk management and internal controls system.

# Summary of expenditure

The graph below shows departmental total spend in DEL and AME in 2023–24, outlining the major areas of spend. For the core department, spend is shown by the Estimate line. For all arm’s length bodies and agencies, spend is shown by entity. Some entities are included within DSIT core in line with estimate reporting.



# Performance analysis

## Purpose of the performance analysis

### The performance analysis has 5 sections.

- Performance on priority outcomes
- Principal risks
- Financial review
- Sustainability report
- Performance in other areas

## Performance on priority outcomes

For 2023–24, DSIT did not have a set of priority outcomes and metrics published as part of the most recent spending review.

This section provides an overview of DSIT's performance against the 10 strands in the overarching Science and Technology (S&T) Framework. DSIT published detailed achievements against each strand of Framework in the delivery update – [The UK Science and Technology Framework: update on progress](#) on 9 February 2024. This section provides a selection of examples.

The strands of the S&T framework correspond to the DSIT early priorities. The DSIT early priorities are referenced in the performance summary on page 13.

DSIT activity was also supported with advertising campaigns to reach targeted audiences. See performance in other areas > advertising campaigns in 2023–24, on page 36.

## S&T Framework strands: sole DSIT led strands

### Developing and deploying critical technologies. Corresponds to DSIT early priority 1

- Identified our 5 critical technologies and published ambitious plans for each – AI, engineering biology, future telecoms, semiconductors and quantum – building on their ability to create strategic advantage, create opportunities for growth, and capitalise on existing UK strengths.
- Announced over £1 billion of funding in the life sciences sector, including £520 million for life sciences manufacturing and £100 million for the AI in healthcare fund.
- Demonstrated global leadership through our AI Safety Summit and the AI Safety Institute.
- Announced 5 quantum missions to realise the ambitions of our National Quantum Strategy (launched March 2023), which committed £2.5 billion to quantum technologies.



- Announced £2 billion for engineering biology alongside the publication of the National Vision for Engineering Biology.
- Through the National Semiconductor Strategy, announced investing up to £200 million into our semiconductor sector over the years 2023–25 and up to £1 billion in the next decade.
- Committed up to £100 million on future telecommunications by end of 2024–25 and committed to supporting future telecommunications R&D in the long term.
- Identified opportunities to address the convergence of technologies and implications for R&D, infrastructure and skills, as demonstrated in our National Vision for Engineering Biology.

### **Signalling UK strengths and ambitions. Corresponds to DSIT early priority 1, 2**

- Utilised key communications moments to promote the UK's science and technology abilities, including launching critical technology strategies and hosting the PM's second UK Global Investment Summit (delivered by DBT & Office for Investment), which resulted in £29.5 billion of new investment in the UK.
- Championed the UK's science and technology sector at London Tech week, which attracted over 30,000 visitors from across the globe.
- Helped the UK lead the global conversation at the world's first AI Safety Summit in November 2023, with significant worldwide interest.

### **Investment in research and development. Corresponds to DSIT early priority 1, 2**

- Coordinated cross-government action and maintained our commitment to progress towards total government investment in R&D reaching £20 billion per annum by financial year 2024–25, the largest ever increase over a spending review period.
- Generated over £1 billion of investment in UK S&T from leading global companies in 12 months.
- Raised domestic public investment in R&D outside the greater south east by: starting delivery of the £100 million Innovation Accelerators programme; establishing 8 dynamic innovation launchpads in regional clusters across the UK, a £75 million investment to support high-growth small and medium-sized enterprises (SMEs) and creating a £60 million pilot Regional Innovation Fund in 2023–24 to support universities to engage with their local economy to drive business engagement and growth.
- Secured the UK's association to Horizon Europe and Copernicus, worth more than £80 billion and supported over 3,000 UK researchers and innovators with over £1.5 billion of funding through the Horizon Europe Guarantee scheme.
- Took action to reduce bureaucracy – e.g. published the government response to the independent review by on research bureaucracy by Professor Adam Tickell.
- Additional measures were announced in the 2024 Spring Budget, including providing £45 million in additional funding for medical research charities supporting 1,600 researchers to date.

### **Access to physical and digital infrastructure. Corresponds to DSIT early priority 2**

- Project Gigabit is our programme to provide hard to reach areas of the country with gigabit broadband speeds. At the start of 2024, the UK hit a milestone, with over 80% of premises gaining access to gigabit broadband connection. This puts us well on the way

towards our intermediate objective of 85% coverage by the end of 2025. We also achieved the milestone of 1 million premises being able to access gigabit connections through government subsidy. As at 31 March 2024, 29 contracts, both local and regional had been signed, representing £1.3 billion of government subsidy.

- The Shared Rural Network programme continues to deliver improvements - 4G geographic coverage is at 93%, an increase from 91% when the programme was announced in March 2020. In the Wireless Infrastructure Strategy, we announced an ambition for nationwide coverage of standalone 5G by 2030 and 2mobile network operators have deployed standalone 5G. We also funded £36 million to directly deliver 5G solutions across the UK as part of our 5G Innovation Regions. This will help the public sector, and businesses develop their use cases for 5G while building up local infrastructure.
- Announced investments in step-change upgrades to the UK's existing world-class infrastructure, including £500 million for the UK's national synchrotron, Diamond Light Source, £85 million for the world's most powerful laser Vulcan 20–20, and £128 million for new UK Biobank infrastructure in Manchester.

### **Regulation and standards. Corresponds to DSIT early priority 4, 5**

- Delivered the Online Safety Act 2023 which received royal assent in October 2023, to protect children and adults online.
- Worked on the Data Protection and Digital Information Bill (DPDI), which has remained a key focus in DSIT and has been delivering on the post-Brexit opportunity to create a UK data protection regime.
- Developed the Digital Markets and Consumer Competition Bill
- Published the government response to the AI white paper in March 2024, setting out how we would implement a pro-innovation approach.
- Announced regulatory sandboxes for telecommunications spectrum sharing, engineering biology and space.
- Launched a space regulatory review to provide more certainty, clarity, and confidence to industry, respond to emerging future challenges and ensure the UK framework is one of the most attractive for global investors.
- Published the reports and responses to the GCSA's Pro-Innovation Regulation of Technologies review with initiatives under way to enhance the regulatory landscape for creative industries, life sciences, digital technologies, green industries, and advanced manufacturing sectors.

### **S&T Framework strands – 5 HMG cross-cutting delivery priorities**

While not the sole lead department on the remaining strands of the Framework, DSIT has contributed to each of the strands below.

#### **Talent and skills. Lead department: Department for Education. Corresponds to DSIT early priority 2**

- Focused on establishing institutes and other bodies, and long-term domestic and international approaches to meet our 2030 ambitions, and developing an approach to skills that supports each of the critical technologies.

- With DfE, established the Digital and Computing Skills Education Taskforce (DCSET) to develop the pipeline of individuals entering the computing and digital priority sectors.
- Continued to roll out the successful AI and Data Science Conversion Course programme. £8 million of government funding was unlocked to fund scholarships for the 2024–25 academic year.

**International opportunities. Lead department: Foreign, Commonwealth and Development Office. Corresponds to DSIT early priority 3**

- Started to deliver the International Technology Strategy, which sets out the UK's approach to technology leadership on the global stage.
- Deepened bilateral partnerships - for example - established a data bridge with the USA; launched a flagship climate science project led by UKRI with Brazil in the Amazon; and new partnerships on semiconductors and innovation with Japan and Korea.
- Launched the £337 million International Science Partnership Fund (ISPF), which gives UK researchers and innovators access to global talent, large-scale facilities, and research ecosystems.
- Convened international stakeholders for the world's first AI Safety Summit at Bletchley Park.

**Financing innovative science and technology companies. Lead department: HM Treasury. Corresponds to DSIT early priority 2**

- Increased funding for core Innovate UK programmes by 66% from 2021–22 to £1.1 billion in 2024–2025, which will help innovative UK companies connect to the capital, skills, and networks they need to grow.
- Launched the Advanced Research and Invention Agency's (ARIA) first grant funding call in January 2024, having announced its founding cohort of programme directors in September 2023. ARIA funds high-risk, high-reward scientific research with unique organisational freedoms.
- Supported the strongest UK sectors:
  - provided £1 billion of funding for the Life Sciences sector;
  - announced up to £47 million to the Earth Observation Investment Package boosting the UK's space sector.

**Procurement. Lead department: Cabinet Office. Corresponds to DSIT early priority 1, 4**

- Progressed work to make the commercial environment easier for businesses of all sizes by articulating the government's innovation needs and challenges. The Procurement Act 2023 is a foundational first step in bringing about a cultural change that will make this a reality.
- Helped departments and civil servants to upskill and harness the potential of AI and data science, by announcing the Incubator for AI and 'Evidence House'.
- Announced over £1 billion of funding to continue growing a resilient and innovative Life Sciences sector, and support the long-term sustainability of the NHS. This included £100 million to capitalise on AI's potential in life sciences and healthcare sectors.

## Innovative public sector

- Announced that government is establishing the Incubator for AI (i.AI), to help departments harness the potential of AI (Cabinet Office/No.10 lead).
- Established ‘Evidence House’ to radically upskill hundreds of civil servants in data science and AI.

Since April 2023, the Government Office for Technology Transfer (GOTT) has also:

- Supported over 50 organisations in the UK public sector to unlock the potential of their knowledge assets, to improve public sector services and drive economic innovation and growth.
- Funded 27 public sector organisations across 50 projects through the Knowledge Asset Grant (KAGF), awarding £4.9 million of funding.
- Identified and baselined performance of the government’s top 75 public services and committed to 50 services reaching a ‘Great’ standard by 2025, meaning they are usable, efficient, and compliant with accessibility standards.

## Principal risks

Risks are potential events that could affect the delivery of DSIT’s priorities or prevent their achievement. This section includes the department’s principal risks, how they affected performance and how they were mitigated against.

The discussion of risks in the governance statement focuses on the risk management and internal controls system.

### Principal risks

The 11 principal risks managed and reported in 2023–24 are listed below.

In addition to these principal risks, the department has risks held and managed at group level. DSIT also contributes to management of risks on the National Risk Register.

- 1) DSIT fails to harness cross government efforts to implement science and tech strategies quickly and in a co-ordinated way
- 2) Unpredicted technology opportunities and risks arise faster than DSIT is able to appropriately respond to them
- 3) The work on science carried out in our universities and elsewhere is not successfully converted into economic benefit for the UK
- 4) DSIT is insufficiently prepared to manage national security risks, including the security of UK intellectual property.
- 5) DSIT fails to find the right balance between funding R&D to drive national strategic priorities, and investing in bottom-up ideas and foundational science
- 6) Over-commitment against what can be afforded within our budgets – either people or spend
- 7) DSIT is insufficiently prepared for major incidents, including those arising from our responsibilities in cyber, telecoms and space
- 8) ALBs belonging to DSIT are insufficiently equipped to allow them to deliver objectives that achieve ministerial goals

- 9) People do not have the right skills and experience to deliver against our demanding, complex, and fast-moving agenda
- 10) Continued pace and urgency of work leads to increased level of stress, burn out, and the inability to retain and recruit staff.
- 11) Lack of sustainability and resilience of university funding streams undermines their ability to deliver excellent research, with implications for the UK R&D skills base, research quality and output

### **How risks have affected the department in achieving its objective**

The risks have been controlled sufficiently to allow the department to continue to achieve its objective, but over the period this has been with recorded impacts on spend within budget and the wellbeing of the workforce which remained challenging.

### **How these risks have been mitigated against**

- Principal risk owners are responsible for mitigation of the risks. They report to executive committee on a quarterly basis, with monthly reports received by delivery and risk committee on behalf of EXCO. This ensures risks are kept under constant review, so they do not realise and impact delivery of departmental priorities.
- A key part of the process of mitigation has been the introduction of an annual programme of Risk In-Depth Explorations this year, these provide detailed insight to the effective mitigation of the principal risks, with this programme of activity overseen by delivery & risk committee, executive committee and the audit, risk and assurance committee.
- Further details on the risk management and internal controls system is included in the governance statement.

### **How risks have changed over time**

The principal risks were identified during this first year of operation, so there were no significant changes in these risks, or significant change in the likelihood or possible impact.

### **How existing and new risks could affect the entity in delivering its plans and performance in future years**

It is unclear what impact these risks will have on future priorities and plans with the possible changes to departmental objectives from a returning or new administration in quarter 2.

## Financial review

### Financial performance

#### The public sector budgeting framework

The department's annual budget is the total managed expenditure (TME). Budgets are issued by HM Treasury and approved by Parliament. Departments need to monitor budgets closely to avoid overspending and inform HM Treasury if they expect spending to rise above forecast. Budgets are spent within the core department and also distributed as grants to agencies and ALBs.

TME can be categorised into resource and capital.

- Resource: this is expenditure within the current financial year to deliver the department's priorities, which is further split into programme and admin funding.
- Capital: this is expenditure on buying or creating assets, where value will extend beyond the current financial year. For DSIT, this includes investment in digital infrastructure and research and development (R&D) spending.

TME can also be categorised into Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME):

- DEL: are subject to limits set in Spending Reviews, which occur every few years. Departments may not exceed the limits that they have been set
- AME: this budgetary category relates to spending set by HM Treasury with limits set yearly, and includes areas of inherently volatile, demand-led spend and technical accounting matters. Departments need to seek HMT approval if they expect AME spending to rise above forecast.

#### Summary table of outturn compared to estimate for 2023–24

The table below ties directly to the SOPS, a key accountability statement which is audited. TME outturn is the total voted and non-voted in the SOPS.

The commentary on variances ties to figures disclosed in the SOPS.

	Outturn	Budget	Variance
	Outturn vs Estimate: saving/(excess)		
	£m	£m	£m
<b>DEL</b>			
Resource	635.1	688.1	53.0
Capital	12,363.5	12,608.0	244.5
<b>Total DEL</b>	<b>12,998.6</b>	<b>13,296.1</b>	<b>297.5</b>
<b>AME</b>			
Resource	230.7	425.6	195.0
Capital	(104.9)	0.0	104.9
<b>Total AME</b>	<b>125.7</b>	<b>425.6</b>	<b>299.9</b>
<b>TME</b>			
<b>Total TME</b>	<b>13,124.4</b>	<b>13,721.7</b>	<b>597.3</b>

### Additional notes

— In this summary table totals and calculations might not add up exactly due to rounding. Please see the summary table in the SOPS section, page 94, for further detail.

### Commentary on variances

<b>Resource DEL</b> Underspend of £53.0 million	<ul style="list-style-type: none"> <li>£32.0 million underspend against the budget for ring fenced departmental depreciation</li> <li>£11.4 million underspend against the budget for EU Exit: Horizon Europe Association – participation fee</li> </ul>
<b>Capital DEL</b> Underspend of £244.5 million	<ul style="list-style-type: none"> <li>£121.4 million underspend against the budget for Met Office – Supercomputer R&amp;D</li> <li>£67.3 million underspend against the budget for Diversification Strategy Programme</li> <li>£47.4 million underspend against Horizon Europe Guarantee</li> </ul>
<b>Resource AME</b> Underspend of £195.0 million	<ul style="list-style-type: none"> <li>£109.0 million underspend against the budget for OneWeb impairment provision</li> <li>£50.0 million underspend against the budget for EU Programmes for foreign exchange Losses &amp; Gains provision, not required in 2023–24.</li> </ul>
<b>Capital AME</b> Underspend of £104.9 million	<ul style="list-style-type: none"> <li>£103.9 million underspend against the budget for pension revaluations</li> </ul>

### Reconciliation of budgets to financial statements

A reconciliation between the SOPS and IFRS is shown in SOPS 2 on page 102.

### Trend analysis

The information in the trend analysis ties to common core tables, where further breakdowns are provided.

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
<b>DEL</b>						
Resource	483,573	505,903	517,295	564,058	635,116	605,903
Capital	8,849,846	10,324,430	9,842,542	10,816,389	12,363,524	13,846,763
<b>AME</b>						
Resource	239,282	75,836	278,284	214,076	230,654	251,149
Capital	(52,804)	(57,376)	(67,020)	(68,495)	(104,922)	72

## Trend analysis – patterns of spend over time

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
	Outturn	Outturn	Outturn	Outturn	Outturn	Plans
	£'000	£'000	£'000	£'000	£'000	£'000
UK Research & Innovation (UKRI)	7,880,895	9,090,431	8,707,946	9,396,959	9,579,874	9,227,948
Diamond Light Source	107,149	119,040	117,543	104,770	46,213	34,700
Meteorological Office	127,182	153,787	240,421	191,490	183,673	295,712
National Measurement System	122,576	119,595	126,293	124,220	152,701	145,020
Building Digital UK (Building Digital UK was established as an executive agency from 2022–23)	0	0	0	101,691	132,697	517,096
UK Space Agency	445,268	485,450	492,912	635,615	634,297	604,321
Other Science and Research	272,341	378,265	314,276	411,596	1,931,999	2,946,821
Digital, Broadcasting, Media and Broadband	180,164	227,853	244,237	129,195	193,326	275,261
Geospatial Commission	94,820	153,819	135,484	139,742	149,873	159,897
Other	289,502	120,553	191,989	290,750	119,719	497,111
<b>Total</b>	<b>9,519,897</b>	<b>10,848,793</b>	<b>10,571,101</b>	<b>11,526,028</b>	<b>13,124,372</b>	<b>14,703,887</b>

## Official development assistance

Official development assistance (ODA) is defined as government aid that targets the economic development of developing countries. ODA expenditure is reported for the calendar year and on a cash basis.

DSIT ODA spend relates to research and innovation. The final spend for 2023, including the detailed breakdown by sector will be published by the Foreign, Commonwealth and Development Office (FCDO) in late September 2024. The final figure submitted to FCDO is £166.1 million.

## Financial position

### Assets and liabilities

The table below shows the value of assets and liabilities for the departmental group. As at 31 March 2024, the department remains in a net asset position. Net assets have increased from £5.8 billion at 31 March 2023 to £7.3 billion at 31 March 2024. The biggest changes in financial position this year are related to the machinery of government (MOG) transition from BEIS to DSIT, which is linked to an increase in cash and cash equivalents. There is also an increase in trade & other receivables, due to charging which would previously have been internal to the BEIS group now being with external entities.



	2023–24	Restated 2022–23
	£m	£m
Non-current assets	6,348	6,279
Current assets	4,313	1,464
Current liabilities	(3,780)	(2,256)
Non-current liabilities	391	335
Net assets/liabilities	7,272	5,822

## Sustainability report

The sustainability report includes disclosures on the United Nations sustainable development goals (SDGs), greening government commitments (GGCs) and the Task Force for Climate-related Financial Disclosures (TCFDs).

### United Nations sustainable development goals

The Sustainable Development Goals (SDGs) were agreed by UN member states – they consist of 17 goals for 2016–2030, which are fundamental to social, environmental and economic development. Departments are required to identify in their ARAs where their performance contributes to the SDGs. DSIT contributes directly to SDGs 8 and 9. The table below provides a summary, with more details in the performance narrative above.



UN SDGs	DSIT performance
<p><b>Goal 8: decent work and economic growth.</b> Promote sustained inclusive and sustainable economic growth, full and productive employment, and decent work for all.</p>	<p><b>S&amp;T Framework strands:</b> international opportunities, regulation and standards, investment in research and development, and developing and deploying critical technologies</p> <p><b>Some specific outputs include:</b></p> <ul style="list-style-type: none"> <li>• delivery of the online safety act</li> <li>• progressing the digital markets</li> <li>• competition and consumer act</li> <li>• convening the AI safety summit</li> <li>• hosting the UK's second global investment summit</li> </ul>
<p><b>Goal 9: industry, innovation and infrastructure.</b> Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</p>	<p><b>S&amp;T Framework strands:</b> access to physical and digital infrastructure, international opportunities, investment in research and development, and talent and skills</p> <p><b>Some specific outputs include:</b></p> <ul style="list-style-type: none"> <li>• investment in up-scaling and up-skilling</li> <li>• increasing public investment in R&amp;D outside the greater south-east region</li> </ul>

## Greening Government Commitments

### About the Greening Government Commitments

The Greening Government Commitments (GGCs) are a framework for government core departments and their in-scope agencies and public bodies to reduce their environmental impact. DSIT reports data for the core department and seven supporting agencies and public bodies in-scope (determined by the Department for Environment, Food & Rural Affairs). They include:

- 1) Information Commissioner's Office
- 2) Intellectual Property Office
- 3) Met Office
- 4) National Physical Laboratory
- 5) Ordnance Survey
- 6) UK Space Agency
- 7) UK Research and Innovation

The current GGC framework is for 2021–25. It has a baseline year of 2017–18 with targets to be achieved by March 2025. Where data for this baseline year is unavailable, the next available year's data has been used, if available. Where cells have been left blank, no data was available, and it was not possible to provide an accurate estimate due to this being the first time this data is being reported on.

DSIT was formed as a new department after the February 2023 machinery of government (MoG) changes and assumed several supporting agencies and public bodies transferred from the legacy BEIS and DCMS departments. The 2017–18 baseline data used here is therefore an equivalent proportion of the same legacy departments and their supporting agencies and public bodies.

A proportion of DSIT occupies the estate of the Government Property Agency (GPA), including the whole of the core department. GPA are responsible for ensuring their estate is sustainable and delivers on GGCs on behalf of DSIT, facilitating achievement of DSITs targets. DSIT in turn performs an assurance role to support the GPA in fulfilling this responsibility.

## Summary of progress

	2023–24 outcomes	GGC targets by March 2025
<b>Emissions</b>		
Overall emissions	43% reduction	-
Direct emissions (scope 1)	27% reduction	-
ULEV (ultra-low emission vehicle: less than 50g CO <sub>2</sub> per km)	61% of fleet	25% of fleet by 31 Dec 2022
Emissions from domestic flights	52% reduction	reduce emissions by 30%
<b>Waste minimisation and management</b>		
Overall waste	37% reduction	15% reduction
Landfill	4% of overall waste	reduce to less than 5% of overall waste
Recycling	57% of overall waste	increase to 70% of overall waste
<b>Finite resource consumption</b>		
Paper use	76% reduction	reduce by 50%
Water usage	26% reduction	reduce by 8%

## GHG emissions

Measure	Unit	Note	2023–24	2017–18
<b>Scope 1 – sources owned or controlled</b>				
Emissions	Tonnes CO <sub>2</sub> e		15,813	22,107
Related gas consumption	kWh	1	94,587,660	104,288,856
<b>Scope 2 – supplied by another party</b>				
Emissions	Tonnes CO <sub>2</sub> e		53,164	98,935
Related energy consumption	kWh		256,809,954	281,635,125
<b>Scope 3 – official business travel</b>				
Emissions – international business travel	Tonnes CO <sub>2</sub> e		7,564	5,746
Emissions – domestic business travel (flights, rail, bus/coach, taxi, private vehicle)	Tonnes CO <sub>2</sub> e		6,571	2,931
<b>Expenditure on scopes 1, 2 and 3</b>				
Expenditure on the purchase of energy	£'000	2	62,810	20,807
Expenditure on official business travel	£'000	3	14,694	12,420

**Additional notes**

1. This also includes self-generated energy.
2. DSIT core estimated from former BEIS and DCMS for 2017–18.
3. Expenditure estimates for DSIT core based on former BEIS and DCMS.

**Commentary**

- A significant proportion of DSIT, including all the core department, occupies the GPA estate. GPA are running a net-zero programme to reduce carbon emissions and energy use across its estate. As such, combined with similar efforts from supporting agencies and public bodies outside of the GPA estate, DSIT has made significant progress in reducing overall and direct building emissions.
- Over the past year, DSIT has worked with the GPA to improve the sustainability of their London estate by relocating the core department headquarters to the smaller and more sustainable offices at 100 Parliament Street. This has also had a positive impact on reducing overall and direct building emissions, and aligns with the Government Property Strategy 2022–30 mission to move to a smaller, better, and greener estate.
- The core department has also developed and implemented an updated policy on sustainable business travel, which directs colleagues to travel only when necessary for business, and to take domestic journeys by train rather than by plane, except in exceptional circumstances, alongside further parameters.
- As a result of above, and wider efforts from supporting agencies and public-bodies, emissions from domestic flights have reduced significantly since the baseline year, exceeding the target reduction. There has also been a proportionately smaller reduction in international flights. Flight data was not wholly available for 2017–18, therefore 2018–19 has been used as the baseline year here as per guidance above. Overall, the total distance travelled by domestic air travel was 1,864,969km, and international air travel was 60,000,547km.

**Waste minimisation and management**

Measure	Unit	Note	2023–24	2017–18
Total waste arising	Tonnes		1,955	3,035
Total waste recycled	Tonnes		931	1,872
Total ICT waste recycled, reused and recovered (externally)	Tonnes	*	3	57
Total waste composted/food waste from 2022	Tonnes		163	-
Total waste incinerated with energy recovery	Tonnes		685	706
Total waste incinerated without energy recovery	Tonnes	2	73	2
<b>Total waste to landfill</b>	<b>Tonnes</b>		<b>75</b>	<b>242</b>
<b>Expenditure</b>				
Total waste arising	£'000	3	850	809
Total waste recycled	£'000	4	424	
Total ICT waste recycled, reused and recovered (externally)	£'000	5	37	
Total waste composted/food waste from 2022	£'000	6	48	
Total waste incinerated with energy recovery	£'000	7	30	
Total waste incinerated without energy recovery	£'000	8	137	
<b>Total waste to landfill</b>	<b>£'000</b>	<b>9</b>	<b>15</b>	

**Additional notes**

- \* Waste reused externally figure only excluding ICT waste.
2. Only UKRI - increase due to capturing more accurate data and an increase in one particular site.

3. 2023–24 does not include DSIT core and 2017–18 does not include ICO due to lack of data availability.
4. Only includes ICO, IPO, OS and UKRI, other departments data is unavailable. Data also unavailable for 2017–18 baseline and subsequent years.
5. Only includes ICO, IPO, OS and UKRI, other departments data is unavailable. Data also unavailable for 2017–18 baseline and subsequent years.
6. Only includes OS and UKRI, other departments data is unavailable. Data also unavailable for 2017–18 baseline and subsequent years.
7. Only includes ICO, IPO and OS, other departments data is unavailable. Data also unavailable for 2017–18 baseline and subsequent years.
8. Only includes UKRI, other departments data is unavailable. Data also unavailable for 2017–18 baseline and subsequent years.
9. Only includes OS and UKRI, other departments data is unavailable. Data also unavailable for 2017–18 baseline and subsequent years.

### Commentary

- Significant progress has been made against GGC waste targets across DSIT, exceeding overall waste reduction and waste to landfill targets.
- Recycling rates have not yet reached the 70% target, however there are DSIT plans in place to improve this ahead of the framework target deadline through the development of a waste plan, which will include support for both the core department and supporting agencies and public bodies to find ways to reduce the quantity of waste produced, and advice for GPA to help facilitate this across their estate.
- A key example of this is where DSIT has supported the GPA to provide a range of recycling waste streams at the new headquarters to ensure the correct segregation of waste for recycling, reducing the risk of contamination.

### Paper use

Measure	Unit	Note	2023–24	2017–18
Quantity of paper purchased in A4 reams equivalent			9,685	39,581

### Commentary

- Paper usage across DSIT has reduced significantly from the baseline year and progress is well on track to achieve this target.

### Finite resource consumption

Measure	Unit	Note	2023–24	2017–18
Water consumption in cubic meters	m <sup>3</sup>		272,157	368,370
Water supply and sewage costs	£	10	1,249	803

### Additional notes

10. Does not include ICO/DCMS 2017–18.

### Commentary

- GPA has implemented several water efficiency measures across the parts of their estate occupied by DSIT. This combined by wider similar initiatives across supporting agencies and public bodies has led to this target has being exceeded.
- GPA also plan on implementing a 'utility bureau' to embed automated data-driven efficiencies and improve further, again positively impacting DSITs progress.

- Apart from the GGC disclosures above, there is no use of other finite resources across the estate occupied by DSIT.

### Consumer single use plastics and re-use schemes

- **Consumer single use plastics:** The core department has eliminated a wide range of consumer single use plastics from across the estate, including items such as plastic cutlery and cups and unsustainable stationary items, and supporting agencies and public bodies are progressing in a similar direction.
- **Reuse schemes:** Globechain collect unwanted items for restoring and reuse from the core department. This was in place from April 2023 to September 2023 while 1 Victoria Street, London was occupied. As mentioned above, the core department has since vacated this premises and is now exploring opportunities with GPA to re-introduce a similar initiative across the estate.

### Other GGC disclosures

#### Nature recovery and biodiversity action planning

The GPA have recently published their Nature Recovery Plan for the estate occupied by a proportion of DSIT, facilitating protection, and where possible biodiversity enhancement across the estate. The core department is also working closely with the GPA and Natural England to develop a Nature Recovery Plan, which will feed into the GPAs plan, and support provision of an assurance role. Many supporting agencies and public bodies are also doing the same.

#### Climate change adaptation plan

Again, the GPA has completed a Climate Change Adaptation Risk Assessment and outline Climate Change Adaptation Plan for the estate occupied by a proportion of DSIT, facilitating mitigation against the impacts of climate change.

The core department has also developed a climate change adaptation plan which consists of a climate change risk assessment across the relevant proportion of GPA estate, and a climate adaptation plan to mitigate the risks identified which aims to feed into GPAs plan, and support fulfilment of DSITs assurance role.

#### Sustainable construction

GPA also construct and fit-out the estate on behalf of the core department and many supporting agencies and public bodies, therefore GPA are wholly responsible for sustainable construction here. DSIT however plays an assurance role to ensure the GPA are aiming for the appropriate levels of sustainability accreditation and certification, alongside wider sustainability ambitions across each DSIT premises change opportunity.

### Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board. It was tasked with developing recommendations for how organisations should disclose their climate-related risks and opportunities through their existing reporting processes.

## Introduction

In 2017, the task force published 11 recommendations structured around 4 thematic areas that represent core elements of how organisations operate.

- **Governance:** The organisation's governance around climate-related risks and opportunities.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.
- **Risk management:** The processes the organisation uses to identify, assess, and manage climate-related risks.
- **Metrics and targets:** The metrics and targets the organisation uses to assess and manage relevant climate-related risks and opportunities.

2023–24 is the first year in which DSIT will make climate-related financial disclosures using the TCFD approach, focusing on the first year on an overview of our governance arrangements. We aim to build our alignment with the TCFD recommendations year on year and will continue to develop this in future years.

The requirement mandated by HM Treasury is for departments to comply with TCFD incrementally over a 3-year period:

Annual report and accounts	TCFD disclosure
2023–24	Governance
2024–25	Governance, risk management, metrics and targets
2025–26	Governance, risk management, metrics and targets and strategy

DSIT report on a voluntary basis and will continue to exercise discretion in interpreting the TCFD recommendations in the context of our disclosure.

## Compliance statement

DSIT is reporting on climate-related financial disclosures consistent with HM Treasury's TCFD aligned application guidance which interprets and adapts the framework for the UK public sector. The department has complied with all the TCFD recommendations for phase 1 disclosures around governance.

DSIT has embedded consideration of climate change within the key decision-making committees and relevant advisory board and committees across our business. Climate is integrated as a management issue within our governance which facilitates the effective development and oversight of our annual TCFD disclosures.

The department welcomes the TCFD initiative. We have previously established processes for identifying and reporting climate change related impacts against earlier initiatives, such as the Greening Government Commitments.

## Governance

The governance of climate-related risks follows the core framework for risk reporting within the department which is described and illustrated in the governance statement section of the accountability report, along with explanations on how DSIT's boards and committees are structured.

## Executive committee

The executive committee supports DSIT’s accounting officer in the management of DSIT. When making decisions the committee will consider climate-related risks and opportunities in compliance with the TCFD requirements, how proposals will support the UK government’s net zero strategy and commitment to decarbonise all sectors to meet the UK’s net zero target by 2050. The committee will also give due regard to the 5 principles of the Environment Act 2021 to help protect and enhance the environment while supporting innovation and economic growth.

## Delivery and risk committee

The delivery and risk committee considers the financial and non-financial impact of environmental, social and governance risks, including climate-related risks. Climate-related risks form part of the overall risk consideration for the department and are escalated to the committee accordingly. The committee will consider all key (or reported) climate-related risks and where relevant how proposals will support the DSIT departmental board from a risk management perspective.

## Investment committee

The investment committee and the people, operations and places committee will also consider climate-related risks and opportunities in compliance with TCFD requirements.

## Departmental board

The DSIT departmental board (the ‘board’) supports the accounting officer in the management of DSIT, including through advice on our approach to climate change. The board considers all climate-related risks and opportunities in compliance with TCFD requirements, how proposals will support the UK government’s net zero strategy and commitment to decarbonise all sectors to meet the UK’s net zero target by 2050. The board will also give due regard to the 5 principles of the Environment Act 2021 to help protect and enhance the environment while supporting innovation and economic growth. This year, the board also received a presentation on TCFD, helping support its ability to provide effective oversight of DSIT’s climate-related risks and opportunities. The audit, risk and assurance committee (ARAC) supports the DSIT board in its supervision of the TCFD project, specifically on elements relating to reporting. The committee also received a presentation on TCFD.

## Phase 2 and 3

DSIT have introduced a TCFD working group with representatives from several key directorates to implement the TCFD phase 2 and phase 3 requirements during 2024–25 and 2025–26. The TCFD working group is chaired by the deputy director of financial reporting and controls, who reports to the executive board and ARAC on progress. We will continue to deliver our TCFD reporting annually, with the deputy director of financial reporting and controls being responsible for this on an ongoing basis.

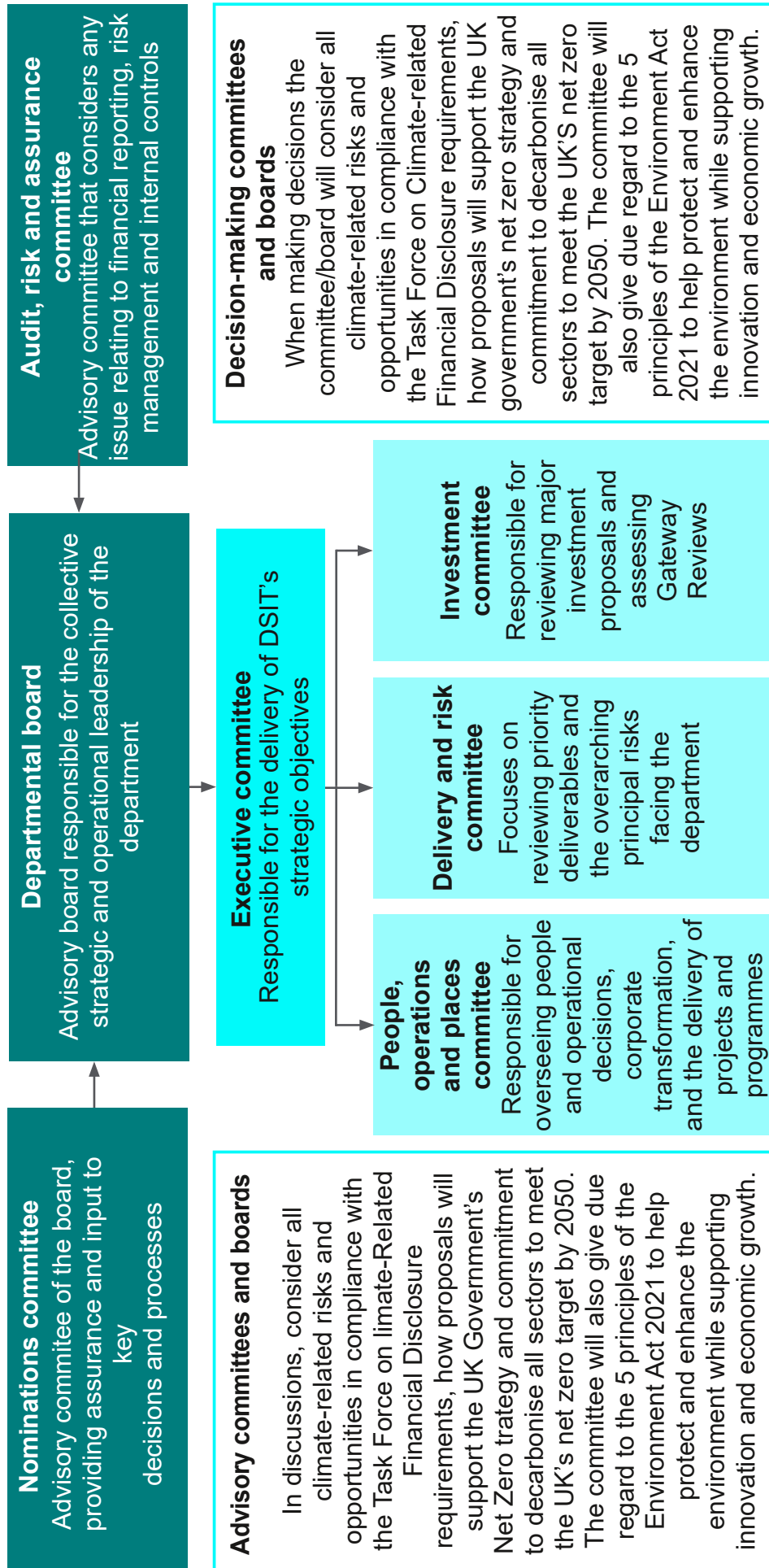
## Our governance structure around climate-related risks and opportunities

Note that this is not the full DSIT corporate governance board operating model. For details of this, see the governance statement on page 53.



### Our governance structure around climate-related risks and opportunities

Note that this is not the full DSIT corporate governance board operating model. For details of this, see page 53 of the governance statement.



## Performance in other areas

### Complaints to the Parliamentary Ombudsman

The Parliamentary Ombudsman publishes complaints to them about departments. Their latest published report is for 2023-24: [Annual data on complaints made to the Parliamentary and Health Service Ombudsman, 2023 to 2024](#). The report covers the period from 1 April 2023 to 31 March 2024. During the year, 1 complaint was accepted for detailed investigation; a decision was not made at the date of the report.

The department has 2 stages to its complaints process. At stage one, the relevant policy team investigates the complaint, and an outcome cleared by their SCS. If the complainant is unsatisfied, it proceeds to stage 2 - an independent SCS investigates and responds. If the complainant remains unsatisfied, they are directed to take the matter up with the Parliamentary and Health Service Ombudsman.

There were 17 complaints to DSIT between August 23 and April 24. We report from August 2023 as the department's correspondence function was established then. Prior to that DSIT correspondence and complaints were handled in legacy departments.

### Performance in responding to public correspondence

We aim to respond to 80% of our correspondence within 20 working days.

The DSIT correspondence team was formed in August 2023. Prior to this, DSIT correspondence was handled and reported by legacy departments, DCMS and DESNZ. The table shows the total number of written enquiries and our monthly performance.

Response times in 2023 were poor due to low resource in the correspondence team following the machinery of government change. A successful recovery exercise is well underway, the early results of which are shown in 2024 figures.

	No. of written enquiries received	No. with response within 20 days	% with response within 20 days
Aug-23	81	1	1%
Sep-23	82	10	12%
Oct-23	132	53	40%
Nov-23	161	34	21%
Dec-23	113	24	21%
Jan-24	451	346	77%
Feb-24	341	266	78%
Mar-24	327	221	68%
<b>Total</b>	<b>1,688</b>	<b>955</b>	<b>57%</b>

## Fraud and error analysis

Counter fraud service provision for DSIT is delivered by Counter Fraud Expert Services (CFES), a part of the newly formed Integrated Corporate Services (ICS).

In 2023–24, CFES developed DSIT's capability to prevent, detect and pursue fraud through collaborative work, targeted advice and regular training. CFES ensured DSIT is compliant with the government's functional standard for counter fraud (GS13). This included drafting the DSIT counter fraud, bribery and corruption strategies and developing the DSIT organisational fraud risk assessment.

CFES have engaged closely with the development of new DSIT funding streams in high profile areas such as artificial intelligence (AI), 'green' technologies and climate change solutions. They ensured that fraud risk was understood and mitigated at each stage of development.

### Fraud and error statistics

DSIT submits its fraud and error data to the Public Sector Fraud Authority (PSFA) each quarter, and the PSFA complete an assurance process at the end of the financial year. Fraud and error figures for 2023–24 will be published in the Fraud Landscape Report after the assurance process has been completed. This will be the first time these figures have been published for the department.

## Respect for human rights

We have embedded modern slavery risk assessments into our procurements. Where procurements are deemed as higher risk, we have a set of mandatory steps for each stage of the procurement lifecycle to further assess supplier risk and manage that risk during the contract. We provided training to commercial colleagues and contract managers to improve awareness of tackling modern slavery in public sector supply chains. We also contributed to the development and funding for guidance on assessing and managing the risk of modern slavery and labour exploitation in solar supply chains.

We designed a streamlined approach to apply the Social Value Model (PPN 06/20). The Social Value Model requires central government departments to deliver social value through their commercial activities. As the model is aligned to broader government priorities, we mapped the themes from the model to deliver the departmental missions of DESNZ and DSIT. We have provided training to commercial colleagues, so they understand our approach and how to evaluate social value submissions from bidders.

## Advertising campaigns in 2023–24

The government communications plan directs the communications in all government departments. Our communications work supports the delivery of the department's priorities. We work with partners, specifically those who can help us reach and influence our audiences. Where necessary, we use paid publicity and advertising. Key areas of paid advertising in 2023–24 are listed below.

### Digital skills

- Skills bootcamps help people develop new skills that employers are looking for. The campaign aimed to increase the number of people signing up to skills bootcamps in digital areas such as cloud computing, cybersecurity and software development, web development, and data and analytics.
- The campaign launched in February 2024, supported by the Digital Skills Council, a group of major technology companies.
- Activity ran across marketing channels such as LinkedIn, Instagram, Twitch, Youtube, Activision and google search advertising, driving visits to [gov.uk/digitalskills](https://gov.uk/digitalskills) website where users could view skills bootcamps and learn about digital career opportunities.



### Cyber explorers

- Cyber Explorers is a free learning platform introducing key stage 3 pupils to cybersecurity concepts such as digital forensics and encryption.
- Throughout the year, DSIT delivered marketing to raise awareness of the platform and increase engagement with a new Cyber Explorers competition.
- The campaign was delivered using digital advertising and media partnerships with outlets such as the Educator. DSIT also worked with educational influencer and teacher Baasit Sadiqqi who delivered in-person and virtual workshops for students, attended STEM education conferences as a platform ambassador, created content and published promotional social media posts.



### Boosting participation in Horizon Europe

- Following the announcement in September 2023 that the UK has re-associated with Horizon Europe, the campaign aimed to increase UK participation in the EU's approximately £80 billion research and development fund.
- Domestically, we looked to encourage UK researchers, and in particular, businesses with an intensive arm in research and development, to apply to the scheme.



- Internationally, we encouraged existing Horizon Europe participants in Italy and Spain to collaborate with their UK counterparts on upcoming funding bids.
- The campaign launched in January 2024. Between domestic and international activity, it ran across LinkedIn, podcasts, online banner advertising (digital display), print and digital advertising (as part of a partnership with The Economist) and google search advertising.

### Science and technology campaign

- DSIT ran a domestic media and digital campaign to raise awareness and understanding of the UK science and technology ecosystem. It encouraged scaleups to keep and scale their businesses up in the UK, and UK investors to consider investing in them at Series A-C+ level.
- The campaign launched in March 2024 and was a data-led multichannel campaign. It targeted venture capitalists (VCs) and businesses through targeted out-of-home, digital and social, podcasts and newspapers. This included a partnership with The Times, with special cover-wrapped editions delivered to VC offices across the UK.
- The campaign directed audiences to visit a website to discover investment/scaleup opportunities.



### GREAT talent

- Part of the UK government's international GREAT campaign, the GREAT Talent campaign aims to promote the UK as a top destination to work and live among highly skilled prospective migrants in science, research and technology.
- This established campaign ran its third phase across February and March 2024 in India and the USA, driving awareness of the UK for science and technology career opportunities and highlighting key factors such as visa routes, and life in the UK.
- The highly targeted campaign ran across search, social and digital audio channels directing audiences to visit [greattalent.campaign.gov.uk](https://greattalent.campaign.gov.uk) where they could explore more information.



### Sarah Munby

Permanent Secretary and Principal Accounting Officer

03 September 2024



# Accountability report



# Corporate governance report

**The corporate governance report has 4 sections.**

- Lead non-executive director's report
- Directors' report
- Statement of accounting officer's responsibilities
- Governance statement



## Lead non-executive director's report



**Shonnel Malani**

Lead non-executive director

In my first year in the role as lead non-executive board member, I have many positive reflections on the achievements of the department from launching the Science and Technology (S&T) Framework and leading on the first ever global summit on AI safety, to the passing of the Online Safety Act and signing the Horizon Europe and Copernicus deal. This has been a remarkable foundational year for the department.

In recent months, the department has been focused on the recruitment of new additions to the non-executive team which we were delighted to announce in April.

I would like to thank Tim Peake, Ron Dennis and Alison Wolf who generously supported DSIT as a member of our start-up departmental board, and for all of their valuable contributions to the department. Tim left in January and Ron and Alison in April. I wish them all the best.

In this period of notable change, the non-executive board members and I want to thank colleagues across DSIT for their continued hard work and dedication over the last 12 months and congratulate them for their achievements during this time. We remain fully engaged with the success of the department and will continue to provide external support, challenge, and assurance to DSIT officials and ministers as non-executives.



# Directors' report

The Directors' report covers the period from 1 April 2023 to 31 March 2024. It provides names and ministerial titles of those who served as ministers. It also provides names of non-executive directors and senior officials.

## Ministers during the year



**Rt Hon Michelle Donelan MP**

Secretary of State  
From 7 Feb 2023



**Rt Hon Chloe Smith MP**

Secretary of State  
From 28 April to 20 July 2023



**Rt Hon Julia Lopez MP**

Minister of State  
Minister for Data and Digital Infrastructure and Minister of State for Media, Tourism and Creative Industries  
From 7 March 2023



**Viscount Camrose**

Parliamentary Under-Secretary of State  
Minister for AI and Intellectual Property  
From 7 March 2023



**Rt Hon Andrew Griffith MP**

Minister of State  
Minister for Science, Research and Innovation  
From 13 November 2023



**Rt Hon Saqib Bhatti MP**

Parliamentary Under-Secretary of State  
Minister for Tech and the Digital Economy  
From 13 November 2023



**Rt Hon Paul Scully MP**

Parliamentary under-secretary of State  
Minister for Tech and the Digital Economy  
From 7 February 2023 to 13 November 2023



**Rt Hon George Freeman MP**

Minister of State  
Minister for Science, Research and Innovation  
From 7 February 2023 to 13 November 2023



**Rt Hon John Whittingdale MP**

Minister of State










Minister for Data and Digital Infrastructure and Minister of State for Media, Tourism and Creative Industries

From 9 May to 20 December 2023

## Composition of the departmental board

The departmental board, in addition to ministers, consisted of executive directors, other senior officials and non-executive directors, listed below.

### Executive directors and other senior officials

	<p><b>Sarah Munby</b> Permanent Secretary</p>
	<p><b>Freya Guinness</b> Director General</p>
	<p><b>Alexandra Jones</b> Director General From May 2023</p>
	<p><b>Emran Mian</b> Director General From August 2023</p>
	<p><b>Dave Smith</b> National Technology Adviser From October 2023</p>
	<p><b>Jo Shanmugalingam</b> Director General To May 2023</p>
	<p><b>Susannah Storey</b> Director General To July 2023</p>
	<p><b>Angela McLean</b> Government Chief Scientific Adviser From April 2023</p>
	<p><b>Jessie Mitchell</b> Strategic Finance Director (Jobshare) From September 2023</p>



**Leah Sparks**  
Strategic Finance Director (Jobshare)  
From September 2023



**Tim Sparrow**  
Chief Finance Officer  
To September 2023

## Non-executive directors



**Shonnel Malani**

Lead Non-executive Director  
Chair of nominations committee



**Melissa Di Donato**

Non-executive Director (Departmental Board)  
Chair of the Audit, Risk and Assurance Committee (ARAC)



**Jason Chin**

Non-executive Director (Departmental Board)  
ARAC



**Alison Wolf**

Non-executive Director (Departmental Board)



**Ron Dennis**

Non-executive Director (Departmental Board)



**Saul Klein**

Non-executive Director (Departmental Board)



**Bryan Ingleby**

Non-executive Director (ARAC)



**Hazel Hobbs**

Non-executive Director (ARAC)



**Hunada Nouss**

Non-executive Director (ARAC)



**Vikas Shah**

Non-executive Director (ARAC)



### Tim Peake

Non-executive Director (ARAC)

To 21st January 2024

## Conflicts of interest

Members of the departmental board (the board) and the audit, risk and assurance committee (ARAC) are required to declare any conflicts of interests. These are personal or business interests which may influence their judgement and conflict with their management responsibilities. Conflicts of interest may be actual or perceived (seen as being a conflict).

Board members are invited to declare any relevant interests at the start of board meetings. Where a board member declares a potential conflict at meetings, it is recorded in the minutes and the board member takes no part in the meeting for the duration of that item of discussion.

The following declarations of directorships and interests were declared.

### Non-executive directors

#### Shonnel Malani

Name of body	Position held
Advent International	Managing Partner
Advent International Limited	Board member
European Investment Advisory Committee and Asian Investment Advisory Committee, Advent International	Member
Rubix Limited	Non-Executive Director
Cobham Limited	Non-Executive Director
Ultra Electronics Group	Non-Executive Director
Maxar Technologies	Non-Executive Director

#### Melissa Di Donato

Name of body	Position held
Kyriba Corp.	Chair, Chief Executive Officer and shareholder
Porsche AG	Supervisory Board Member
Mews	Non-Executive Director and shareholder
JPM Europe, Ltd	Independent Non-executive Director and Nominations Committee member
SUSE	Shareholder
EQT private fund	Shareholder

## Jason Chin

Name of body	Position held
Genus Plc	Non-Executive Board Member
Constructive Biology Ltd	Director
Recoded Genomics Ltd	Director
Synaffix	Scientific Advisory Board member
MRC Laboratory of Molecular Biology	Programme Leader and Executive Committee member
Cambridge University	Professor of Chemistry and Chemical Biology
Wellcome Trust Sanger Institute	Associate Faculty
Trinity College Cambridge	Fellow
ERC	Funding panel member
Constructive Biology Ltd	Shareholder
The Royal Society, The Academy of Medical Science, European Molecular Biology Organization	Fellow
E.P. Abraham Fund at Oxford University	Advisor
Scientific journals (Biochemistry, ACS; Cell Chemical Biology, Cell Press; Current Opinion in Chemical Biology, Cell Press)	Editorial board member

## Ron Dennis

Name of body	Position held
Lavendo Holdings Ltd (and its subsidiaries)	Owner
King Bourne Estates Ltd	Owner
Dreamchasing (and its subsidiaries)	Owner
Podium Analytics	Chairman and founder
Varley International Holdings Ltd	Director
Podium Applied Technologies Ltd	Director
Coeus International Ltd	Director
British East Asian Council (Dormant)	Director

## Saul Klein

Name of body	Position held
Phoenix Court Spaces Limited	Director
Phoenix Court Works Limited	Director
Phoenix Court Group Limited	Director
Zinc Ventures Limited	Director
Faculty Science Limited	Director
Radix DLT	Director
The Manchester Academy	Director
Newton Venture Education	Director
Exodus Capital Limited	Director
The Next Economy Works Limited	Director
London Business School	Executive Fellow

**Tim Peake**

<b>Name of body</b>	<b>Position held</b>
Ask An Astronaut Ltd	Director
Extreme Leaders Group Ltd	Non-Executive Director
Science Museum Group	Fellow
Raspberry Pi Foundation	Member
Skyrora Ltd	Advisory Board member (former)
STEM Learning	Ambassador
UK Space Agency	Ambassador, Education and Outreach
European Space Agency	Ambassador, Human & Robotic Exploration

**Alison Wolf**

<b>Name of body</b>	<b>Position held</b>
Professor of Public Sector Management	King's College London
King's College London Mathematics School	Governor
Levelling-up Advisory Council, Department for Levelling Up, Housing and Communities	Member
House of Lords	Cross-bench peer

**Hazel Hobbs (ARAC)**

<b>Name of body</b>	<b>Position held</b>
Hazel Bees Consulting Ltd	Sole director
Building Digital UK	Non-Executive Director and Chair, Audit, Risk and Assurance Committee
Infrastructure and Projects Authority	Associate adviser
Macquarie Asset Management	Husband is employed as a Strategy Director for Macquarie Asset Management - no role in managing these assets.
Deloitte	Associate (consultant)

**Bryan Ingleby (ARAC)**

<b>Name of body</b>	<b>Position held</b>
Frimley Health NHS Foundation Trust	Chair and Non-Executive Director
First Community Health and Care CIC	Non-Executive Director and Deputy Chair
Alliance for Better Care CIC	Senior Independent Director
Origin Housing Limited	Non-Executive Director and Deputy Chair
Raven Housing Trust	Non-Executive Director
Bryan Ingleby Consulting Limited (dormant)	Owner
Department for Business, Energy & Industrial Strategy	Non-Executive Director, audit, risk and assurance committee (ended September 2023)
Department for Energy Security and Net Zero	Non-Executive Director, Audit, Risk and Assurance committee (ended September 2023)



### Hunada Nouss (ARAC)

Name of body	Position held
Met Office	Non-Executive Director and Chair, Audit, Risk and Assurance Committee
Market Operator Services Ltd	Non-Executive Director and Chair, Audit and Risk Committee
Royal Society	Committee member, Audit and Risk Committee
Lady Margaret Hall, Oxford University	Remuneration committee member
Education and Skills Funding Agency (executive agency of the Department for Education)	Non-Executive Director and Chair, Audit, Risk and Assurance Committee (ended November 2023)
Department for Education	Committee member - Audit, Risk and Assurance committee (ended November 2023)

### Vikas Shah (ARAC)

Name of body	Position held
Swiscot Textiles Limited	Managing Director
Solicitors Regulation Authority	Non-Executive Board Member
The University of Manchester Innovation Factory	Consultant
Alliance Manchester Business School	Advisory board member
Mustard Tree charity	Trustee
In Place of War charity	Chair and Trustee
We Are Family Foundation	Trustee
TiE - Manchester Board	Board Member
Worshipful Company of Launderers	Member
We are GSI Ltd	Director and shareholder
Shoosmiths LLP	Non-Executive Board Member
RDentify Ltd	Board member and shareholder
Enspec Power	Non-Executive Board Member
MEDIKA Health	Shareholder
Department for Business, Energy & Industrial Strategy	Non-Executive Director and Chair - Audit, Risk and Assurance committee (ended September 2023)
Department for Energy Security and Net Zero	Non-Executive Director and Chair - Audit, Risk and Assurance committee

## Officials who are members of the board

In line with the current SCS declaration of interest policy, officials serving on the board have declared any relevant interests or confirmed that they do not consider themselves to have any relevant interests. The returns have been reviewed, and the following are set out in public:

The declaration of interests for the Government Chief Scientific Adviser is available via this weblink: <https://www.gov.uk/government/publications/register-of-members-interests--2/cst-register-of-interests-as-at-march-2020>.

Name	Interest
Emran Mian	Spouse is CEO of Unizima. Whilst in post, Emran will not be involved in any discussion or decision relating to Unizima or the biomanufacturing sector.
Freya Guinness	Governor, Heathmere Primary School
Jo Shanmugalingam	Governor, Widcombe Infants School

## Personal data related incidents

This section is covered in the governance statement on page 60.

## Statement of Accounting Officer's responsibilities: (for a government department preparing consolidated accounts)

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the **Department for Science, Innovation and Technology** to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the department (inclusive of its executive agencies) and its sponsored non-departmental (and other arm's length) public bodies designated by order made under the GRAA by **Statutory Instrument 2024 no 295 together known as the 'departmental group', consisting of the department and sponsored bodies listed in note 23 to the accounts** on page 211.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the department and the departmental group and of the income and expenditure, statement of financial position and cashflows of the departmental group for the financial year.

In preparing the accounts, the accounting officer of the department 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
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental (and other arm's length) public bodies
- 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 accounts
- prepare the accounts on a going-concern basis
- confirm that the annual report and accounts together are fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable

HM Treasury has appointed the permanent head of the department as accounting officer of the **Department for Science, Innovation and Technology**.

The accounting officer of the department has also appointed the chief executives (or equivalents) of its sponsored non-departmental (and other arm's length) public bodies as accounting officers of those bodies. The accounting officer of the department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the accounting officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

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 the assets of the department or non-departmental (or other arm's length) public body for which the accounting officer is responsible, are set out in *Managing Public Money*, published by HM Treasury.

### **Accounting officer's confirmation**

- As the accounting officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department for Science, Innovation and Technology'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.
- I also confirm that this annual report and accounts are fair, balanced and understandable.

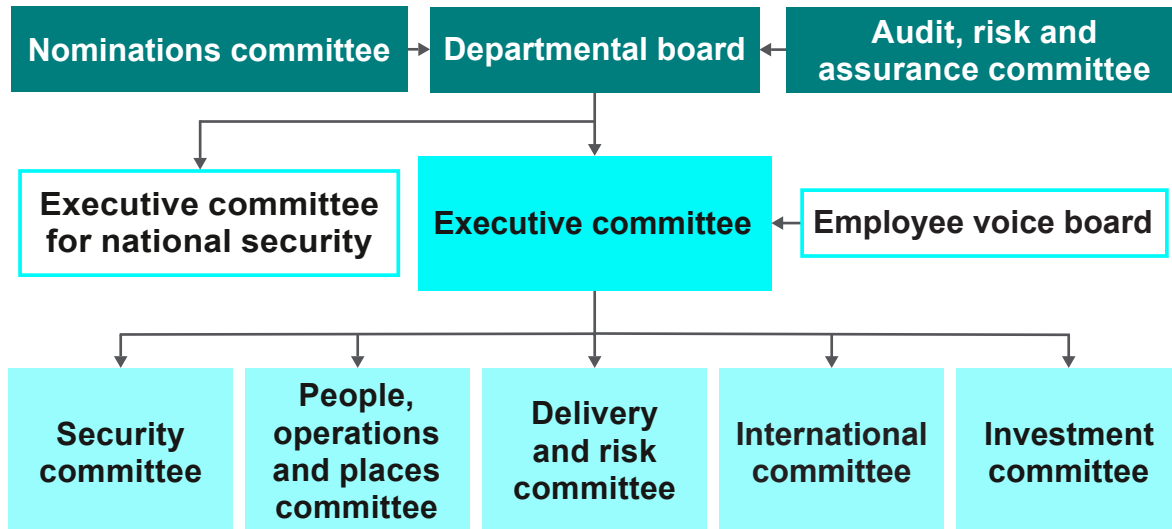
**Sarah Munby**

**Permanent Secretary and Principal Accounting Officer**

03 September 2024

# Governance statement

## Corporate governance operating framework



## Governance process for the machinery of government change – transition board

The transition board was formed shortly after the machinery of government change in February 2023. It was responsible for approving the scope and strategic approach of the programme of transition workstreams. The board was chaired by Director General of Corporate Services Freya Guinness. It provided overall guidance and a unified direction to the DSIT transition, ensuring it remained viable and delivered to time, cost and quality. The board was responsible for monitoring progress including risk, issues and the delivery of benefits, quality, and the programme’s deliverables. The board was wound down in May 2024 following lessons learnt, benefits and closure activities.

## Departmental board

### Role

The departmental board (the board) is an advisory board responsible for the collective strategic and operational leadership of the department. It provides advice and challenge on the department’s performance and brings together ministers, officials and non-executive directors.

### Activities

The board discussed the following key areas:

- workstreams needed to achieve the department’s mission.
- opportunities in the investment and innovation space.
- horizon scanning.
- identification of principal risk events and preparation.

- operating framework.
- Science & Technology Framework.
- deep dives on public bodies.

### Compliance with the corporate governance code

The department has undertaken an assessment of its compliance with the Corporate Governance in Central Government Departments: Code of Good Practice. This assessment has provided assurances that the department complies with the principles of the code.

With the DSIT Start-Up Board and a recruitment campaign to appoint a long-term non-executive team taking place this year, an informal and light-touch evaluation was taken of the board and its committees (including EXCO and its subcommittees) in 2023–24. These results will inform improvements to committees for the year ahead with a formal board evaluation scheduled for 2024–25.

### Board appointments

- The departmental board was established in April 2023 and 6 interim appointments were made – Tim Peake, Ron Dennis, Alison Wolf, Melissa Di Donato, Saul Klein, Jason Chin and Shonnel Malani who served as lead non-executive director.
- In January 2024, Tim Peake completed his term of appointment.
- The audit, risk and assurance committee was established in September 2023 and interim appointments were made – Bryan Ingleby, Hazel Hobbs, Hunada Nouss and Vikas Shah, Jason Chin and Melissa Di Donato who served as interim chair.
- From April 2023 to September 2023 the Department for Business, Energy, and Industrial Strategy (BEIS) audit, risk and assurance committee continued to close out the BEIS annual report and accounts.

### Quality of data used by the board

All boards and committees are provided with papers of high quality and in a standard way to ensure that risks, resource implications and the Public Sector Equality Duty and Environmental Principles Duty are considered. Meetings were held either virtually or as hybrid meetings and challenge and discussion were encouraged.

DSIT's corporate governance function has provided a comprehensive secretariat service. The team works closely with the department to ensure information provided is of good quality.

### Biographies of board members

Board member biographies are available at

<https://www.gov.uk/government/organisations/department-for-science-innovation-and-technology/about/our-governance>

### Meeting attendance

Where members were unable to attend meetings in person, they were able to share their views in advance with the chair.

	Meetings attended	Meetings held during tenure
<b>Ministers</b>		
Rt Hon Michelle Donelan MP – Chair	3	4
Rt Hon Julia Lopez MP	1	2
Andrew Griffith MP	2	2
Saqib Bhatti MP	1	2
Viscount Camrose	4	5
Rt Hon Chloe Smith MP	1	1
Rt Hon John Whittingdale MP	2	3
Rt Hon George Freeman MP	2	4
Rt Hon Paul Scully MP	4	4
<b>Executive directors and senior officials</b>		
Sarah Munby	5	5
Angela McLean	2	3
Freya Guinness	5	5
Emran Mian	3	4
Alexandra Jones	5	5
Dave Smith	3	3
Susannah Storey	1	1
Jo Shanmugalingam	0	0
Tim Sparrow	1	1
Jessie Mitchell and Leah Sparks (Jobshare)	3	3
<b>Non-executive directors</b>		
Shonnel Malani	3	5
Melissa Di Donato	2	5
Saul Klein	5	5
Jason Chin	5	5
Alison Wolf	5	5
Tim Peake	4	4
Ron Dennis	4	4

## Nominations committee

### Role

An advisory subcommittee of the board. It advises on whether the processes for rewarding senior executives are effective in helping DSIT achieve its goals. It does not decide the level of reward of a particular senior executive. It does not make decisions on senior appointments in DSIT public bodies but may discuss a key appointment if appropriate.

### Activities

The key areas of focus in 2023–24 were:

- Succession planning
- SCS incentives and rewards
- Assurance of board appointments
- Senior performance management
- Talent management

### Meeting attendance

	Meetings attended	Meetings held during tenure
<b>Non-executive directors</b>		
Shonnel Malani (Chair)	1	1
<b>Executive directors and senior officials</b>		
Sarah Munby	1	1
Helen Mills	1	1



## Audit, risk and assurance committee

### Role

The audit, risk and assurance committee (ARAC) is an advisory subcommittee of the board. It provides expert advice on issues relating to financial reporting, risk management and internal controls. Internal auditors from Government Internal Audit Agency (GIAA) and external auditors also attend each meeting.

### Activities

The formal meetings were supplemented with informal focus sessions on cyber security, value for money and the integrated corporate service. Other key areas of discussion included:

- the development of the department's risk management process, risk appetite statement and categories
- review of departmental risk and the risk management framework
- cyber security, the threat landscape and security culture and behaviours
- internal governance arrangements and the department's board operating framework
- the work of internal and external audit
- public body management frameworks and assurance mechanisms
- approach to conflicts of interest, due diligence and direct appointments
- anti-fraud policies and practices
- the preparation of the annual report and accounts
- value for money in R&D and innovation

### Meeting attendance

	Meetings attended	Meetings held during tenure
<b>Non-executive directors (members)</b>		
Melissa Di Donato – Chair	4	4
Jason Chin	3	4
Bryan Ingleby	4	4
Hazel Hobbs	3	4
Hunada Nouss	3	4
Vikas Shah	4	4
<b>Executive directors and senior officials (attendees)</b>		
Sarah Munby	4	4
Freya Guinness	4	4
Alexandra Jones *	1	4
Emran Mian *	0	4
Tim Sparrow	4	4

### Note

- \* Attend every other meeting.

## Review of risk management and internal controls systems

### Responsibilities for risk management and internal controls

The department is responsible for having a risk management framework and reviewing its effectiveness. The department is also responsible for ensuring there is a system of internal controls in place.

### Processes to identify and manage risks

- Principal risks in 2023–24 are disclosed in the performance report.
- In 2023–24, we developed a risk management framework which includes the standard process of: identify, assess, address review and report risks.
- Principal risks were identified through horizon scanning by the Executive Committee (EXCO), the delivery and risk committee, and ARAC.
- Risk owners were identified for the risks and provided information on ratings and mitigation activity. We also recruited a network of risk champions at senior levels – to consider and flag potential escalations to the group leadership team, from next year.
- Principal risks were reported every month to the delivery and risk committee, starting in February 2024, and will be reported quarterly to EXCO and ARAC.
- Management of these risks started with actions already in existing plans. Additional mitigations and controls were put in place where needed to bring the risks back into appetite.

### Systems in place during the year

- We operated a manual process to track and report principal risks, while a reporting tool is developed.

### Features that support regular monitoring and assurance

- We developed the DSIT assurance framework. It outlines the system of internal controls which includes control activities and assurance activities, to support DSIT objectives.
- It underpins the assurance mapping, which was also developed. The assurance mapping is a summary of the department's key process risks, how assurance is obtained, and how strong the assurance is.

### Process applied in reviewing the effectiveness of the system of risk management and internal controls

- The Government Internal Audit Agency (GIAA) provides the internal audit services for DSIT.
- For 2023–24, the group internal auditor provided a 'moderate' assurance rating in the annual internal audit opinion and report.
- GIAA concluded that 2023–24 was a transition year for DSIT with the implementation of governance, risk management and control processes. The establishment of a new department at short notice posed considerable challenges, but the transition governance was effective and by year end was taking measured steps towards winding up. DSIT will move onto a 'transformation' phase and develop longer-term strategy, priorities, desired culture and values, and the operating model changes to deliver.

- GIAA highlighted the relatively high number of advisory engagements this year, which reflects the GIAA approach to supporting management in developing the control framework. As a new department, considerable work has been undertaken to design and implement an appropriate governance structure, create a risk management strategy and framework, and adopt a joint value for money approach for the provision of corporate services with other departments affected by the machinery of government.
- Work is still ongoing to implement the internal audit actions issued by GIAA in 2023–24. To date, 28% of actions have been closed, 52% of actions are not yet due. Of the remaining actions, 16% have been paused until external events which may have an impact on the area of work conclude, and 5% of actions are overdue. For the overdue actions, the DSIT Financial Controls and Assurance team is working with GIAA to ensure timely implementation.
- The National Audit Office (NAO) provides the external audit service for DSIT. The NAO, on behalf of the Comptroller and Auditor General, highlighted areas of control weaknesses relating to the first year of DSIT financial reporting. Specific control weaknesses reported to the Audit, Risk and Assurance Committee were in relation to the transfer of data into DSIT’s reporting systems in 2023-24 as part of the allocation of former BEIS transactions and balances, and in relation to the timeliness of working capital and cash reconciliation controls. The Department are confident that our controls were adequate but recognised the scope for improvements.

**Compliance with the orange book**

The orange book sets out mandatory principles for risk management. Each government organisation must disclose compliance or explain their reasons for departure clearly and carefully.

Risk management as an essential part of governance and leadership	Although principal risks are reported to EXCO and its subcommittee, structured discussions on individual risks will start from April to June 2024. There is more to do on risk culture and communication – assessment of risk culture has been informal and improvement plans are in place.
Integration in all organisational activities	Policy development is our key organisational activity. Policy development risk assessments include risks to the public. However, there is not full oversight across the organisation for risks to the public. To fully comply we will improve the consistency of identifying risks by building on relationships in groups and raising of maturity levels in risk management.
Collaborative and informed by best information and expertise	We are working on a central reporting system to improve internal reporting. Risk expertise will be improved by embedding the risk champion framework, following the appointment of risk champions in 2023–24.
Risk management processes	The risk appetite statement was reviewed in April 2024 and will be used across the department. The cross-working of risk and assurance will be developed.
Continual improvement	Risk maturity benchmarking will take place in 2024–25 after the first year has focused on getting risk architecture in place.

## Ministerial directions

Ministerial directions are formal, technical instructions from the Secretary of State to allow the department to proceed with a spending proposal where the accounting officer has raised an objection.

The accounting officer is accountable to Parliament to ensure all expenditure meets the standards under Managing Public Money (MPM). They have a duty to seek a direction if they believe one of the four accounting officer standards cannot be met – regularity, propriety, value for money and feasibility.

There were no ministerial directions issued in DSIT during 2023–24.

## Data protection – personal data breaches

DSIT formally reported 2 personal data breaches to the Information Commissioner’s Office (ICO). The ICO determined that regulatory action was not appropriate.

The DSIT data controllership comprises the core department and 4 executive agencies – UK Space Agency, Met Office, UK Intellectual Property Office, and Building Digital UK. A governance structure is in place for agencies to report personal data breaches to the core department to address.

## Management of outside interests

### Board members’ register of interests

See directors’ report on page 41.

### Process for managing outside interests

The department has a policy in place for the declaration of interests for all staff. It provides a framework to deal with any actual, potential or perceived conflicts of interest between staff, suppliers, and other stakeholders.

All staff must ensure declarations are made once they are aware that a conflict of interest may exist. Once a declaration is made, line management must ensure they review and agree any mitigating actions, if required.

All senior civil servants (SCS) are required to fill in a conflicts of interest declaration form every year. Nil returns should also be declared. The forms are reviewed by HR where an interest has been declared and reported to the Cabinet Office.

The policy also provides guidance on employees holding paid positions outside DSIT.

Details of remunerated outside employment held by SCS are published on gov.uk

<https://www.gov.uk/government/publications/dsit-senior-civil-servant-secondary-paid-employment-2023-to-2024>

### Special advisers

In line with the current declaration of interests’ policy for special advisers, all DSIT special advisers were commissioned to declare any relevant interests. They confirmed they do not consider they have any relevant interests. The permanent secretary has considered this, and no further action was necessary.

## Application of Business Appointment Rules to civil servants leaving Crown Service

### How the department implements and assesses BAR applications

All DSIT staff looking to leave the Civil Service, and staff who have left, must review the BAR policy and discuss with their line manager to decide on whether they are eligible to complete an application, prior to accepting any new roles. BARs rules apply to SCS for up to 2 years and, for those below SCS, up to one year, after leaving the Civil Service. HR review all departmental BAR applications. The outcomes are communicated to the individual. Once agreed, a final letter with the outcomes is sent to the new employer for transparency.

### Steps taken to increase awareness

To raise awareness, the department includes information on Business Appointment Rules on the departmental intranet pages and during the leaver process.

### Statistics

			Total
Number of exits from the Civil Service at SCS level			2
	Number of BARs applications assessed by the department over the year	Number of BARs applications where conditions were set	Number of applications found to be unsuitable for the applicant to take up
SCS pay band 2	1	2	0
SCS pay band 1	4	3	0
G6	1	1	0
G7	4	4	0
SEO	0	0	0
Special advisers	1	1	0
<b>Total</b>	<b>11</b>	<b>11</b>	<b>0</b>
			Total
Number of breaches of the rules for 2023–24 and prior year			0

### Summary statement on compliance with BARs

In compliance with the Business Appointment Rules, the department is transparent in the advice given to individual applications for senior staff. Advice regarding specific business appointments for SCS1 and SCS2 is published quarterly on gov.uk -

<https://www.gov.uk/government/collections/dsit-business-appointment-rules-advice>

For any SCS3 and ministers leaving the Civil Service, an application is required to be put into the Advisory Committee of Business Appointments (ACOBA) for consideration. The department will be responsible for providing views and suggestions to feed into the considerations.

## Effectiveness of our whistleblowing arrangements

### Internal whistleblowing

We encourage our employees to raise a concern when they believe there may have been a wrongdoing or if something does not feel right.

In line with our work on harmonisation the department asked new joiners and former BEIS employees to use the BEIS whistleblowing policy, and former DCMS employees to use the DCMS policy. The department appointed whistleblowing officers – all deputy directors and directors. This is to ensure those wishing to raise a concern felt supported and empowered. The department participated in the cross-Whitehall annual “Speak Up” campaign, through local-focused events and messaging to SCS to be raised with their teams.

The 2023 People Survey again highlighted that majority of DSIT employees had confidence that any concerns raised under the Civil Service Code would be properly investigated, scoring higher than last year.

### External whistleblowing

In 2023–24, the department received one direct allegation report. This number has reduced significantly from the previous year due to the creation of direct reporting routes to enforcement partners – such as the Insolvency Service or National Investigation Service.

Integrated Corporate Services (ICS) provide shared services, including counter fraud, to DSIT. It provides an additional route to make reports relating to fraud and to ensure they are fully investigated. DSIT’s Counter Fraud activity is governed by a monthly Counter Fraud Steering Board, chaired by the Operational Finance Director. In addition to the board the Counter Fraud Functional Lead and Counter Fraud Accountable Board member (the Operational Finance Director) meet monthly.

## Quality assurance of analytical models

We use analytical models to inform policymaking, evaluation and operations. We quality assure these models to ensure they are fit for purpose and comply with the government’s Analytical Quality Assurance (AQUA) Book.

Since DSIT was established in February 2023, we have compiled a list of 22 business-critical models. As of February 2024, 14 of the 22 models had been quality assured. Plans are in place to achieve quality assurance across all models. DSIT is establishing a monitoring system where models are proportionately quality assured to reflect the level of risk and complexity of each model.

We also provide quality assurance governance support to the department’s public bodies undertaking modelling to ensure they have AQUA Book compliant quality assurance processes.

## Use of functional standards

Government Functional Standards are ways of working that are coherent across government and consistent. The functional standards are listed below. The individual standards are coherent and consistent with each other. They provide a stable basis for assurance, risk management and capability improvement. They support value for money for the taxpayer. All departments and their arm’s length bodies must use these standards,

as stated in Managing Public Money ([DAO 05/21 Mandating Functional Standards from end September 2021](#)).

Government functional standards

- GovS 001, Government Functions
- GovS 002, Project Delivery
- GovS 003, Human Resources
- GovS 005, Digital
- GovS 006, Finance
- GovS 007, Security
- GovS 008, Commercial
- GovS 009, Internal Audit
- GovS 010, Analysis
- GovS 011, Communication
- GovS 013, Counter Fraud
- GovS 014, Debt
- GovS 015, Grants

During 2023–24 compliance assessments were conducted for all functional standards: either through self-assessments from DSIT core functional leads on their progress in implementing functional standards or by using Cabinet Office Continuous Improvement Assessment Frameworks (CIAF).

The outcome of the self-assessments identified some areas where we are not yet fully compliant with the requirements of the standards. As a result, development plans are in place to achieve full compliance with those standards in a way that meets DSIT business needs. In relation to the Cabinet Office CIAF, the maturity scale ranges from ‘good’, to ‘better’, and ‘best’. ‘Good’ indicates compliance with the mandatory elements of the functional standard. In the case of DSIT, all assessments were rated as either ‘better’ and ‘best’; the Grants Continuous Improvement Assessment Framework (Phase 3) is currently on-going and due to be concluded by July 2024.

Throughout 2023–24, the functions’ understanding of the requirements of their functional standards has matured. Their understanding of the operation of control frameworks to achieve increased compliance is improving. The focus for 2024–25 is on improving compliance levels and to further mature plans to achieve improvement ambitions and go beyond the ‘shall’ elements of the standards.

## Shared services

### Remit

The Integrated Corporate Services (ICS) was established by the Department for Energy Security and Net Zero (DESNZ) and the Department for Science, Innovation and Technology (DSIT) following the machinery of government change in February 2023. ICS provides shared corporate services across HR, Finance, Digital, Security, Estates and Commercial for both departments and to some extent, the Department for Business and Trade (DBT).

## Assurance and governance arrangements

The ICS oversight board is co-chaired by Clive Maxwell (Second Permanent Secretary, DESNZ) and Freya Guinness (Director General, Corporate Services) and comprises ICS, DESNZ and DSIT functional directors. It meets on a fortnightly basis and provides quarterly updates on progress and key issues to both DSIT and DESNZ Executive Committees and where relevant, subcommittees. A memorandum of understanding and Service Catalogue have been established to set out the assurance and governance arrangements and has approved by the accounting officers.

Each year, functional leads within ICS conduct self-assessments against functional standards. Conclusions from self-assessments over ICS-delivered activities (both where ICS is responsible for a full Standard and part of one) are submitted to the ICS oversight board for their consideration and challenge.

The Government Internal Audit Agency also provides a full internal audit service to the ICS with a programme of audits delivered throughout the year and designed with the risk profile of the organisation in mind. The self-assessments, GIAA reports and the ICS oversight board conclusions have been submitted to the DSIT ARAC for their review. In addition, the DESNZ Accounting Officer has written to Sarah Munby (DSIT Accounting Officer) providing assurance on the work of ICS.

None of the functions are entirely compliant with the mandatory requirements of the functional standards, although the levels of maturity vary significantly. Broadly, functions are still in the process of establishing key products and mechanisms ensuring compliance with the Standards following the Machinery of Government Changes. The effect of this is particularly pronounced for functions with responsibilities split across ICS and the core departments. However, in all cases, the assurance provided is sufficient to give the Accounting Officer confidence in the running of the ICS for the year.

Each of the functions have provided an overview of improvement plans to increase the level of compliance in 2024–25.

## Internal control boundaries

ICS ensures that risks are managed in accordance with relevant aspects of best practice in corporate governance and have a risk management strategy in place in accordance with the HMT Orange Book. ICS and participating departments, where appropriate, will cooperate and coordinate on internal controls regimes to integrate as far as feasible. The ICS oversight board provides assurance on the effectiveness of internal controls with the Board providing assurance to the departments on that effectiveness.

## Governance assurance exercise

A governance assurance exercise takes place each year to reflect on the effectiveness of governance arrangements, risk management and internal controls implemented by directors general in the discharge of their delegated authority and responsibilities.

A Governance Assurance Panel (GAP) was held for each director general group:

- Corporate Services
- Digital, Technology and Telecoms
- Science, Innovation and Growth



Each panel was chaired by a non-executive director, supported by our internal auditors and Chief Risk Officer. Each director general submitted evidence to the panel and summarised challenges they faced during the financial year.

Overall, the 2023–24 governance assurance panel exercise concluded that good progress had been made to implement a new governance framework and establish arrangements for risk management. The exercise found strong governance has supported the department in its first year, but there are opportunities to streamline further to support agile decision making. Risk management is developing and needs further work to ensure it feeds into core decision making and assurance processes. The department needs to focus on strong prioritisation to deliver.

## National Audit and the Public Accounts Committee

DSIT led major interventions to develop and manage the UK's scientific, research, and technological outputs. In 2023–24, the National Audit Office (NAO) finalised 2 reports assessing value for money. Both reports were examined by the Public Accounts Committee (PAC), which included testimony from DSIT officials as outlined below:

- 15 June: Support for innovation to deliver net zero,
- 6 December: Preparedness for online safety regulation,

DSIT provides responses to the PAC after each hearing via the [HM Treasury minutes](#), and twice a year via the [Treasury minutes progress report](#).

DSIT also provided responses to National Audit Office (NAO) recommendations, which are published on the NAO website – NAO [recommendations](#) tracker.

## Project assurance

Before submitting a business case for approval, a project assurance review is required. In 2023–24, DSIT used their legacy departments' 'integrated assurance and approvals framework', pending the development of DSIT .

In 2023–24, the department had 8 projects on the Government Major Projects Portfolio (GMPP). There were 39 assurance reviews held - 22 business cases were approved, with whole life costs totalling approximately £3.2 billion.

The number of cases reviewed by the investment committee was 26. The number of cases approved was 23. The value of cases approved was approximately £4 billion.

## Governance of DSIT's public bodies

DSIT has 14 public bodies – 10 of these transferred to DSIT from BEIS and 4 from DCMS. Our public bodies each publish separate accounts, with one exception – the Copyright Tribunal, whose expenditure is administered by the Intellectual Property Office. The public bodies each have their own independent boards, and governance structures. The chairs are appointed by ministers. Chief executives are appointed as accounting officers by the permanent secretary, with exception of Ofcom.

Having taken on public bodies which were previously sponsored by 2 departments, this year DSIT focused on aligning the sponsorship process for all its public bodies.

We also created a forum between the permanent secretary and chairs and CEOs of the public bodies to increase awareness of strategic priorities across the DSIT network and discuss cross-cutting governance issues.

DSIT received assurance on risks and delivery through:

- a sponsorship model with designated policy sponsors, senior sponsors, and quarterly meetings to review risk and performance
- regular reports on risks from public bodies
- framework document reviews
- approval from the Commercial Assurance Board for commercial spend of £10 million plus
- monthly reporting on Major Projects above £500m WLC or project of concern with Gateway Reviews conducted at major milestones in line with the agreed project Integrated Assurance and Approvals Plan

### Public bodies review

- The Cabinet Office launched the public bodies review programme in early 2022.
- In 2023–24 DSIT performed self-assessments of Ofcom and the UK Space Agency (UKSA).
- The self-assessment of UKSA was completed in December 2023 and broadly focused on efficiency, efficacy, governance and accountability.
- DCMS started the self-assessment stage of the Ofcom review and handed this over to DSIT in June 2023 as part of the MOG changes. Evidence gathering for this review is complete and a report has been drafted which is currently being finalised.

### UK Research and Innovation

UK Research and Innovation (UKRI) are a significant component for DSIT and are the largest public funder of research and innovation in the UK.

The UKRI fraud control framework is designed to minimise the risk of fraud and includes a counter fraud and bribery policy and an approved counter fraud operating plan with key target outcomes. This is a requirement of the Cabinet Office functional standards for counter fraud and sets out UKRI's approach with an action plan for the year.

The UKRI counter fraud team undertake a number of activities in order to identify and detect areas of fraud and bribery across the organisation. These include:

- governance led data analytics and fraud risk assessments to assess risks and analyse trends
- participation in the Cabinet Office random sampling exercise
- participation in the National Fraud Initiative (NFI)
- local proactive exercises involving specific targeting of known fraud risks i.e. testing of travel and subsistence claims and check of company's house records against the UKRI Register of Interests
- a range of proactive activities identified and agreed by the people, finance and organisation Committee (PFO) to reflect the current fraud landscape

UKRI adopt a risk-based approach to counter fraud. A fraud risk assessment will be carried out within the principles of the UKRI risk management policy and reviewed every 12 months, with a programme of fraud risk reviews agreed. The fraud strategy will reflect those areas of high risk with associated activities to address and reduce the risk.

UKRI will investigate or commission investigations of all instances of actual, attempted or suspected fraud regardless of value. UKRI will seek to recover losses in all cases where a fraud has been proven.

The full UKRI Counter Fraud and Bribery policy can be found at <https://www.ukri.org/publications/uk-research-and-innovation-counter-fraud-and-bribery-policy/>.

The year saw a marked decline in UKRI casework arising under the COVID-19 schemes with only business as usual investigations ongoing, an increasing number of which are now police led criminal investigations. There has also been a significant uplift in criminal referrals referred to and adopted by various UK police forces. Two investigations have resulted in the Crown Prosecution Service bringing charges against defendants for both fraud and money laundering offences.

During 2023–24 (1 April 2023 to 31 March 2024), UKRI Counter Fraud and Investigation Services (CFIS) reported the following:

- 128 referrals of fraud, bribery or corruption (45% increase from 2022–23)
- total of 33 live investigations and a further 50 completed
- identified fraud of £4.57 million (287% increase from 2022–23)
- prevented fraud of £13.54 million (3,123% increase from 2022–23)
- amounts recovered from grant participants of £0.08 million (33% increase from 2022–23)

Comparative data for 2022 – 23 (1 April 2022 to 31 March 2023) was as follows:

- 88 referrals of fraud bribery and corruption
- 34 live investigations and a further 39 completed
- identified fraud of £1.18 million
- prevented fraud of £0.42 million
- amounts recovered from grant participants of £0.06 million

## Regularity of expenditure

See regularity of expenditure in the parliamentary accountability report on page 111.

## Accounting officer's conclusion

I have considered the evidence provided regarding the annual governance statement and the independent assurance provided by ARAC. DSIT received a moderate opinion on the framework of governance, risk management and control within the department for 2023–24 from GIAA.

Overall, I am satisfied that the department has set up an appropriate system of internal control and risk management during this reporting period and to improve and adapt its governance arrangements considering the needs and responsibilities of the department as well as the risks being managed. This work will continue as the department matures.

**Sarah Munby**

**Permanent Secretary and Principal Accounting Officer**

03 September 2024

# Remuneration report

## Service contracts

The Constitutional Reform and Governance Act 2010 requires 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](http://www.civilservicecommission.org.uk)

## Remuneration policy

### Ministers

Remuneration of ministers is determined in accordance with the provisions of the Ministerial and other Salaries Act 1975 (as amended by The Ministerial and other Salaries Order 1996) and the Ministerial and other Pensions and Salaries Act 1991.

### Executive directors

The Senior Salaries Review Body provides independent advice to the Prime Minister on the remuneration of senior civil servants. The review body considers economic considerations such as local variations in labour markets and funds available to departments. Further information about the work of the review body can be found at <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>.

## Single total figure of remuneration for each minister and director – audited information

### Salary

‘Salary’ includes: gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances; and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the department which are included in the accounts. Government departments only pay the additional ministerial remuneration for Ministers in the House of Commons. Their MP salary (£86,584 from 1 April 2023) and any allowances they are entitled to, are paid centrally. Ministers in the House of Lords do not receive a salary but receive additional remuneration, which cannot be quantified separately from their



ministerial salaries. This total remuneration, and any allowances they are entitled to, is paid by the department and included in the figures below.

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2023–24 relate to performance in 2022–23 and the comparative bonuses reported for 2022–23 relate to the performance in 2021–22.



## Single total figure of remuneration: ministers

Note	2023–24				2022–23			
	Salary <sup>1</sup> £	Full year equivalent salary if different £	Pension benefits <sup>2</sup> £ to nearest £1,000	Total to nearest £1,000	Salary <sup>1</sup> £	Full year equivalent salary if different £	Pension benefits <sup>2</sup> to nearest £1,000	Total to nearest £1,000
<b>Secretary of State</b>								
Rt Hon Michelle Donelan MP (from 7 Feb 2023)	3	67,505	18,000	86,000	-	-	-	-
Rt Hon Chloe Smith MP (28 Apr 2023 to 20 Jul 2023)		15,261	4,000	19,000	-	-	-	-
<b>Ministers of State</b>								
Julia Lopez MP (from 7 Mar 2023)	4,5	-	-	-	-	-	-	-
Rt Hon John Whittingdale MP (9 May 2023 to 20 Dec 2023)	4	-	-	-	-	-	-	-
Andrew Griffith MP (from 13 Nov 2023)	6	-	-	-	-	-	-	-
George Freeman MP (7 Feb 2023 to 13 Nov 2023)	7,8	27,456	5,000	32,000	25,319	31,680	5,000	30,000
<b>Parliamentary under-secretaries of State</b>								
Viscount Camrose (from 7 Mar 2023)	6	-	-	-	-	-	-	-
Saqib Bhatti MP (from 13 Nov 2023)		8,577	2,000	11,000	-	-	-	-

		2023-24		2022-23				
Note	Salary <sup>1</sup>	Full year equivalent salary if different	Pension benefits <sup>2</sup>	Total	Salary <sup>1</sup>	Full year equivalent salary if different	Pension benefits <sup>2</sup>	Total
	£	£	£ to nearest £1,000	to nearest £1,000	£	£	£ to nearest £1,000	to nearest £1,000
Paul Scully MP (7 Feb 2023 to 13 Nov 2023)	19,392	22,375	3,000	22,000	7,458	22,375	1,000	8,000

**Additional notes**

- Salary information excludes employers' National Insurance contributions. None of the ministers of the department received benefits in kind during the year. Ministers in the House of Commons are remunerated on a different basis to those in the House of Lords as explained in notes to the remuneration report on page 68.
- The value of pension benefits accrued during the year is calculated as (real increase in pension multiplied by 20) less (contributions made by the individual). Real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.
- The Rt Hon Michelle Donelan MP's pay for 7 February 2023 to 31 March 2023 is disclosed in the Department for Culture, Media and Sport (DCMS) Annual Report and Accounts 2022-23. She was a 'minister on leave' from 28 April 2023 to 20 July 2023.
- Julia Lopez MP and The Rt Hon John Whittingdale MP's ministerial roles were held jointly between DSIT and DCMS. They were paid by DCMS.
- Julia Lopez MP was a minister on leave from 9 May 2023 to 20 December 2023.
- Andrew Griffith MP and Viscount Camrose are not paid for their ministerial roles.
- George Freeman MP's 2023-24 salary costs include a severance payment of £7,920 on leaving office.
- George Freeman MP's 2022-23 disclosure includes his roles as Parliamentary Under Secretary of State for BEIS from September 2021 to 7 July 2022, including a severance payment of £7,920 on leaving office. He was appointed Minister of State for BEIS from 26 October 2022 and Minister of State for DSIT from 7 February 2023.
- Paul Scully MP's 2023-24 salary costs include a severance payment of £5,594 on leaving office.
- Paul Scully MP's 2022-23 disclosures relate to his role as Parliamentary Under Secretary of State in BEIS and Minister for London, from 14 February 2020 to 6 July 2022.

## Single total figure of remuneration: executive directors

Executive directors are senior managers, who are members of the departmental board.

	2023–24							2022–23			
	Note	Salary <sup>1</sup> £'000	Full year equivalent salary if different £'000	Bonus £'000	Pension <sup>3</sup> nearest £1,000	Total £'000	Salary <sup>1</sup> £'000	Full year equivalent salary if different £'000	Bonus £'000	Pension <sup>2</sup> nearest £1,000	Total £'000
Sarah Munby Permanent Secretary (from 7 Feb 2023)	4	170–175	-	-	-	170–175	165–170	-	-	64	225–230
Freya Guinness Chief Operating Officer (from 7 Feb 2023)	5	160–165	-	0–5	-	165–170	150–155	-	0–5	22	175–180
Alexandra Jones Director General (from 15 May 2023)		110–115	125–130	5–10	-	120–125	-	-	-	-	-
Emran Mian Director General (from 1 Aug 2023)		85–90	130–135	-	-	85–90	-	-	-	-	-
Angela McLean Government Chief Scientific Adviser (from 1 Apr 2023)		195–200	-	-	-	195–200	-	-	-	-	-
Dave Smith National Technology Adviser (from 1 Oct 2023)		65–70	130–135	-	-	65–70	-	-	-	-	-
Jessie Mitchell Strategic Finance Director (from 20 Sep 2023)	6	35–40	70–75	5–10	-	45–50	-	-	-	-	-
Leah Sparks Strategic Finance Director (from 20 Sep 2023)	6	50–55	95–100	5–10	-	60–65	-	-	-	-	-



Note	2023-24					2022-23				
	Salary <sup>1</sup> £'000	Full year equivalent salary if different £'000	Bonus £'000	Pension <sup>3</sup> nearest £1,000	Total £'000	Salary <sup>1</sup> £'000	Full year equivalent salary if different £'000	Bonus £'000	Pension <sup>2</sup> nearest £1,000	Total £'000
Tim Sparrow Chief Finance Officer (7 Feb 2023 to 19 Sep 2023)	50-55	110-115	-	-	50-55	15-20	105-110	-	5	20-25
Susannah Storey Director General (7 Feb 2023 to 9 Jul 2023)	30-35	125-130	-	-	30-35	-	-	-	-	-
Jo Shanmugalingam Director General (7 Feb 2023 to 29 May 2023)	15-20	120-125	-	-	15-20	120-125	5-10	3	130-135	

#### Additional notes

1. No directors received benefits in kind during the year.
2. The value of pension benefits accrued during the year is calculated as (real increase in pension multiplied by 20) plus (real increase in any lump sum) less (contributions made by the individual). Real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.
3. Accrued pension benefits for directors are not included in this table for 2023-24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy.
4. Sarah Munby's 2022-23 disclosure relates to her role as permanent secretary for BEIS.
5. Freya Guinness's 2022-23 disclosure relates to her role as chief operating officer for BEIS.
6. The Strategic Finance Director role replaced the chief finance officer role on the departmental board following a restructure of board membership. Tim Sparrow's final board meeting was 19 September 2023, after which Jessie Mitchell and Leah Sparks (job share) became board members.
7. Tim Sparrow's 2022-23 disclosure relates to his role as chief finance officer for BEIS.
8. Susannah Storey's pay for 7 February 2023 to 31 March 2023 is included in the Department for Culture, Media and Sport annual report and accounts 2022-23.
9. Jo Shanmugalingam's 2022-23 disclosure relates to her role as a director general for BEIS.

## Pension entitlements for each minister and director – audited information

### Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' Etc. Pension Scheme 2015, available at

[mycpfpension.co.uk/wp-content/uploads/2019/09/ministerial-pension-scheme-rules.pdf](https://mycpfpension.co.uk/wp-content/uploads/2019/09/ministerial-pension-scheme-rules.pdf).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings. The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

### Ministerial pensions – Cash Equivalent Transfer Value (CETV)

This 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 pension benefits, they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a Minister. CETVs are calculated 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.

### Ministerial pensions – real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

### Civil Service pensions

Accrued pension benefits for directors are not included for 2023–24 due to an exceptional delay in the calculation of these figures following the application of the public service pension remedy. Further details regarding the remedy can be found at

[www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension](https://www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension).

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – **classic, premium, and classic plus** provide benefits on a final salary basis, whilst **nuvos** provides benefits on a career average basis. 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. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the **partnership** pension account.

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **alpha** from the PCSPS had 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 accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or **alpha** – as appropriate. Where a member has benefits in both the PCSPS and **alpha**, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to **alpha**. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or **alpha** benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

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). Employers also contribute a further 0.5% of pensionable salary too. Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### **Civil Service pensions – 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.

### **Civil Service Pensions – 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.

## Pension entitlements: ministers

	Note	Pension benefits at age 65 as at 31 March 2024	Real increase in pension at age 65	CETV at 31 March 2024 <sup>1</sup>	CETV at 31 March 2023 restated <sup>1</sup>	Real increase in CETV
		£'000	£'000	£'000	£'000	£'000
<b>Secretary of State</b>						
Rt Hon Michelle Donelan MP		0–5	0–2.5	53	35	8
Rt Hon Chloe Smith MP (28 Apr 2023 to 20 Jul 2023)		5–10	0–2.5	88	81	2
<b>Ministers of State</b>						
Julia Lopez MP	2	-	-	-	-	-
Rt Hon John Whittingdale MP (9 May 2023 to 20 Dec 2023)	2	-	-	-	-	-
Andrew Griffith MP (from 13 Nov 2023)	3	-	-	-	-	-
George Freeman MP (to 13 Nov 2023)		0–5	0–2.5	44	36	3
<b>Parliamentary Under-Secretaries of State</b>						
Viscount Camrose	4	-	-	-	-	-
Saqib Bhatti MP (from 13 Nov 2023)		0–5	0–2.5	2	-	1
Paul Scully MP (to 13 Nov 2023)		0–5	0–2.5	29	24	2

### Additional notes

- Where ministers joined or left during the year, their CETV opening or closing amounts are as at their joining or leaving dates.
- Paid by Department for Culture, Media and Sport (DCMS). Pension details will be disclosed in the DCMS 2023–24 annual report and accounts.
- The minister has opted out of the pension scheme.
- The minister's role is unpaid.

## Fee entitlements to non-executive board members – audited information

The table below lists non-executive directors who were members of the departmental board.

	Note	2023–24		2022–23	
		Fee entitlement	Full year equivalent if different	Fee entitlement	Full year equivalent if different
		£'000	£'000	£'000	£'000
Shonnel Malani (from 22 Apr 2023)	1	15–20	-	-	-
Melissa Di Donato (from 22 Apr 2023)	2	15–20	-	-	-
Saul Klein (from 22 Apr 2023)		10–15	-	-	-
Jason Chin (from 22 Apr 2023)		10–15	-	-	-
Alison Wolf (from 22 Apr 2023)		10–15	-	-	-
Ron Dennis (from 22 Apr 2023)		10–15	-	-	-
Tim Peake (22 Apr 2023 to 22 Jan 2024)		10–15	-	-	-

### Additional notes

1. Lead Non-Executive Board Member
2. Audit Risk and Assurance Committee Chair

## Fair pay – audited information

The disclosures below show the relationship between the remuneration of the highest-paid director and the remuneration of the total workforce. Comparatives for 2022–23 for Department for Business, Energy and Industrial Strategy (BEIS) and Department for Culture, Media and Sport (DCMS) have been included for information.

The banded remuneration of the highest-paid director in DSIT in 2023–24 was £195,000 - £200,000 (2022–23 BEIS: £185,000-£190,000, 2022–23 DCMS: £150,000 - £155,000). This was 3.5 times the median remuneration of the workforce (BEIS 2022–23: 4.4, DCMS 2022–23: 2.9), which was £55,805 (2022–23 BEIS: £42,351, 2022–23 DCMS: £53,079).

In 2023–24, 3 (2022–23 BEIS: 97, 2022–23 DCMS: 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £23,610 to £364,000 (2022–23 BEIS: £16,090-£430,100, 2022–23 DCMS: £21,216 - £185,000).

### Percentage changes in remuneration between 2023–24 DSIT and 2022–23 BEIS

	Highest paid director	Staff average
Salary and allowances	+5.3%	+10.5%
Performance pay and bonuses	Nil	+5.0%

Average staff salary and allowances increased in DSIT compared to BEIS due to differences between the workforce structures of the two departments and the implementation of the DSIT 2023–24 pay award.

### Total remuneration of highest paid director vs workforce at lower quartile, median, and upper quartile

	2023–24		
	Lower quartile	Median	Upper quartile
Workforce salary	36,860	52,715	58,232
Workforce total pay and benefits <sup>1</sup>	39,468	55,805	62,420
Ratio: highest paid director to workforce total pay and benefits	5.0 to 1	3.5 to 1	3.2 to 1

	BEIS 2022–23			DCMS 2022–23		
	Lower quartile	Median	Upper quartile	Lower quartile (£000)	Median (£000)	Upper quartile (£000)
Workforce salary	31,457	41,363	55,120	35–40	50–55	55–60
Workforce total pay and benefits <sup>1</sup>	32,920	42,531	57,005	35–40	50–55	55–60
Ratio: highest paid director to workforce total pay and benefits	5.7 to 1	4.4 to 1	3.3 to 1	4.2 to 1	2.9 to 1	2.6 to 1

#### [Additional notes](#)

1. Total pay and benefits figures include salary, non-consolidated performance related pay and benefits

# Staff report

## Number of senior civil servants by pay band

The table below show the number of senior civil servants (SCS) by pay band.

Salary bands represent actual salary rates. Bonuses are not included.

SCS staff numbers represent: FTE as at March 2024, permanent and fixed term contracts, active workers only. Inactive workers were those on maternity leave, outward loans and so forth.

DSIT 31 March 2024		BEIS 31 March 2023		DCMS 31 March 2023 <sup>1</sup>	
Pay band	Number	Pay band	Number	Pay band	Number
SCS 1 (£75,000 – £110,000)	87	SCS 1 (£60,000 – £110,000)	245	SCS 1	78
SCS 2 (£80,000 – £155,000)	27	SCS 2 (£90,000 – £180,000)	64	SCS 2	21
SCS 3 (£125,000 – £200,000)	6	SCS 3 (£120,000 – 190,000)	13	SCS 3	3
<b>Total</b>	<b>120</b>	<b>Total</b>	<b>322</b>	<b>Total (£70,000–£155,000)</b>	<b>102</b>

### Additional notes

- Salary ranges by SCS grade were not disclosed in the DCMS annual report and accounts 2022–23.



## Staff numbers and costs – audited information

### Staff numbers

The table below shows numbers based on the full year equivalent average. The figures include both permanent and fixed term contracts. It includes active workers only, and excluded inactive workers such as those on maternity leave, outward loans and so forth.

					2023–24	2022–23 restated
	Permanent employed staff	Others	Ministers	Special advisers	Total	Total
Core department	1,757	66	5	3	1,831	1,639
Agencies	616	11	-	-	627	537
Non departmental public bodies (NDPBs)	11,244	1,885	-	-	13,129	12,350
<b>Total</b>	<b>13,617</b>	<b>1,962</b>	<b>5</b>	<b>3</b>	<b>15,587</b>	<b>14,526</b>
<b>Of which</b>						
Core department and agencies	2,373	77	5	3	2,458	2,176
NDPBs and other designated bodies	11,244	1,885	-	-	13,129	12,350
<b>Total</b>	<b>13,617</b>	<b>1,962</b>	<b>5</b>	<b>3</b>	<b>15,587</b>	<b>14,526</b>

### Staff costs

	2023–24			2022–23 restated		
	Permanent employed staff	Others	Total	Permanent employed staff	Others	Total
	£m	£m	£m	£m	£m	£m
Wages and salaries	743	90	833	644	69	713
Social security costs	81	-	81	65	-	65
Other pension costs	169	-	169	168	-	168
<b>Sub total</b>	<b>993</b>	<b>90</b>	<b>1,083</b>	<b>877</b>	<b>69</b>	<b>946</b>
Less recoveries in respect of outward secondments	(1)	-	(1)	(4)	(2)	(6)
<b>Total net costs</b>	<b>992</b>	<b>90</b>	<b>1,082</b>	<b>873</b>	<b>67</b>	<b>940</b>
<b>Of which</b>						
Core department and agencies	188	25	213	149	18	167
NDPBs and other designated bodies	804	65	869	724	49	773
<b>Total net costs</b>	<b>992</b>	<b>90</b>	<b>1,082</b>	<b>873</b>	<b>67</b>	<b>940</b>

## Departmental group

In the departmental group, £21,335,419 of staff costs were capitalised (2022–23: £16,635,706. 323 employees were engaged on capital projects (2022–23: 189 employees).

## Others

Total net costs of ‘others’ includes ministers’ total net costs of £151,737 (2022–23: £89,992).

## Staff severance costs

Staff severance costs are included in wages and salaries - for further details see exit packages below.

## Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS), known as “alpha”, are an unfunded multi-employer defined benefit scheme in which the department is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016.

Further details can be found in the resource accounts of the Cabinet Office Civil Superannuation: [www.civilservicepensionscheme.org.uk/about-us/resource-accounts/](http://www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

For 2023–24, employer contributions of £87,379,178 were payable to the PCSPS (2022–23: £72,690,935) at one of 4 rates in the range 26.6% to 30.3% (2022–23: 26.6% to 30.3%) of pensionable pay, based on salary bands.

The scheme’s actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023–24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £1,065,782 (2022–23: £2,550,472) were paid to one or more of the panel of 3 appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £6,184 (2022–23: £4,000), 0.5% (2022–23: 0.5%) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to/(from) the partnership pension providers as at 31 Mar 2024 were £62,865 (2022–23: (£40,208)). Contributions prepaid at that date were £nil (2022–23: £nil).

## Ill health retirement

In 2023–24, 5 persons (2022–23: 12 persons) across the departmental group retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2022–23: £nil).

## Other pension schemes

Employer contributions to other pension schemes in 31 Mar 2024, amounted to £80,876,622 (2022–23: £94,754,309). Employer contributions include employers’

contributions, current service costs and where appropriate past service costs of funded pension schemes. Further details can be found in the accounts of the department's NDPBs and other designated bodies. A list of these bodies is provided in note 23 on page 211.

## Staff composition as at 31 March 2024

Numbers are based on staff headcount on payroll. They align with staff numbers in the Annual Civil Service Employee Survey (ACSES) publication.

<b>Gender</b>	<b>2024</b>
<b>Executive committee</b>	<b>5</b>
Men	2
Women	3
<b>Senior civil servants</b>	<b>128</b>
Men	41%
Women	59%
<b>All staff</b>	<b>2,069</b>
Men	48%
Women	52%
<b>Disability</b>	<b>2024</b>
Declaration rate	<b>51%</b>
<b>Representation:</b>	
No	80%
Yes	13%
Prefer not to say	6%
<b>Ethnicity</b>	<b>2024</b>
Declaration rate	61%
<b>Representation:</b>	
White	73%
BAME	23%
Prefer not to say	4%
<b>Sexual orientation</b>	<b>2024</b>
Declaration rate	60%
<b>Representation:</b>	
Straight	77%
LGBO	12%
Prefer not to say	11%

## Diversity and inclusion

Diversity and Inclusion (D&I) matter to DSIT. As a new department, we aim to use inclusion to drive innovation across the department.

During the year we did the following:

- started to develop our approach to inclusion – aligning it to the Civil Service D&I Strategy 2022–25, Declaration of Government Reform, and Inclusive Britain.
- supported the development of networks – aligning it to the Civil Service D&I Strategy 2022–25.
- maintained a high ‘inclusion and fair treatment’ score in the 2023 people survey at 82%.
- on the public sector equality duty (PSED) – we promoted requirements through regular consultation, started to develop guidance and training, and developed our PSED objectives working with the Equality and Human Rights Commission.

## Sickness absence data

	2023–24
Average working days lost to sickness absence	2.2

## Staff turnover percentage

Departmental turnover refers to employees who left the department. Turnover refers those who also left the Civil Service. The agencies listed are those defined for the Civil Service statistics collection.

	2023–24	
	Dept turnover	Turnover
Core department	13.8%	5.7%

### Additional notes

Sickness absence figures have been calculated based on available working days and total days lost since the creation of DSIT ledgers in August 2023. As such they will not directly correlate to a full average working days lost calculation which requires 12 months of data.

## Staff engagement scores

	<b>2023</b>
Engagement score	60%

- DSIT achieved a response rate of 77% for the 2023 People Survey – open from 19 September–13 October 2023.
- The engagement index score was 60%. This is 4 percentage points less than the Civil Service average, 1 percentage point less than the 2022 BEIS survey and 8 percentage points less than the 2022 DCMS survey.
- The lowest scoring areas were on pay and benefits (24%), learning and development (50%) and leadership and managing change (54%).
- The department has encouraged directors to analyse the scores locally and take local actions. At departmental level, we continued to finalise the people plan, using survey data to inform the plan.

## Staff policies for disabled persons

<b>Applications for employment</b>	We are accredited under the Disability Confident Leader scheme.
<b>Continuing employment</b>	We offer reasonable adjustments, where practical, for both office and home working. We support staff who are disabled or have long-term health conditions by carrying out assessments, providing equipment and training. We work closely with our disability staff network.
<b>Training, career development and promotion</b>	For individuals who declare themselves as having a disability, we support and encourage them to engage with any process related to training, career development and promotion – by ensuring the offer of reasonable adjustments is actively communicated and delivered at the right time.

## Trade union facility time

Facility time is paid time off given to employees who are recognised trade union representatives to perform their related duties. Trade union duties are work or training directly related to supporting the workforce.

Facility time is not normally permitted for trade union activities (as opposed to duties) i.e. internal trade union business not directly related to supporting the workforce, but an employer may exceptionally choose to provide this.

	Core dept	BDUK	UKSA	IPO	Met Office	Core dept and all executive agencies <sup>1</sup>
<b>Relevant union officials</b>						
Number of employees who were relevant union officials	8	0	2	33	18	<b>61</b>
<b>Working hours</b>						
<b>Number of relevant union officials who spent the following working hours on facility time</b>						
0	1	-	0	4	0	<b>5</b>
1 – 50%	7	-	2	29	18	<b>56</b>
51 – 99%	0	-	0	0	0	<b>0</b>
100%	0	-	0	0	0	<b>0</b>
<b>Spend on facility time</b>						
Percentage of the total pay bill spent on facility time	0.02%	-	0.27%	0.09%	0.04%	<b>0.06%</b>
[(total cost of facility time ÷ total pay bill) x 100]						
<b>Time on paid trade union activities</b>						
Time spent on paid trade union activities as a % of total paid facility time hours <sup>2</sup>	0.0%	-	0.0%	0.50%	0.50%	<b>-</b>

### Additional notes

1. BDUK, UKSA are executive agencies consolidated in our financial statements. IPO, Met Office are executive agencies not consolidated in the financial statements.
2. Negligible time spent on paid TU activities.

## Health and safety at work

Building on the experience of the previous departments, we continued to provide a safe work environment. We ensured staff had the correct equipment and training to carry out their duties safely, both in the office and working from home.

In 2023–24, there were no reported accidents within ‘Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013’.

The wellbeing offer during the year included:

- stress management guidance.
- resilience and mental health training.
- health, wellbeing and disability campaigns.
- access to the Employee Assistance Programme for confidential counselling.
- over 59 trained Mental Health First Aiders.
- staff networks to provide peer support.

## Consultancy and temporary staff expenditure

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Consultancy expenditure	22	24	26	27
Temporary staff expenditure	25	90	18	67

Consultants are hired to work on projects in a number of specific situations:

- where the department does not have the skill set required
- where the requirement falls outside the core business of civil servants
- where an external, independent perspective is required

When used appropriately, consultancy can be a cost effective and efficient way of getting the temporary and skilled external input that the department needs.

We are committed to the consistent application of the Cabinet Office’s 2010 controls on consultancy and other spending.

### Temporary staff

Also detailed under staff costs in note 3 on page 158.

## Off-payroll engagements

Off-payroll engagements refer to workers who are paid off-payroll, without deducting tax and national insurance at source, typically contractors.

**Table 1: Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater**

	Core dept	Agencies	Arm's length bodies
No. of existing engagements as of 31 Mar 2024	35	41	311
less than 1 year	6	30	124
between 1 and 2 years	14	6	106
between 2 and 3 years	7	2	35
between 3 and 4 years	4	2	25
4 or more years	4	1	21

**Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater**

	Core dept	Agencies	Arm's length bodies
No. of temporary off-payroll workers engaged during the year ended 31 March 2024	37	77	494
Not subject to off-payroll legislation	0	0	11
Subject to off-payroll legislation and determined as in-scope of IR35	24	77	463
Subject to off-payroll legislation and determined as out-of-scope of IR35	13	0	20
No. of engagements reassessed for compliance or assurance purposes during the year	0	0	47
Of which: No. of engagements that saw a change to IR35 status following review	0	0	8



**Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024**

	Core dept	Agencies	Arm's length bodies
No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0	3	1
Total no. of individuals on payroll and off-payroll that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year.	27	18	45

**Details of the exceptional circumstances that led to the off-payroll engagement of board members/senior officials with significant financial responsibility.**

UKRI: The individual was appointed as interim Chief People Officer in March 2022, following the departure of the previous on-payroll position holder. The contract was extended in March 2023 into 2024–25, as UKRI is at a critical delivery point for a number of key people led programmes that demand continuity of service and a high degree of expertise to ensure impactful delivery.

BDUK: The 3 individuals are non-executive directors. Two have been in post since January 2023, and the third since 1 May 2022.

## Exit packages – audited information

Exit packages refer to Civil Service and other compensation schemes.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972.

Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill health retirement costs are met by the pension scheme and are not included in the table.

The table below shows the total cost of exit packages agreed and accounted for in 2023–24. £1,008,743 exit costs were paid in 2023–24, the year of departure (2022–23: £1,931,367).

	2023–24			2022–23 restated		
	Compulsory redundancies	Other departures agreed	Total exit packages	Compulsory redundancies	Other departures agreed	Total exit packages
<b>Number</b>						
Less than £10,000	2	9	11	2	16	18
£10,000 - £25,000	3	12	15	9	14	23
£25,000 - £50,000	4	5	9	9	5	14
£50,000 - £100,000	-	4	4	-	10	10
£150,000 - £200,000	-	-	-	1	-	1
<b>Total number</b>	<b>9</b>	<b>30</b>	<b>39</b>	<b>21</b>	<b>45</b>	<b>66</b>
<b>Of which</b>						
Core department and agencies	-	1	1	-	4	4
NDPBs and other designated bodies	9	29	38	21	41	62
<b>Total number</b>	<b>9</b>	<b>30</b>	<b>39</b>	<b>21</b>	<b>45</b>	<b>66</b>
<b>Cost</b>						
<b>Total cost (£)</b>	<b>205,704</b>	<b>723,805</b>	<b>929,509</b>	<b>688,467</b>	<b>1,562,337</b>	<b>2,250,804</b>
<b>Of which</b>						
Core department and agencies	-	99,390	99,390	-	330,325	330,325
NDPBs and other designated bodies	205,704	624,415	830,119	688,467	1,232,012	1,920,479
<b>Total cost (£)</b>	<b>205,704</b>	<b>723,805</b>	<b>929,509</b>	<b>688,467</b>	<b>1,562,337</b>	<b>2,250,804</b>

## Staff redeployments

The table below shows the number of staff loaned and hosted as at 31 March 2024.

Staff loaned (outward staff loans) were staff permanently employed by the core department, who were on loan to another organisation. Staff hosted (inward staff loans) were those attached to the core department, who were on loan from other organisations.

As the home department, short-term costs relating to outward staff loans were charged to the administration budget, if the core department paid the cost. As the host department, short-term costs relating to inward staff loans were charged to the administration budget, if the core department paid the cost.

The department does not currently hold information centrally to support the disclosure of average likely durations of redeployments.

### Loans in

	Short term-loan			Longer-term loan		
	Non-payroll	Payroll	Total	Non-payroll	Payroll	Total
AO	-	-	-	-	-	-
EO	-	-	-	-	3	3
FAST	-	-	-	-	-	-
G6	1	4	5	1	27	28
G7	4	2	6	3	46	49
HEO	2	3	5	-	13	13
SCS1	-	-	-	3	5	8
SCS2	-	-	-	-	1	1
SEO	6	1	7	3	19	22
<b>Total</b>	<b>13</b>	<b>10</b>	<b>23</b>	<b>10</b>	<b>114</b>	<b>124</b>

### Loans out

	Short-term loan			Longer-term loan		
	Non-payroll	Payroll	Total	Non-payroll	Payroll	Total
AO	-	-	-	-	-	-
EO	-	-	-	1	-	1
FAST	-	-	-	-	-	-
G6	-	-	-	-	-	-
G7	-	-	-	3	1	4
HEO	-	-	-	1	-	1
SCS1	-	-	-	2	1	3
SCS2	-	-	-	-	-	-
SEO	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>2</b>	<b>9</b>

# Parliamentary accountability report

## Statement of outturn against parliamentary supply – audited information

### Overview

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FREM) requires the Department for Science, Innovation and Technology to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes.

The SOPS and related notes are subject to audit, as detailed in the certificate and report of the comptroller and auditor general to the House of Commons.

The SOPS is a key accountability statement that shows in detail how an entity has spent against their supply estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their supply estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the supply estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn will not exactly tie to cash spent) and administration.

Non-voted budgets generally comprise CFERs (Consolidated Fund Extra Receipts) that represent operating income or expenditure financed directly from the Consolidated Fund as a standing service or from the National Insurance Fund. Non-voted expenditure does not require Parliamentary authority but is included within budgets set by HMT for completeness.

Estimates and outturn spend are disclosed gross (gross expenditure and income) for activities of the core department and net for the activities of the departmental group's arm's length bodies.

The supporting notes detail the following: outturn by estimate line, providing a more detailed breakdown (SOPS 1 on page 96); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOPS to the financial statements (SOPS 2 on page 102); a reconciliation of outturn to net cash requirement (SOPS 3 on page 103); and, an analysis of income payable to the Consolidated Fund (SOPS 4 on page 103).

The SOPS and estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an



explanation of key terms is provided on page 22, in the financial review section of the performance report. Further information on the public spending framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the performance report, provides a summarised discussion of outturn against estimate and functions as an introduction to the SOPS disclosures.



## Summary table 2023–24

SOPS note	Outturn			Estimate			Outturn vs Estimate: saving/ (excess)		2022–23 outturn restated
	Voted	Non-voted	Total	Voted	Non-voted	Total	Voted	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Departmental Expenditure Limit (DEL)</b>									
1.1	635,116	-	635,116	688,095	-	688,095	52,979	52,979	564,058
1.2	12,363,524	-	12,363,524	12,610,103	(2,114)	12,607,989	246,579	244,465	10,816,389
<b>Total</b>	<b>12,998,640</b>	<b>-</b>	<b>12,998,640</b>	<b>13,298,198</b>	<b>(2,114)</b>	<b>13,296,084</b>	<b>299,558</b>	<b>297,444</b>	<b>11,380,447</b>
<b>Annually Managed Expenditure (AME)</b>									
1.1	230,654	-	230,654	425,630	-	425,630	194,976	194,976	226,844
1.2	(104,922)	-	(104,922)	-	-	-	104,922	104,922	(68,495)
<b>Total</b>	<b>125,732</b>	<b>-</b>	<b>125,732</b>	<b>425,630</b>	<b>-</b>	<b>425,630</b>	<b>299,898</b>	<b>299,898</b>	<b>158,349</b>
<b>Total budget</b>									
1.1	865,770	-	865,770	1,113,725	-	1,113,725	247,955	247,955	790,902
1.2	12,258,602	-	12,258,602	12,610,103	(2,114)	12,607,989	351,501	349,387	10,747,894
<b>Total budget expenditure</b>	<b>13,124,372</b>	<b>-</b>	<b>13,124,372</b>	<b>13,723,828</b>	<b>(2,114)</b>	<b>13,721,714</b>	<b>599,456</b>	<b>597,342</b>	<b>11,538,796</b>
Non-budget expenditure	-	-	-	-	-	-	-	-	-
<b>Total budget and non-budget</b>	<b>13,124,372</b>	<b>-</b>	<b>13,124,372</b>	<b>13,723,828</b>	<b>(2,114)</b>	<b>13,721,714</b>	<b>599,456</b>	<b>597,342</b>	<b>11,538,796</b>

### Additional notes

- Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament.
- Significant variances between the Outturn and the Estimate are explained in the financial review in the performance report.

## Net cash requirement 2023–24

				2023–24	2022–23 restated
	SOPS note	Outturn	Estimate	Outturn vs Estimate: saving/(excess)	Outturn total
		£'000	£'000	£'000	£'000
<b>Net cash requirements</b>	<b>3</b>	<b>13,572,566</b>	<b>15,550,889</b>	<b>1,978,323</b>	<b>11,122,722</b>

## Administration costs 2023–24

				2023–24	2022–23 restated
	SOPS note	Outturn	Estimate	Outturn vs Estimate: saving/(excess)	Outturn total
		£'000	£'000	£'000	£'000
<b>Administration costs</b>	<b>1.1</b>	<b>224,847</b>	<b>264,438</b>	<b>39,591</b>	<b>232,646</b>

### Additional notes

— Although not a separate voted limit, any breach of the administration budget, will also result in an excess vote.

## SOPS 1. Outturn detail, by estimate line

### SOPS 1.1 Analysis of resource outturn by estimate line

The financial review in the performance report explains the significant variances between outturn and estimate.

	Administration				Programme				Resource outturn		2023–24		2022–23
	Gross	Income	Net	Gross	Income	Net	Total	Estimate	Total	Outturn vs Estimate: saving/ (excess)	Outturn Total	restated	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Spending in Departmental Expenditure Limits (DEL)</b>													
<b>Voted expenditure</b>													
A	-	-	-	37,648	(14,582)	23,066	23,066	23,066	29,852	-	29,852	6,786	21,069
C	-	-	-	32,723	(676)	32,047	32,047	32,047	40,309	(8,262)	32,047	-	5,681
D	164,961	(2,090)	162,871	2,864	(22)	2,842	165,713	210,306	258,595	(48,289)	210,306	44,593	131,873
E	-	-	-	535	(70,825)	(70,290)	(70,290)	(70,290)	(76,717)	6,427	(70,290)	-	(24,784)
F	33,483	-	33,483	83,215	(979)	82,236	115,719	115,719	90,178	25,541	115,719	-	92,417
G	-	-	-	39,722	(53)	39,669	39,669	39,669	41,269	-	41,269	1,600	57,599
H	71	-	71	318,922	(11,929)	306,993	307,064	307,064	286,415	20,649	307,064	-	225,803



	Administration				Programme				Resource outturn		Estimate		2023-24	2022-23
	Gross	Income	Net	Gross	Gross	Income	Net	Total	Total	Total inc.	Total	Outturn vs Estimate: saving/ (excess)	Outturn	restated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
I Capability (ALB) net	64,433	(61,262)	3,171	-	-	-	-	3,171	1	3,170	3,171	-	-	50,348
J Government as Shareholder (ALB) net	-	-	-	1,526	-	-	1,526	1,526	1,100	426	1,526	-	-	(617)
K Broadcasting and Media ALB (net)	95,860	(70,609)	25,251	182,396	(190,216)	(7,820)	17,431	17,093	338	17,431	17,431	-	-	4,999
- Taking action on climate change and decarbonisation	-	-	-	-	-	-	-	-	-	-	-	-	-	73
- Promote competitive markets and responsible business practices	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)
- Delivering affordable energy for households and businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	(402)
<b>Total voted DEL</b>	<b>358,808</b>	<b>(133,961)</b>	<b>224,847</b>	<b>699,551</b>	<b>(289,282)</b>	<b>410,269</b>	<b>635,116</b>	<b>688,095</b>	<b>-</b>	<b>688,095</b>	<b>688,095</b>	<b>52,979</b>	<b>52,979</b>	<b>564,058</b>
<b>Non-voted expenditure</b>														
<b>Total spending in DEL</b>	<b>358,808</b>	<b>(133,961)</b>	<b>224,847</b>	<b>699,551</b>	<b>(289,282)</b>	<b>410,269</b>	<b>635,116</b>	<b>688,095</b>	<b>-</b>	<b>688,095</b>	<b>688,095</b>	<b>52,979</b>	<b>52,979</b>	<b>564,058</b>
<b>Spending in Annually Managed Expenditure (AME)</b>														

	Administration				Programme				Resource outturn		2023–24		2022–23 restated	
	Gross	Income	Net	Gross	Gross	Income	Net	Total	Estimate	Outturn vs Estimate: saving/ (excess)	Outturn	Outturn Total		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Total inc. virements	£'000	£'000	£'000		
<b>Voted expenditure</b>														
M Deliver an ambitious industrial strategy	-	-	-	154	-	-	154	154	-	109,154	-	109,154	-	
N Science and Research	-	-	-	159,079	(557)	(557)	158,522	158,522	-	182,166	-	182,166	88,947	
O Capability	-	-	-	(53)	-	(53)	(53)	(53)	285	(338)	-	(53)	335	
P Building Digital UK	-	-	-	-	-	-	-	-	-	9,700	-	9,700	-	
Q Deliver an ambitious industrial strategy (ALB) net	-	-	-	17,600	(16,388)	(16,388)	1,212	1,212	-	29,534	-	29,534	43,060	
R Science and Research (ALB) net	-	-	-	72,674	(1,090)	(1,090)	71,584	71,584	-	91,688	-	91,688	95,035	
S Capability (ALB) net	-	-	-	2	-	-	2	2	-	5	-	5	-	
T Government as Shareholder (ALB) net	-	-	-	-	-	-	-	-	(285)	2,200	(285)	1,915	-	
Y Broadcasting and Media ALB (net)	-	-	-	(767)	-	(767)	(767)	(767)	-	1,521	-	1,521	(533)	
<b>Total voted AME</b>	-	-	-	<b>248,689</b>	<b>(18,035)</b>	<b>(18,035)</b>	<b>230,654</b>	<b>230,654</b>	-	<b>425,630</b>	-	<b>425,630</b>	<b>226,844</b>	
<b>Non-voted expenditure</b>														

	2023-24				2022-23 restated					
	Administration		Programme		Resource outturn		Estimate			
	Gross	Income	Net	Gross	Income	Net	Total	Total inc.		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	virements		
<b>Total spending in AME</b>	-	-	-	248,689	(18,035)	230,654	425,630	425,630	194,976	226,844
<b>Total resource</b>	358,808	(133,961)	224,847	948,240	(307,317)	640,923	1,113,725	1,113,725	247,955	790,902
Non-budget: voted										
<b>Total resource and non-budget spending</b>	358,808	(133,961)	224,847	948,240	(307,317)	640,923	1,113,725	1,113,725	247,955	790,902

**Additional notes**

- The total estimate columns include virements. Virements are the reallocation of provision in the estimates that do not require parliamentary authority, (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk.
- The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the estimates laid before Parliament.

## SOPS 1.2. Analysis of capital outturn by estimate line

	Capital outturn		2023–24		2022–23 restated		
	Gross	Income	Total Virements	Estimate Total inc. virements	Outturn vs estimate, savings/ (excess)	Outturn Total	
<b>Spending in Departmental Expenditure Limit (DEL)</b>							
A	Deliver an ambitious industrial strategy	585,568 (304,935)	280,633	394,759 -	394,759	114,126	354,665
B	Promote competitive markets and responsible business practices (ALB) net	3,826 -	3,826	4,600 -	4,600	774	-
C	Science and research	2,459,379 (55,213)	2,404,166	3,396,754 (989,766)	2,406,988	2,822	965,314
D	Capability	4,447 (338)	4,109	25,642 (4,162)	21,480	17,371	(535)
E	Government as shareholder	111,917 (33,169)	78,748	195,684 (40,798)	154,886	76,138	99,952
F	Support for the digital, broadcasting and media sectors	111,119 -	111,119	134,063 -	134,063	22,944	68,144
G	Building a digital UK	98,083 (5,055)	93,028	98,960 -	98,960	5,932	44,092
H	Science and research (ALB) net	10,310,135 (948,869)	9,361,266	8,330,702 1,030,564	9,361,266	-	9,267,560
I	Capability (ALB) net	4,162 -	4,162	- 4,162	4,162	-	3,313
J	Government as shareholder (ALB) net	17,288 (2,638)	14,650	19,000 -	19,000	4,350	5,541
K	Broadcasting and media (ALB) net	7,890 (73)	7,817	9,939 -	9,939	2,122	10,565
L	Taking action on climate change and decarbonisation	-	-	-	-	-	(2,222)
	<b>Total voted DEL</b>	<b>13,713,814 (1,350,290)</b>	<b>12,363,524</b>	<b>12,610,103 -</b>	<b>12,610,103</b>	<b>246,579</b>	<b>10,816,389</b>
	<b>Non-voted expenditure</b>						
L	Science and research (CFER)	-	-	(2,114) -	(2,114)	(2,114)	-
	<b>Total non-voted DEL</b>	<b>-</b>	<b>-</b>	<b>(2,114) -</b>	<b>(2,114)</b>	<b>(2,114)</b>	<b>-</b>

	Capital outturn		Estimate Total inc. virements	2023-24 Outturn vs estimate, savings/ (excess)	2022-23 restated Outturn Total
	Gross	Net total			
<b>Total spending in DEL</b>	<b>13,713,814</b>	<b>(1,350,290)</b>	<b>12,607,989</b>	<b>244,465</b>	<b>10,816,389</b>
<b>Spending in Annually Managed Expenditure (AME)</b>					
<b>Voted expenditure</b>					
M Science and research	-	-	-	-	1,266
N Science and research (ALB) net	(14,020)	(89,967)	-	103,987	(73,901)
O Deliver an ambitious industrial strategy (ALB) net	26,821	(27,756)	-	935	4,140
<b>Total voted AME</b>	<b>12,801</b>	<b>(117,723)</b>	<b>-</b>	<b>104,922</b>	<b>(68,495)</b>
<b>Non-voted expenditure</b>					
<b>Total spending in AME</b>	<b>12,801</b>	<b>(117,723)</b>	<b>-</b>	<b>104,922</b>	<b>(68,495)</b>
<b>Total capital</b>	<b>13,726,615</b>	<b>(1,468,013)</b>	<b>12,607,989</b>	<b>349,387</b>	<b>10,747,894</b>
<b>Non-budget</b>					
<b>Total capital and non-budget spending</b>	<b>13,726,615</b>	<b>(1,468,013)</b>	<b>12,607,989</b>	<b>349,387</b>	<b>10,747,894</b>

**Additional notes**

The total estimate columns include virements. Virements are the reallocation of provision in the estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk. The outturn vs estimate column is based on the total including virements. The estimate total includes virements. The estimate total before virements have been made is included so that users can tie the estimate back to the estimates laid before Parliament.

Significant variances between outturn and estimate are explained in the financial review on pages 22 to 23.

## SOPS 2. Reconciliation of outturn to net operating expenditure

As noted in the overview to the SOPS, outturn and the estimates are compiled against the budgeting framework – which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

The prior year comparatives present the net operating expenditure as reported on 31 March 2023.

		2023–24	2022–23 restated
	SOPS note	Outturn total	Outturn total
		£'000	£'000
<b>Total resource outturn in Statement of Outturn against Parliamentary Supply</b>	<b>SOPS 1.1</b>	<b>865,770</b>	<b>790,902</b>
<b>Add</b>			
Capital grants		1,241,714	1,237,483
Share of profit/loss of joint ventures and associates		70,347	40,286
Other non-budget		(21,046)	(10,801)
Research and development costs		11,045,452	9,586,409
<b>Total</b>		<b>12,336,467</b>	<b>10,853,377</b>
<b>Less</b>			
Expected return on pension scheme assets		(89,967)	(55,574)
Loss on disposal of shares		42,789	-
Capital income in SOCNE		(65,594)	(15,002)
Research and development income		(754,203)	(346,130)
Utilisation of provisions		-	(20,117)
<b>Other</b>			
Impact of intra-group transactions		(168)	-
<b>Total</b>		<b>(867,143)</b>	<b>(436,823)</b>
<b>Net operating expenditure for the period in consolidated statement of comprehensive net expenditure</b>	<b>SOCNE</b>	<b>12,335,094</b>	<b>11,207,456</b>

### Additional notes

- Capital grants are budgeted for as capital departmental expenditure limit (CDEL) but accounted for as expenditure and income in the SOCNE, and therefore function as a reconciling item between resource and net operating expenditure.
- Share of profit/loss of joint ventures and associates is accounted for in the SOCNE as a non-budget item and therefore functions as a reconciling item.
- Other non-budget includes intra group transactions where the cash payment is eliminated, and the budget impact is therefore recognised as a reconciling item.
- Research and development is budgeted for as CDEL but accounted for as income and expenditure in the SOCNE and therefore function as a reconciling item.
- The department's contributions to Horizon Europe and Copernicus programmes are accounted for by apportioning the annual expected cost evenly across the calendar year, resulting in three months' worth of the 2024 contributions included in the SOCNE. This is different to the budgeting treatment where contributions are budgeted for in the period in which each invoice is received and paid, with the majority of costs classed as CDEL. This therefore is included as a reconciling item between resource outturn and net operating expenditure.

## SOPS 3. Reconciliation of net resource outturn to net cash requirement

As noted in the overview to the SOPS, outturn and the estimates are compiled against the budgeting framework – not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

	SOPS note	Outturn	Estimate	Outturn vs Estimate: saving/(excess)
		£'000	£'000	£'000
<b>Total resource outturn</b>	<b>SOPS 1.1</b>	<b>865,770</b>	<b>1,113,725</b>	<b>247,955</b>
<b>Total capital outturn</b>	<b>SOPS 1.2</b>	<b>12,258,602</b>	<b>12,607,989</b>	<b>349,387</b>
<b>Adjustments for ALBs</b>				
Remove voted resource and capital		(9,688,022)	(8,789,198)	898,824
Removal of intra-group transactions		7,551	-	(7,551)
Add cash in grant in aid		10,283,885	10,310,589	26,704
Add share purchase and loans		-	-	-
<b>Adjustments to remove non-cash items</b>				
Depreciation		(75,091)	(180,282)	(105,191)
New provisions and adjustments to previous provisions		(1,186)	(9,247)	(8,061)
Other non-cash items		911	(4,801)	(5,712)
<b>Adjustments to reflect movements in working balances</b>				
Increase/(decrease) in inventories		(5)	-	5
Increase/(decrease) in receivables		189,384	-	(189,384)
(Increase)/decrease in payables		(270,483)	500,000	770,483
Use of provisions		1,250	-	(1,250)
<b>Total</b>		<b>448,194</b>	<b>1,827,061</b>	<b>1,378,867</b>
<b>Non-voted budget items</b>				
Other non-voted budget items		-	2,114	2,114
<b>Total</b>		<b>-</b>	<b>2,114</b>	<b>2,114</b>
<b>Net cash requirement</b>		<b>13,572,566</b>	<b>15,550,889</b>	<b>1,978,323</b>

## SOPS 4. Amounts of income to the Consolidated Fund

### SOPS 4.1 Analysis of income payable to the Consolidated Fund

The department did not have any income payable to the Consolidated Fund where it acted as the principal for current or prior year.

### SOPS 4.2: Consolidated Fund income

The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these group financial statements) are set out in the table below.

The significant income streams collected as agent are:

- Licence Fees:
  - Spectrum Management Annual Licence Fees - these are annual licences issued by Ofcom under the Wireless Telegraphy Act (WTA) and charges for Crown use of spectrum.

- Other:

- BDUK Superfast Broadband Programme – take-up claw-back – recovery of grants paid to suppliers for provision of superfast broadband in areas that were deemed at the time, not to be commercially viable. Since installation and with the increased uptake of broadband nationally, suppliers have made higher than originally anticipated profits in some areas. Under the terms of this grant programme, these excess profits are clawed back by the department.

	2023–24	2022–23
	£'000	£'000
<b>Taxes and licences fees</b>		
Spectrum Management fees: Wireless Telegraphy Act annual licence fees and charges to Crown spectrum users	186,909	968,390
Information Commissioner data protection fees	-	16
<b>Sub-total: taxes and licence fees</b>	<b>186,909</b>	<b>968,406</b>
<b>Fines and penalties</b>		
Information Commissioner civil monetary penalties issued	5	11,240
<b>Sub-total: fines and penalties</b>	<b>5</b>	<b>11,240</b>
<b>Less</b>		
Impairment of debts - Information Commissioner penalties	-	(7,621)
<b>Other</b>		
BDUK Superfast Broadband Programme - take-up claw-back	34,561	34,746
Innovate UK Interest Income	676	-
<b>Amount payable to the Consolidated Fund</b>	<b>222,151</b>	<b>1,006,771</b>
Balance held at start of year	3,301	35,567
Payments into the Consolidated Fund	(112,500)	(1,045,661)
<b>Balance held on trust at end of year</b>	<b>134,501</b>	<b>3,301</b>

In addition to the figures reported above, the Department for Culture, Media and Sport (DCMS) continued to act as the agent for these income streams between April and July 2023.

£988,000 was collected in relation to ICO Civil Monetary Penalties and £26,000 in relation to Data Protection Fees with the total receipts collected paid to the Consolidated Fund.

£176.3 million was collected in relation to Ofcom Spectrum Management Licence fees with £151.4 million paid to the Consolidated Fund during 2023–24. These amounts are not reflected in the note above.

The residual receipts collected by DCMS (£24.9 million) in relation to Ofcom licence fees will be transferred to DSIT and paid to the Consolidated Fund in 2024–25. This figure has been included in the Balance held on trust at end of year figure above.



## Other parliamentary accountability disclosures – audited information

### Losses and special payments

#### Losses statement

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
Total number of losses	13	180	2	44
<b>Total value of losses £m</b>	<b>8</b>	<b>8</b>	<b>-</b>	<b>1</b>

During the reporting period, UK Space Agency (UKSA) incurred notional losses of £7m which represent total cumulative unrealised losses for six disposed contracts previously recognised in the revaluation reserve and removed on completion. UKSA also incurred losses of £600,000 during the year in relation to a specialist software for Position Navigation and Timing (PNT). Please refer to UKSA accounts for further information.

#### Special payments

Special payments include extra-contractual, ex gratia, compensation, special severance payments, extra-statutory and extra-regulatory.

	2023–24		2022–23	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
Total number of special payments	3	6	-	4
Total value of special payments - £m	-	-	-	-

#### Additional notes

- There were no individual special payments above £300,000.
- **Core department:** The department also paid £15,000 to settle a libel claim against the Secretary of State. In addition the costs incurred by the Government Legal Department were £7,785. Fees for external counsel amounted to £11,600.

### Gifts over £300,000

During 2023–24, the core department did not give any reportable gifts above £300,000.

### Fees and charges

See note 5.1 on page 163 for further detail.

#### Core department and agencies

The core department and agencies income related to fees and charges was £19 million as at 31 Mar 2024 (31 Mar 2023: £20 million).

## Arm's length bodies

The majority of the departmental group's income relating to fees and charges was attributable to the Office of Communications, £164 million as at 31 Mar 2024 (31 Mar 2023: £157 million).

The Office of Communications sets fees to recover its costs from its regulatory sectors, and has a range of fees including:

- Networks and services, postal services administrative charges.
- Broadcasting licence & application fees.
- Network and information systems regulatory fees.
- WTA receipts retention, related to relevant expenditure including spectrum management duties.

No subsidy or overcharging arose from provisions of relevant facilities. All under or over recovery of fees are included in the following year's charges in accordance with statutory requirements.

## Remote contingent liabilities

In addition to contingent liabilities reported in the financial statements, under IAS 37, the department also reports remote contingent liabilities. These are liabilities that have a small, remote likelihood of resulting in a transfer of economic benefit by the department. The department has given the following guarantees, indemnities, or letters of comfort.

### Quantifiable remote contingent liabilities

	1 Apr 2023 restated	Increase/ (decrease) in year	Crystallised in year	Expired in year	31 Mar 2024	Amount reported to Parliamentary Departmental Minute
	£m	£m	£m	£m	£m	£m
<p>When BT was privatised in 1984 the government gave a guarantee (contained in the Telecommunications Act 1984) in respect of certain liabilities of the privatised company.</p> <p>Following High Court and Court of Appeal proceedings on the terms and scope of the Crown Guarantee, which would only apply if BT were to enter insolvent winding-up, the contingent liability is approximately the size of the BT pension scheme (BTPS) deficit.</p> <p>The last triennial actuarial valuation of the pension scheme as at 30 June 2023 valued the deficit at £3.7 billion. BT has closed the BTPS for future accruals of benefit from 1 June 2018, as a result the liabilities covered by the Crown guarantee will be limited to those relating to benefits accrued before that date (together with indexing and any legally-required increments). These liabilities remain with BT PLC and so legislation is no longer required on the scope of the guarantee.</p> <p>The contingent liability largely consists of the considerable deficit on the BTPS fund but, providing BT takes steps to reduce that, possible growth in the liability should now be limited.</p>	7,980	(4,280)	-	-	3,700	-
<b>Total</b>	<b>7,980</b>	<b>(4,280)</b>	<b>-</b>	<b>-</b>	<b>3,700</b>	<b>-</b>

## Unquantifiable remote contingent liabilities - core department

### Statutory indemnities

The Cabinet Secretary has provided a government-wide indemnity to Public Appointments Assessors (PAAs). This will ensure that PAAs will not have to meet any personal civil liability incurred in the execution of their PAA functions.

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The Cabinet Secretary has provided a government-wide indemnity to Public Appointments Assessors (PAAs). This will ensure that PAAs will not have to meet any personal civil liability incurred in the execution of their PAA functions.

### Intellectual property

A liability to the European Patent Office could arise under Article 40 of the European Patent Convention of 1973 as the UK is one of the contracting states.

A liability to the World Intellectual Property Organisation could arise under Article 57 of the Patent Cooperation Treaty as the UK is one of the contracting states.

### Indemnities against personal liability

Indemnities have been given to the directors appointed by the core department to wholly owned subsidiaries. These indemnities are against personal liability following any legal action against the companies.

### Others

A contingent liability exists in relation to the disposal of radioactive sources on the Teddington site should the radiological work at NPL cease and the normal practice of returning depleted sources to the supplier of replacement sources, no longer occur. These costs cannot be reliably estimated.

As a member of EUMETNET, the Met Office is indemnified to pay any liabilities transferred to the individual member state shareholders in the event that the organisation were no longer a going concern.

Ordnance Survey issue indemnity letters to non-executive directors.

## Unquantifiable remote contingent liabilities – departmental group

### UK Space Agency (UKSA)

Under the UN Space Treaties (the Outer Space Treaty and the Convention on International Liability for Damage Caused by Space Objects (the ‘Liability Convention’)), the UK government is ultimately liable to pay compensation to third parties for damage caused by its space objects. For damage arising on the surface of the earth, or to an aircraft in flight the liability is absolute (which means that the claimant does not have to prove fault, whereas damage arising in space is a fault-based regime).

To manage the risk to the government, the Outer Space Act 1986 (which regulates spaceflight activities carried out by UK entities overseas) and the Space Industry Act 2018 (which regulates spaceflight activities in the UK) requires licensees to indemnify HMG against any claims made by third parties against HMG. The Space Industry Act also

requires the licensee to indemnify claims made by third parties against the licensee with respect to damage arising in the UK. Limits of operator liability are to be included as licence conditions in all licences issued under both Acts.

The UK Space Agency and DSIT hold the contingent liability arising from satellite operations and from procuring a launch under both the Space Industry Act and the Outer Space Act. In the event that a contingent liability crystallises, the UK Space Agency will in the first instance assess whether it can meet the level of claim. If this is not the case, it is expected that the parent department, DSIT, will fund this liability. The Department for Transport holds the contingent liability for launch activities taking place from the UK.

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

These requirements are currently under review as part of a wider review of insurance requirements and liability limits and the government launched a consultation on proposals to apply a new variable approach to setting operator limits of liability for satellite operations with a focus on the sustainability of the missions:

<https://www.gov.uk/government/consultations/consultation-on-orbital-liabilities-insurance-charging-and-space-sustainability>.

The UK government is therefore exposed to a potential liability for third-party costs which are not recoverable from the licensee. It is not possible to definitively quantify the extent of the contingent liability given the uncertainty around the nature and extent of any damage and that the risk of crystallisation is considered to be remote (less than 1%). For accounting purposes and to reflect the current limits of operator liability, a reasonable worst-case loss has been set at £1 million.

In conjunction with the contingent liabilities stemming from the Space Industry Act 2018 and the Outer Space Act 1986, a contingent liability relevant to the Crown Dependencies and Overseas Territories (CDOTs) also exists for historic and extant licences issued under the Outer Space Act 1986. This pertains to scenarios where the UK government has agreed to address any claims directed at a CDOT concerning licensed activities within that jurisdiction where a licence has either been issued through the Civil Aviation Authority or by the jurisdiction itself. In the event that a claim is made against a licensee licensed through these jurisdictions, in the first instance the authorities of these jurisdictions must cover any losses in excess of the operator's limit of liability/insurance requirement, with the UK government covering any losses which cannot be accommodated by those authorities. The UK government has stated in the letters of agreement and memorandum of understanding with a number of the jurisdictions that the UK government would not be seeking a level of contribution to any claim from these jurisdictions which would destabilise their economies. This contingent liability is accounted for by UKSA on behalf of the UK government as per the arrangements above. The liability agreements between the UK government and each CDOT, managed through individual Outer Space Act extensions, letters of agreement and memorandums of understanding, is different for each CDOT. The UK Space Agency is actively collaborating with the CDOTs to ensure their regulatory frameworks and insurance provisions continue to effectively mitigate the risk of this contingent liability becoming a reality. As above, currently the liability remains unquantifiable, but a reasonable worst-case loss could be anticipated.

## UKRI

UKRI collaborates with a number of other international partners in the funding, management and operation of technical facilities which are not owned by UKRI. In the event of a decision to withdraw from any of these arrangements, it is likely that UKRI would assist in the search for a replacement partner to ensure that technical commitments were met. The most significant international collaborations are in respect of European Organisation for Nuclear Research (CERN) and European Southern Observatory (ESO). For both of these facilities there is the possibility that UKRI would be obliged to contribute to decommissioning costs arising from a decision taken to discontinue operations. The decisions to decommission are not wholly within UKRI's control.

## Reconciliation of contingent liabilities included in the supply estimate to the accounts (unaudited)

A reconciliation of differences between contingency liabilities reported in the supply estimates and those reported in the annual report and accounts are set out below. Further detail on the contingent liabilities can be found in note 20 Contingent Liabilities on page 203 and in the Supplementary Estimates 2023–24.

### Quantifiable contingent liabilities

Description	Amount per supply estimate £'000	Amount disclosed in ARA £'000	Variance
UKRI – BBSRC exit costs	31,000	Not disclosed	Expired as at 31st March 2023
UKRI - Innovate UK Natural Renewable Energy Centre decommissioning costs	2,600	2,200	£0.4m movement due to change in estimate
UKRI - European Synchrotron Radiation Facility decommissioning costs	1,800	1,700	£0.1m movement as a result of the costs changing in the year changing alongside foreign exchange movements
UKRI – STFC share of Institut Laue-Langevin (ILL) unfunded provision for staff related costs and decommissioning on closure	10,400	10,500	£0.1m movement as a result of the costs changing in the year changing alongside foreign exchange movements
UKRI – NEOSTM satellite on loan from Airbus	Not disclosed	2,500	Contingent liability arose during the period

### Unquantifiable contingent liabilities

Description	Included in the supply estimates	Disclosed in the ARA	Explanation of difference
UKRI – HMRC enquiry into corporation tax on taxable profits	Unquantifiable	Not disclosed	Expired as at 31st March 2023

## Regularity of expenditure

### Science and Technology Act 1965

HM Treasury have issued the department with delegated authority for grants issued under the Act. During the year we identified that our previously issued delegation from HM Treasury under the Science and Technology Act is not in line with the authorities that govern these grants, as HM Treasury does not have authority under the Act to delegate its approval to others.

This affects both the core department and UK Space Agency who have issued grants in accordance with our delegation from HM Treasury. For 2023–24 the value of grants affected by this administrative misunderstanding is £512m (of which £108m relates to UK Space Agency).

We have worked with HM Treasury to correct this administrative misunderstanding over the course of the year and have obtained confirmation that HMT would have approved £482m (of which £96m relates to UK Space Agency). This leaves a residual amount of £30m (of which £12m relates to UK Space Agency), which does not confirm to the authorities that govern these transactions and is therefore considered irregular. The Accounting Officer considers these amounts to be immaterial. Going forward, HMT Treasury have issued a revised delegation that requires all grants to obtain HM Treasury approval.

**Sarah Munby**

**Permanent Secretary and Principal Accounting Officer**

03 September 2024

# 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 Department for Science, Innovation and Technology (the department) and of its departmental group for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000. The department comprises the core department and its agencies. The departmental group consists of the department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) Order 2023.

The financial statements comprise the department's and the departmental group's:

- Statement of financial position as at 31 March 2024;
- 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 group 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 department and the departmental group's affairs as at 31 March 2024 and their net 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 Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and
- 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 department and its group 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.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

<b>Framework of authorities</b>	
Authorising legislation	<ul style="list-style-type: none"> <li>• Government Resources and Accounts Act 2000</li> <li>• Higher Education and Research Act 2017</li> <li>• Science and Technology Act 1965</li> <li>• European Union (Future Relationship) Act 2020</li> <li>• Space Industry Act 2018</li> </ul>
Parliamentary authorities	Supply and Appropriations Act (amended)
HM Treasury and related authorities	Managing Public Money

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the department and its group’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the department or its group’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

## Overview of my audit approach

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the core department's grant in aid expenditure, which I identified as a significant risk due to the high value of payments. Except for those elements which relate specifically to accounting for the Machinery of Government change, I have also not included information relating to the work I have performed in response to the presumed risk of management override of controls in the core department or the departmental group, which I identified as a significant risk in accordance with the requirements of ISA (UK) 240 *The Auditor's Responsibility Relating to Fraud in Financial Statements*. For these areas, my work has not identified any matters to report.

The key audit matters were discussed with the Audit, Risk and Assurance Committee; their report on matters that they considered to be significant to the financial statements is set out on page 57.

As this is the first year that the department has produced financial statements following a Machinery of Government change, this is the first time I have completed a risk assessment for these financial statements.

## First year production of the department's financial statements

### Description of risk

The Prime Minister announced a Machinery of Government change on 7 February 2023. DSIT and its group was formed from the science, research and innovation activities of the former Department for Business, Energy and Industrial Strategy (BEIS) as well as the digital and geospatial functions of the former Department for Digital, Culture, Media and Sport (DCMS) and the Cabinet Office respectively. The functions of BEIS were split between DSIT, the newly formed Department for Energy Security and Net Zero and the newly formed Department for Business and Trade (the successor departments). Due to the timing of the announcement, HM Treasury directed that the departments' 2022–23 accounts should be prepared according to the former arrangement, in line with the Supplementary Estimates process in place during 2022–23. This is therefore the first year of account for the department in its current form.

Two manual processes were needed to compile the data for the Department to prepare its first-year financial statements.

- Legacy BEIS systems – including underlying general ledger, payroll, cash management and payables/receivables systems – continued to run for much of the year, as the successor departments managed the transition process. In order to prepare financial statements for 2023–24, the department had to allocate assets, liabilities and transactions from the former BEIS financial reporting systems between the successor departments. The department did this by mapping the 2023–24 transactions in the legacy financial systems to the successor departments, manually raising journals to transfer the transactions.

- Former DCMS and Cabinet Office balances were also either manually transferred into the department or accounted for using recharge invoices. Further detail of the exercise undertaken by the department can be found in note 22 on page 204.

I considered that the manual nature of this data transfer gave rise to a significant risk of material misstatement. The risks to misstatement being:

- Inaccurate or incomplete data migration as a result of error in the scoping or execution of the mapping exercise;
- A pervasive opportunity for management override of controls due to the significant level of management judgement in the data transfer exercise;
- Misstatement in the cash and supply year end balance, due to balancing adjustments posted in year. These balancing adjustments were required as the former BEIS bank account continued to be used for material transactions during the year, and as legacy balances were settled between the successor departments.

Further this is the first time the department has produced these accounts, which have a significantly different focus, and a much lower materiality level than the former BEIS accounts. I therefore considered that there was a significant risk that adjustments required to align the accounting policies across the new group would not be complete, and that the disclosures in the accounts would not be accurate or sufficient. This risk particularly applies to adjustments and disclosures relating to transactions or balances in components of the group which were not previously material to BEIS (such as the Diamond Light Source and the NESTA Trust) or not in the BEIS group at all (such as Building Digital UK).

### How the scope of my audit responded to the risk

In relation to the identified risks relating to the first year production of the department's financial statements:

- I assessed the design and implementation of controls in relation to:
  - The governance and high-level review of the data transfer exercise;
  - The posting of manual journals and adjustments;
  - The recognition of supply drawn down and the presentation of reserves;
  - Bank reconciliation processes; and
  - group consolidation and accounting policy alignment.
- I reviewed the data transfer process undertaken by management to ensure each step was supported by appropriate evidence and was calculated correctly. I reformed the mapping exercise from the former BEIS financial reporting systems into the new DSIT systems. I performed variance analysis to assess the reasonableness of key assumptions made and evaluated other potential ways of carrying out the exercise using available bases to either support or contradict the approach taken. I reconciled the mapped BEIS ledger to the journals posted into the department.
- Throughout my audit, I performed classification testing to ensure that transactions and balances were in the correct department as at 31 March 2024.
- I performed a stand back exercise to evaluate whether there was any evidence of management bias or manipulation of results through the data transfer exercise.
- I vouched supply received to cash records and tested all non-trivial manual journal adjustments to supply. I reformed the department's bank reconciliation exercise and tested a sample of reconciling items. I reformed the derivation of the Statement of Cash Flows.
- I reviewed all non-trivial consolidation adjustments and assessed the completeness of adjustments made to align accounting policies across the departmental group. I reviewed the department's accounts to ensure they have appropriately included disclosures which arise from the components that are relevant at a group level. Where material, I have obtained representation from the component auditor to support those disclosures.

### Key observations

In the course of completing this work, I did not identify any material misstatements in the information transferred into DSIT and disclosed in these financial statements. I noted no instances of irregularity.

I found that management's exercise to transfer data from BEIS, DCMS and the Cabinet Office has been performed appropriately. I did not identify any indication of management bias or manipulation.

I consider the disclosures included to be sufficient to enable users to understand the material risks and activities of the new departmental group.

## Restatement of prior year figures

### Description of risk

As the Machinery of Government change was a re-arranging of central government functions, the department has treated this as a “transfer by merger”. This means that this set of financial statements have been prepared as if the department had always existed. This has necessitated the restatement of all prior year figures in the accounts.

To prepare these figures, the department has examined all transactions and balances in the 2022-23 and 2021-22 BEIS financial statements and re-allocated these between the three successor departments. For transactions in the prior year’s Statement of Comprehensive Net Expenditure, this exercise did not require a significant level of management judgement as it largely involved the mechanical application of the departments’ ledger mapping. However, for balances on the prior years’ Statements of Financial Position, this required detailed manual analysis utilising management’s judgement and their understanding of the operations of the successor departments. This was particularly complex for areas where there was only a single balance in BEIS that needed to be spread across several successor departments including DSIT, most particularly standard payables and receivables, cash and supply. Further detail of the exercise undertaken by the department can be found in note 22 on page 204.

As a result, I judged that there was a significant risk that restated prior period figures were not accurately derived or were not appropriately presented or disclosed. This risk applied to all restated figures. I applied particular attention to considering the impact of any uncertainty introduced by management estimates across the restated Statements of Financial Position on the presentation of reserves.

### How the scope of my audit responded to the risk

In relation to the restatement of prior year figures:

- I assessed the design and implementation of the governance and high-level review of the restatement exercise.
- I reformed the restatement exercise using auditor knowledge, understanding of the three new departments' policy objectives and audited mappings of the BEIS ledger system to the new departments.
- I performed an analytical procedure to compare any simplifying assumptions to other alternatives to confirm that management's choice of assumption was reasonable and did not create any significant uncertainty in the comparative amounts disclosed.
- I inspected evidence confirming that the split of cash, supply, payables, and receivables had been agreed in writing between the three successor departments at an appropriately senior level.
- I reconciled workings to all lines in the audited BEIS 2022–23 trial balance to confirm the full trial balance has been analysed and mapped.
- I performed a reconciliation of the 2022–23 DSIT trial balance presented for audit to my independently split BEIS 2022–23 trial balance, and then to restated figures presented in the accounts.
- I reviewed and challenged the disclosure in the department's accounts to ensure it is sufficient to enable a user to understand the exercise undertaken by management.
- I performed a stand back exercise to consider management bias in any estimates made, and ensured journals posted reconciled to audited workings.

### Key observations

In the course of completing this work, I did not identify any material misstatements in the restated figures disclosed in these financial statements. Following my analytical procedures, I do not consider there to be any material estimation uncertainty in the comparative figures, aside from cash and reserves as at March 2022, as disclosed in note 22 on page 204.

## Initial accounting for association to Horizon Europe

### Description of risk

On 7 September 2023, the government reached an agreement in principle with the European Commission on the association of the UK to Horizon Europe and the Copernicus scheme under the Trade and Cooperation Agreement 2021. In line with the terms of this Agreement, the European Commission and UK Government have also agreed the UK's financial contribution towards the Multiannual Financial Framework 2021-2027. The UK's participation in the schemes began on 1 January 2024, with expenditure incurred of £529 million in the current year. A further £6.8 billion is recognised as a commitment beyond the 31 March 2024 using the 31 March 2024 exchange rate as set out in Note 18 on page 192.

There was therefore a highly material judgement for management to make as to the correct accounting treatment for the Horizon Europe scheme with respect to the point of recognition of expenditure and any associated liabilities. As disclosed in note 1.24 on page 155, the department has judged that the key benefit of the schemes is the right for UK researchers to participate, and that this benefit accrues evenly over the funding period. The department has therefore recognised three months' worth of the funding to the schemes, £529 million, as expenditure in note 4.1 on page 159. The judgement around the timing of the recognition of expenditure is highly material, and additionally there is a risk that there are additional rights or obligations on the UK government under the agreement which are not captured in the department's accounting. I have therefore considered there to be a significant risk in relation to the completeness of the department's liabilities with respect to Horizon Europe.

The department's commitment to contribute to the schemes through the 2021–2027 funding period is non-cancellable, except in extreme circumstances, and therefore the total forecast commitment has been disclosed in note 18 on page 192. As the remaining commitment over the rest of the funding period is highly material (£6.8 billion), I have additionally recognised a significant risk that the disclosure of financial commitments was inaccurate or did not represent valid commitments at period end. As set out in Note 18 on page 192, the UK's funding contribution to Horizon is denominated in Euros and is subject to estimation uncertainty arising from future movements in foreign exchange rates.

**How the scope of my audit responded to the risk**

In relation to the Horizon and Copernicus schemes:

- I reviewed and challenged the department's accounting judgement around the recognition of only three months' worth of expenditure relating to the schemes in the 2023–24 financial statements.
- I reviewed the relevant agreements and legislation, and challenged the department to identify any clauses which could give rise to further rights or obligations that might require recognition or disclosure under the department's financial reporting framework. As part of this review, I also challenged the department as to whether the agreement with the European Commission was non-cancellable and whether it should be included within the disclosures in relation to Other Financial Commitments as a result.
- I consulted with the department's legal and policy teams to assess the sufficiency of the exercise undertaken by the department to identify the relevant clauses of the legislation, the completeness of management's financial reporting assessment and to understand the timing of the accrual of benefits and obligations.
- I assessed the design and implementation of controls around the completeness of financial instruments and over the validity and disclosure of financial commitments within the accounts.
- I independently recalculated the expenditure, prepayment and financial commitment using the underlying agreements, legislation and the funding call letters received by the department to date.
- I reviewed and challenged the disclosure in the department's accounts to ensure it is sufficient to enable a user to understand the substance of the agreement.

**Key observations**

- I am content that the amounts calculated and disclosed for the association to the Horizon Europe scheme are not materially misstated. I noted no instances of irregularity.
- I am content from the work I have performed that recognition of the Horizon and Copernicus schemes as expenditure over time is appropriate. I did not identify any additional assets or liabilities that would require disclosure or recognition within the financial statements.

## Valuation of UKRI's property, plant and equipment

**Description of risk**

The departmental group accounts includes UK Research and Innovation (UKRI) property, plant and equipment (PPE). This balance is made up of both non-specialised assets as well as specialised assets such as scientific laboratories, research ships and aircraft. The valuation of these assets is a highly material and complex estimate to the departmental group.

UKRI engage external experts to perform professional valuations over a portion of the PPE balance, in line with a quinquennial schedule. The value of PPE subject to professional revaluation in the year ended 31 March 2024 is highly material. Notable professional revaluations in year include the revaluation of the RRS Sir David Attenborough research vessel which is material to the financial statements. There is significant management judgement involved in the selection of the most appropriate methodology and assumption for the valuations performed, especially in relation to the specialised assets.



For the portion of the PPE portfolio not subject to professional revaluation in year, management apply indices to asset values in order to arrive at the most appropriate valuation. The selection of the most appropriate index to apply to any individual asset requires judgement, especially where equipment is highly specialised and unique.

Note 6 on page 165 provides further detail on the PPE valuations arrived at and disclosed by the department.

I have assessed that there is significant risk that the methodology, assumptions and data used for professional revaluations may not be appropriate or may not be in line with the department’s reporting framework. I also judge that there is significant risk relating to the appropriateness of indices selected and applied by management.

**How the scope of my audit responded to the risk**

I have placed reliance on my audit of the UKRI component to obtain assurance over the values recognised and disclosed within the department’s group financial statements.

As part of this audit, I performed the following procedures:

- I updated my understanding and evaluation of the processes and controls in place to support the professional valuation and indexation of PPE held by the department;
- I assessed the independence, capability and competence of the external valuers engaged by UKRI to revalue a portion of its PPE, including an assessment of the scope of work performed and whether this was appropriate and consistent in the context of the department’s reporting framework;
- I assessed the result of valuations performed by management’s external valuers, using the support of appropriate auditor’s experts, to assess reasonableness and consistency of the valuation methodologies and assumptions applied;
- I assessed the reasonableness of indices applied by management for assets that have not been professionally revalued in year, and for assets revalued in year at dates non-coterminous with UKRI’s year end. This included independent recalculation and a comparison to external benchmarks where appropriate;
- I performed substantive testing over assets disposals and additions to consider whether management has chosen appropriate asset recognition points in line with the requirements of the department’s reporting framework; and
- I assessed the reasonableness of management’s assumptions over the remaining useful economic life (UEL) of all assets, with particular focus on specialised assets and/or where there have been changes to management’s assessment of the most appropriate UEL.

**Key observations**

I am content that the valuation of UKRI Property, Plant and Equipment is not materially misstated within the financial statements.

## Regularity, profiling and disclosure of grant expenditure and commitments within UKRI

### Description of risk

Research grant expenditure is the most highly material expenditure stream within the department's group accounts. As disclosed in note 4.4 on page 161 to the financial statements, £8,470 million is spent by UKRI. Given the high level of grant funding paid out by UKRI to external organisations, any significant irregularity could have a potentially sizeable impact.

A significant portion of grant funding is paid to higher education institutes through the grant management system used by Research Councils that form part of UKRI. This expenditure is recorded based on the assumption that activity happens evenly across the life of grants (known as the "straight-line basis"). This key assumption contains inherent uncertainty, as underlying activity and spend may follow varying patterns across the population of grant recipients. More detail on the nature of this key assumption can be found in note 1.24 on page 155.

UKRI also disclose a highly material balance, of £12.5 billion, in respect of grant funding commitments that exist as at 31 March 2024 (note 18.2 on page 193). These commitments represent future grant funding that UKRI has committed to provide. This disclosure is compiled using submissions from the different funding councils within UKRI. Underlying data to inform the disclosure is therefore compiled using multiple sources and there is therefore a risk that the method or model applied by management to formulate individual council level commitments may differ across UKRI.

I judged there was significant risk that funding may not be spent and utilised for the purposes agreed within funding arrangements. In relation to the portion of grant expenditure assumed by the department to represent underlying spend being incurred on a straight-line basis, I assessed that there was significant risk that grant expenditure may be recognised in the incorrect reporting period. In relation to the disclosure of grant commitments, I assessed that there is significant risk that these could be incomplete, inaccurate or not represent valid commitments at the year end.

### How the scope of my audit responded to the risk

I have placed reliance on my audit of the UKRI component to obtain assurance over the values recognised and disclosed within the department's group financial statements.

As part of this audit, I performed the following procedures:

- I updated my understanding and assessment of the end-to-end processes including: the pre and post award processes and controls over regularity of grant spend, management's process of establishing the reasonableness of straight-line recognition of grants; and the process and control supporting the compilation of data that informs the disclosure of grant commitments;
- I performed substantive testing of grant expenditure, including verification that the expenditure was incurred and approved in line with agreed terms, and was in line with UKRI's Framework of Authorities;
- I evaluated the findings of UKRI's internal grant assurance processes and considered the impact of any findings on the disclosures in the financial statements;
- I reviewed and evaluated management's assessment of the impact of identified fraud and error and the impact of any findings on the disclosures in the financial statements;
- I circulated confirmations to grant recipients to verify that amounts received by them equalled the corresponding payments made by UKRI;
- I assessed management's analyses supporting the assumption that the straight-line profiling adopted is the most reasonable, including management's consideration of alternative recognition bases and adequacy of disclosure;
- I assessed management's judgement that the non-linear element of expenditure recognised on a straight line basis is reasonable and does not result in material misstatement;
- I tested a sample of grant commitments, reviewed board minutes and considered my work on expenditure incurred in year as well as that recorded post year end, to verify the completeness and accuracy of the commitments disclosed;
- I considered the sufficiency of disclosures within the department's financial statements in relation to accounting policies, areas of significant estimation uncertainty and grant commitments.

#### Key observations

- I am content that the recognition of UKRI grant expenditure and the disclosure of grant commitments is not materially misstated. I noted no instances of irregularity.
- My review of management's assessment of the reasonableness of applying a straight-line recognition assumption did not identify any material misstatements.

## Valuation of UKRI's defined benefit pension scheme

### Description of risk

The departmental group financial statements include assets and liabilities associated with the funded defined benefit pension scheme (the scheme) at the Medical Research Council, which is part of UKRI. The scheme is in a net surplus position of £809 million as at 31 March 2024 (note 17 on page 188). This surplus comprises the scheme's gross assets of £2.04 billion less the scheme's pension obligation liability of £1.23 billion.

The net pension surplus is a material balance and relies on valuations which are subject to high levels of estimation uncertainty. The scheme's asset portfolio comprises un-quoted or harder to value assets of £1 billion. Such assets principally comprise property investments and private equity investments made through pooled investment vehicles. These assets are not traded in an active market and so a greater degree of judgement is applied in their valuation. The pension obligation is derived from actuarial valuations of the pension liabilities, which are based on significant assumptions subject to high levels of estimation uncertainty. Further detail about the scheme and its impact on the department's financial statements, including sensitivity disclosures for key assumptions, can be found in note 17 on page 188).

I judged that there was a significant risk in the valuation of the harder to value assets held by the scheme, as well as in the material assumptions used to derive the pension liability. I particularly considered those areas of the asset valuation and pension obligation estimates which were subject to the highest level of uncertainty. These included those scheme assets where there is a greater degree of judgement applied in their valuation, and those assumptions where a reasonable variation can lead to a material impact on the scheme's pension obligation. As part of the risk in this area, I also considered the sufficiency and accuracy of the department's disclosures on defined benefit pensions.

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**How the scope of my audit responded to the risk**

I have placed reliance on my audit of the UKRI component to obtain assurance over the values recognised and disclosed within the department's group financial statements.

As part of this audit, I performed the following procedures:

- I updated my understanding and evaluation of the processes and controls in place to support the valuation of the scheme's assets and liability;
- I assessed the independence, capability and competence of the scheme actuaries used to provide valuations of scheme liabilities to ensure the auditor can place reliance on their work as management's experts;
- I considered the appropriateness of key assumptions used to value scheme liabilities using the support of an auditor's expert and through benchmarking against similar assumptions set by other NAO audited bodies;
- I performed data verification testing on the scheme membership data;
- I performed substantive testing of scheme asset valuations through review and testing of information obtained from fund managers who are responsible for producing the asset valuations. This information included relevant quarterly reports from fund managers, audited fund accounts, transactions within the fund around the reporting date, reports evidencing the operational effectiveness of valuation controls at fund managers, benchmarking against assets of a similar nature and trend analysis on movements in the valuations of assets; and I reviewed and evaluated management's assessment of the scheme's ability to fully utilise the net pension asset within the scheme rules and in line with the requirements of the department's reporting framework.

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**Key observations**

- In the course of completing this work, I did not identify any material misstatements in the valuation of the UKRI net defined benefit pension surplus. The net asset position of the schemes represents an amount the department would reasonably be expected to recover.
-

## Application of materiality

### Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the department and its group's financial statements as a whole as follows:

	Departmental group	Core department
<b>Materiality</b>	£130 million	£126 million
<b>Basis for determining overall account materiality</b>	Approximately 1% of gross departmental group operating expenditure of £13,445 million.	Approximately 1% of gross core department operating expenditure of £13,340 million, capped at group materiality.
<b>Rationale for the benchmark applied</b>	Expenditure is the most significant financial statements element for the departmental group, since its main objectives are delivered through expenditure on science, innovation and research initiatives, particularly through grants from UKRI. I have set this level of materiality with reference to my expectations that key users will have a high level of interest in the disclosures relating to expenditure.	Expenditure is the most significant financial statements element for the core department, since its main objectives are delivered through expenditure on science, innovation and research initiatives. I have set this level of materiality with reference to my expectations that key users will have a high level of interest in the disclosures relating to expenditure.

### Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. group performance materiality was set at 65% of group materiality for the 2023–24 audit as the department is a new engagement this year.

### Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

## Error Reporting Threshold

I agreed with the Audit, Risk and Assurance Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £1 million, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit, Risk and Assurance Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit, Risk and Assurance Committee would have decreased net expenditure by £9 million.

## Audit scope

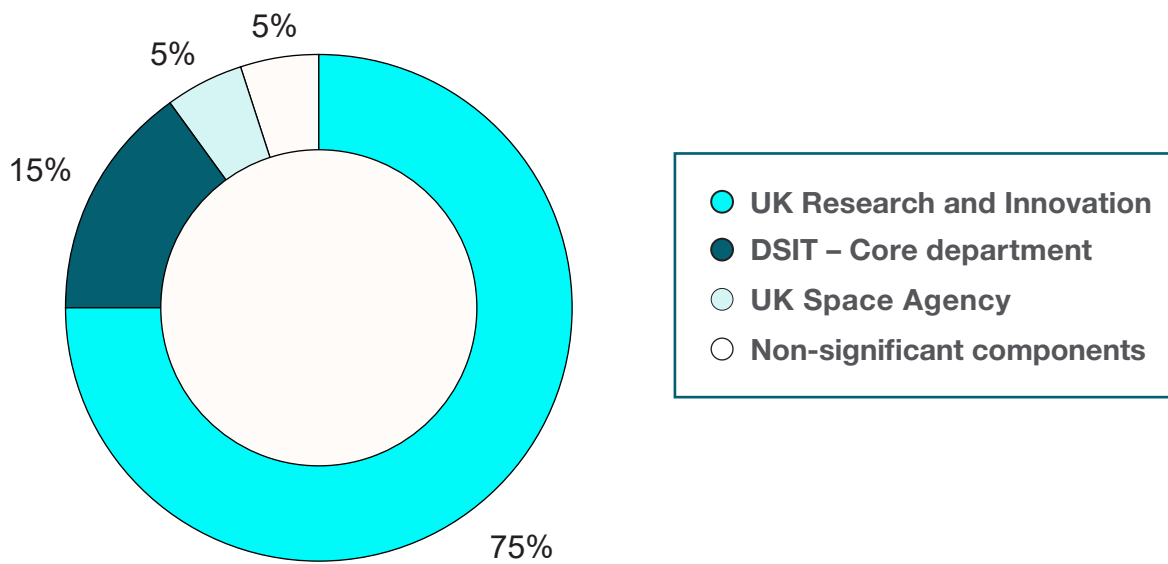
The scope of my group audit was determined by obtaining an understanding of the department and its group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

The Department for Science, Innovation and Technology has total group operating expenditure of £13.4 billion. The group's largest component, UK Research and Innovation (UKRI), is responsible for the majority of research and innovation grant spend in 2023–24. UKRI also holds the majority of the group's science and research fixed assets, including laboratories and research ships (see note 6 on page 165). I have also considered the UK Space Agency (UKSA) to be a significant component in my audit of the departmental group, to ensure sufficient coverage of group expenditure, as this is the next largest component. UKSA's largest expenditure is on professional and international subscriptions; in 2023–24 UKSA spent £482 million on these subscriptions (£553 million 2022–23).

I have audited the full financial information of the core department, as well as the group consolidation. The audits of both significant group components, which are overseen by the same engagement director, were complete at the time of my completion of the group audit. As group auditor, I have gained assurance from the auditors of the significant and material components and engaged regularly on the group significant risks such as valuation of scientific plant and equipment assets and the pension scheme.

I covered 95% of the group's gross expenditure and 90% of the group's gross assets through audit work on significant components, with the remainder covered by analytical procedures performed on non-significant components. Together with my audit work on consolidation adjustments, for example on accounting policy alignment of the valuation of Diamond Light Source property and plant assets, this work gave me the evidence I needed for my opinion on the group financial statements as a whole.

### Gross Expenditure of individual components of the Departmental group during 2023-24.



### Other Information

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

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

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

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Opinion on other matters

In my opinion the parts of the Remuneration and Staff Reports to be audited has been properly prepared in accordance with HM Treasury directions issued 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 issued 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 department and its group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

- Adequate accounting records have not been kept by the department and its group 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 Reports to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the department and its group 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Reports, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the department and its group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the department and its group will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the department and its group's accounting policies and key performance indicators.
- inquired of management, the department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the department and its group'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 department and its group's controls relating to the department's compliance with the Government Resources and Accounts Act 2000, the Higher Education and Research Act 2017, the Science and Technology Act 1965, the Space Industry Act 2018, The European Union (Future Relationship) Act 2020, the Supply and Appropriations Act (Amended) and Managing Public Money.
- inquired of management, the department'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, including significant component audit teams, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the department and its group 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. I have additionally considered the posting of adjustments moving transactions between the successor departments of the former Department for Business, Energy and Industrial Strategy following the Machinery of Government change, particularly where those adjustments aligned with incentives to manipulate the accounts to avoid a breach of control totals. 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 department and group's framework of authority and other legal and regulatory frameworks in which the department and group 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 department and its group. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023, the Higher Education and Research Act 2017, the Science and Technology Act 1965, The European Union (Future Relationship) Act 2020, the Space Industry Act 2018 and relevant employment law and pension legislation.

I considered the risks of irregularity relating to research grants, where there is a risk that grant recipients may inappropriately submit grant claims, for example if the underlying activity did not occur or if grant conditions were not complied with.

### **Audit response to identified risk**

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit, Risk and Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments, particularly those performed as part of the Machinery of Government change; assessing whether the judgements on estimates are indicative of potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I addressed the risk of irregularity in grant expenditure in the core department by performing a sample test to ensure spend was in line with Parliamentary authority and obtaining and assessing evidence of the necessary HM Treasury approval of grant expenditure under the Science and Technology Act.
- I addressed the risk of irregularity in grant expenditure at UKRI by reviewing the design and implementation of controls underpinning the pre and post award of grants and verifying through my sample test of grant expenditure the occurrence of adequate pre and post award processes. I have also performed sample testing over the expertise of monitoring service providers engaged to oversee Innovate UK awards and assess the regularity of this grant stream. I performed sample testing on total award amounts to grant recipients by obtaining independent external confirmations from recipient organisations. Finally, I reviewed the annual UKRI Funding Assurance Programme

Report and evaluated findings to assess if there was any increase in risk around grant irregularity that would affect my audit response.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members, including significant component audit teams 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

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

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

### Report

I have no observations to make on these financial statements.

### Gareth Davies

#### Comptroller and Auditor General

09 September 2024

National Audit Office

157–197 Buckingham Palace Road

Victoria

London

SW1W 9SP



# Financial statements

# Consolidated statement of comprehensive net expenditure

for the period ended 31 Mar 2024

	Note	31 Mar 2024		31 Mar 2023 restated	
		Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m
Revenue from contracts with customers	5.1	(78)	(1,058)	(84)	(615)
<b>Total operating income</b>		<b>(78)</b>	<b>(1,058)</b>	<b>(84)</b>	<b>(615)</b>
Staff costs	3	213	1,082	167	940
Purchase of goods and services	4.1	1,660	2,529	975	1,887
Depreciation and impairment charges	4.3	35	360	34	308
Provision, financial guarantee and other liabilities expenses		-	(19)	(4)	(86)
Grants	4.4	11,395	9,453	9,834	8,761
Other operating expenditure		37	40	-	(11)
<b>Total operating expenditure</b>		<b>13,340</b>	<b>13,445</b>	<b>11,006</b>	<b>11,799</b>
<b>Net operating expenditure</b>		<b>13,262</b>	<b>12,387</b>	<b>10,922</b>	<b>11,184</b>
Finance income	5.2	(81)	(106)	(34)	(52)
Finance expense		5	(16)	-	38
Share of post-tax loss/(profits) of associates and joint ventures	11	57	70	52	40
(Gain)/loss on net assets transferred	9	-	-	-	(3)
<b>Net expenditure for the year</b>		<b>13,243</b>	<b>12,335</b>	<b>10,940</b>	<b>11,207</b>
<b>Other comprehensive income and expenditure</b>					
<b>Net (gain)/loss on items that will not be reclassified to net operating expenditure</b>					
Revaluation of property, plant and equipment		-	(75)	(3)	(390)
Revaluation of intangible assets		-	(9)	-	(22)
<b>Items that may be reclassified subsequently to net operating costs</b>					
Revaluation of investments		3	1	-	1
Other revaluation movements		38	(97)	(8)	(34)
Actuarial (gains)/losses		-	(35)	-	(307)
<b>Total other comprehensive net income and expenditure</b>		<b>41</b>	<b>(215)</b>	<b>(11)</b>	<b>(752)</b>

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
Note	£m	£m	£m	£m
<b>Comprehensive net expenditure for the year</b>	<b>13,284</b>	<b>12,120</b>	<b>10,929</b>	<b>10,455</b>

#### **Additional notes**

Core department and agencies comprise: the core department, Building Digital UK, and UK Space Agency. All operations are continuing.

Further analysis of staff costs can be found in the staff note in the accountability report on page 81.

The notes on pages 143 to 212 form part of these accounts.

# Consolidated statement of financial position

as at 31 Mar 2024

	Note	31 Mar 2024		31 Mar 2023 restated		1 Apr 2022 restated	
		Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	6	314	3,953	311	3,947	319	3,610
Right of use assets	7	21	254	25	201	30	226
Investment properties		(1)	49	1	60	1	66
Intangible assets	8	29	123	31	136	26	141
Investment and loans in public bodies	9	552	530	556	534	554	534
Other financial assets	10	11	585	14	568	17	599
Derivative financial instruments	19	-	-	6	6	-	-
Investment in joint ventures and associates	11	225	845	324	818	376	822
Trade and other receivables	12	1	9	-	9	-	7
<b>Total non-current assets</b>		<b>1,152</b>	<b>6,348</b>	<b>1,268</b>	<b>6,279</b>	<b>1,323</b>	<b>6,005</b>
<b>Current assets</b>							
Non-current assets held for sale		-	-	-	-	-	6
Trade and other receivables	12	889	1,825	171	771	162	801
Investments and loans in public bodies		37	37	35	35	31	31
Other financial assets	10	2	2	1	1	-	-
Derivative financial instruments	19	-	-	3	3	-	-
Cash and cash equivalents	13	1,652	2,449	402	654	1,202	1,602
<b>Total current assets</b>		<b>2,580</b>	<b>4,313</b>	<b>612</b>	<b>1,464</b>	<b>1,395</b>	<b>2,440</b>
<b>Total assets</b>		<b>3,732</b>	<b>10,661</b>	<b>1,880</b>	<b>7,743</b>	<b>2,718</b>	<b>8,445</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade payables and other liabilities	14	(2,192)	(3,749)	(659)	(2,233)	(1,611)	(3,093)
Lease liabilities	15	(2)	(9)	(4)	(12)	(18)	(27)
Provisions for liabilities and charges	16	-	(3)	-	(9)	-	-



	Note	31 Mar 2024		31 Mar 2023 restated		1 Apr 2022 restated	
		Core dept and agencies	Dept group	Core dept and agencies	Dept group	Core dept and agencies	Dept group
		£m	£m	£m	£m	£m	£m
Financial guarantees, loan commitment liabilities and re-insurance contracts		-	(3)	-	(1)	-	(1)
Derivative financial instruments	19	(9)	(16)	-	(1)	-	-
<b>Total current liabilities</b>		<b>(2,203)</b>	<b>(3,780)</b>	<b>(663)</b>	<b>(2,256)</b>	<b>(1,629)</b>	<b>(3,121)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>1,529</b>	<b>6,881</b>	<b>1,217</b>	<b>5,487</b>	<b>1,089</b>	<b>5,324</b>
<b>Non-current liabilities</b>							
Trade payables and other liabilities	14	-	(111)	-	(110)	-	(28)
Lease liabilities	15	(8)	(94)	(10)	(90)	(7)	(88)
Provisions for liabilities and charges	16	-	(201)	(1)	(212)	(23)	(325)
Derivative financial instruments		(21)	(21)	-	(1)	-	-
Retirement benefit obligations	17	-	818	-	748	-	439
<b>Total non-current liabilities</b>		<b>(29)</b>	<b>391</b>	<b>(11)</b>	<b>335</b>	<b>(30)</b>	<b>(2)</b>
<b>Total assets less liabilities</b>		<b>1,500</b>	<b>7,272</b>	<b>1,206</b>	<b>5,822</b>	<b>1,059</b>	<b>5,322</b>
<b>Taxpayers' equity and other reserves</b>							
General fund		1,470	4,115	1,132	2,817	984	2,900
Revaluation reserve		30	1,762	74	1,673	75	1,375
Pension reserve		-	818	-	748	-	439
Charitable funds		-	424	-	426	-	469
Non-controlling interests		-	153	-	158	-	139
<b>Total equity</b>		<b>1,500</b>	<b>7,272</b>	<b>1,206</b>	<b>5,822</b>	<b>1,059</b>	<b>5,322</b>

**Additional notes**

Core department and agencies comprise: the core department, Building Digital UK, and UK Space Agency. The notes on pages 143 to 212 form part of these accounts.

**Sarah Munby**

Permanent Secretary and Principal Accounting Officer

03 September 2024

# Consolidated statement of cash flows

for the period ended 31 Mar 2024

The statement of cash flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cashflows as operating, investing and financing activities. The amount of net cashflows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the departments' future public service delivery.

	Note	2023–24		2022–23 restated	
		Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m
<b>Cashflows from operating activities</b>					
Net operating cost		(13,243)	(12,335)	(10,940)	(11,207)
Adjustment for non-cash expenditure		132	425	411	678
(Increase)/decrease in trade and other receivables	12	(719)	(1,054)	(26)	(159)
Less movements in receivables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		-	-	25	25
Increase/(decrease) in trade payables and other liabilities	14	1,504	1,486	43	342
Less movements in payables relating to items not passing through the Consolidated Statement of Comprehensive Net Expenditure		(1,202)	(1,198)	(51)	(51)
Use of provisions	16	(1)	(3)	(21)	(22)
Interest on lease liabilities		1	3	-	2
Payments to retirement benefit obligations		-	3	-	(18)
<b>Net cash outflow from operating activities</b>		<b>(13,528)</b>	<b>(12,673)</b>	<b>(10,559)</b>	<b>(10,410)</b>
<b>Cashflows from investing activities</b>					
Purchase of property, plant and equipment		(19)	(280)	(8)	(265)
Purchase of investment property		-	-	-	(2)

	2023–24		2022–23 restated		
	Note	Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m
Purchase of intangible assets		(7)	(12)	(2)	(10)
Additions of right-of-use assets		(1)	(15)	-	-
Additions to lease liabilities		1	13	-	-
Proceeds of disposal of property, plant and equipment		-	1	-	-
Proceeds of disposal of investment property		2	2	-	-
Proceeds of disposal of assets held for sale		-	-	-	6
Repayments of loans and investments		39	87	28	180
Other investments and loans made		(37)	(110)	(38)	(211)
<b>Net cash outflow from investing activities</b>		<b>(22)</b>	<b>(314)</b>	<b>(20)</b>	<b>(302)</b>
<b>Cashflows from financing activities</b>					
From Consolidated Fund (supply) – current year		14,719	14,719	9,780	9,780
Payment of lease liabilities		(6)	(18)	(1)	(13)
<b>Net financing</b>		<b>14,713</b>	<b>14,701</b>	<b>9,779</b>	<b>9,767</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>1,163</b>	<b>1,714</b>	<b>(800)</b>	<b>(945)</b>
Receipts due to the Consolidated Fund which are outside the scope of the department's activities		200	194	35	53
Payments of amounts due to the Consolidated Fund		(113)	(113)	(35)	(56)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>1,250</b>	<b>1,795</b>	<b>(800)</b>	<b>(948)</b>
<b>Cash and cash equivalents opening balance</b>		<b>402</b>	<b>654</b>	<b>1,202</b>	<b>1,602</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>13</b>	<b>1,652</b>	<b>2,449</b>	<b>402</b>	<b>654</b>

### Additional notes

The notes on pages 143 to 212 form part of these accounts.

# Statement of changes in taxpayers' equity (core department and agencies)

for the period ended 31 Mar 2024

	General fund <sup>(a)</sup>	Revaluation reserve <sup>(b)</sup>	Total taxpayers' equity
Note	£m	£m	£m
<b>Balance at 1 Apr 2022 restated</b>	<b>984</b>	<b>75</b>	<b>1,059</b>
Net parliamentary funding – drawn down	10,183	-	<b>10,183</b>
Net parliamentary funding – deemed	1,215	-	<b>1,215</b>
Supply (payable)/receivable adjustment	(375)	-	<b>(375)</b>
Net expenditure for the year	(10,940)	-	<b>(10,940)</b>
<b>Movement in reserves</b>			
Other comprehensive net expenditure/income for the year	-	11	<b>11</b>
Transfers between reserves	42	(42)	-
Other movements	23	30	<b>53</b>
<b>Balance at 31 Mar 2023 restated</b>	<b>1,132</b>	<b>74</b>	<b>1,206</b>
<b>Balance at 1 Apr 2023</b>	<b>1,132</b>	<b>74</b>	<b>1,206</b>
Net parliamentary funding – drawn down	14,719	-	<b>14,719</b>
Net parliamentary funding – deemed	375	-	<b>375</b>
Supply (payable)/receivable adjustment	(1,520)	-	<b>(1,520)</b>
Net expenditure for the year	(13,243)	-	<b>(13,243)</b>
<b>Movement in reserves</b>			
Other comprehensive net (expenditure)/income for the year	-	(41)	<b>(41)</b>
Transfers between reserves	3	(3)	-
Other movements	4	-	<b>4</b>
<b>Balance at 31 Mar 2024</b>	<b>1,470</b>	<b>30</b>	<b>1,500</b>

## Additional notes

- (a) **General fund:** The general fund represents total assets less liabilities, to the extent that the total is not represented by other reserves and financing items for the department and its agencies and NDPBs.
- (b) **Revaluation reserve:** Reflects the unrealised element, net of tax, of the cumulative balance of gains/losses) on revaluations of assets.

# Consolidated statement of changes in taxpayers' equity (departmental group)

for the period ended 31 Mar 2024

	Note	General fund <sup>(a)</sup>	Revaluation reserve <sup>(b)</sup>	Total taxpayers' equity	Pension reserve <sup>(c)</sup>	Charitable funds – unrestricted/restricted <sup>(d)</sup>	Non-controlling interest <sup>(e)</sup>	Total reserves
		£m	£m	£m	£m	£m	£m	£m
<b>Balance at 1 Apr 2022 restated</b>		<b>2,900</b>	<b>1,375</b>	<b>4,275</b>	<b>439</b>	<b>469</b>	<b>139</b>	<b>5,322</b>
Net parliamentary funding – drawn down		10,183	-	10,183	-	-	-	10,183
Net parliamentary funding – deemed		1,215	-	1,215	-	-	-	1,215
Supply (payable)/receivable adjustment		(375)	-	(375)	-	-	-	(375)
Net expenditure for the year		(11,207)	-	(11,207)	-	-	-	(11,207)
Non-cash adjustments								
Auditors' remuneration	4.2	1	-	1	-	-	-	1
<b>Movements in reserves</b>								
Other comprehensive net (expenditure)/income for the year		307	445	752	-	-	-	752
Transfers between reserves		210	(177)	33	-	(43)	10	-
Minority interest		-	-	-	-	-	9	9
Actuarial gain in the pension scheme		(307)	-	(307)	307	-	-	-
Other movements		(110)	30	(80)	2	-	-	(78)
<b>Balance at 31 Mar 2023 restated</b>		<b>2,817</b>	<b>1,673</b>	<b>4,490</b>	<b>748</b>	<b>426</b>	<b>158</b>	<b>5,822</b>
<b>Balance at 1 Apr 2023</b>		<b>2,817</b>	<b>1,673</b>	<b>4,490</b>	<b>748</b>	<b>426</b>	<b>158</b>	<b>5,822</b>

	General fund <sup>(a)</sup>		Revaluation reserve <sup>(b)</sup>		Total taxpayers' equity		Pension reserve <sup>(c)</sup>		Charitable funds – unrestricted/restricted <sup>(d)</sup>		Non-controlling interest <sup>(e)</sup>		Total reserves	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Net parliamentary funding – drawn down			14,719		-		14,719	-	-	-	-	-	-	14,719
Net parliamentary funding – deemed		375			-		375	-	-	-	-	-	-	375
Supply (payable)/receivable adjustment		(1,520)			-		(1,520)	-	-	-	-	-	-	(1,520)
Income payable to the Consolidated Fund		(3)			-		(3)	-	-	-	-	-	-	(3)
Net expenditure for the year		(12,335)			-		(12,335)	-	-	-	-	-	-	(12,335)
Non-cash adjustments														
Auditors' remuneration	4.2	2			-		2	-	-	-	-	-	-	2
<b>Movements in reserves</b>														
Other comprehensive net (expenditure)/income for the year		34		181			215	-	-	-	-	-	-	215
Transfers between reserves		99		(92)			7	-	(2)		(5)			-
Actuarial gain in the pension scheme		(35)		-			(35)	35	-		-			-
Other movements		(38)		-			(38)	35	-		-			(3)
<b>Balance at 31 Mar 2024</b>		<b>4,115</b>		<b>1,762</b>			<b>5,877</b>	<b>818</b>	<b>424</b>		<b>153</b>			<b>7,272</b>

#### Additional notes

The notes on pages 143 to 212 form part of these accounts.

- (a) **General fund:** The general fund represents total assets less liabilities, to the extent that the total is not represented by other reserves and financing items for the Department and its agencies and NDPBs.
- (b) **Revaluation reserve:** Reflects the unrealised element, net of tax, of the cumulative balance of gains/(losses) on revaluations of assets.
- (c) **Pension reserve:** This is a reserve used to cover pension-related transactions and obligations.
- (d) **Charitable funds – unrestricted/restricted:** This is a legacy reserve created from historical transactions relating to NESTA charitable funds.
- (e) **Non-controlling interest:** DSIT considers all ALBs presented in the GRAA for group consolidation, the non-controlling interest recognises that DSIT may not hold a 100% shareholding in select ALBs.

# Notes to the accounts

## 1. Accounting policies, judgements and estimates

### 1.1 Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the HM Treasury 2023–24 Government Financial Reporting Manual (FREM) and as set out in the accounts direction to the department pursuant to section 5(2) of the Government Resources and Accounts Act 2000 (GRAA) except as described at 1.2 below.

Where the FREM permits a choice of accounting policy, the policy selected is that judged to be most appropriate to the particular circumstances of the core department and its consolidated entities (the departmental group) for the purpose of giving a true and fair view. The policies adopted by the departmental group are described below; they have been applied consistently to items considered material to the accounts.

The Consolidated Statement of Financial Position (SOFP) shows significant net assets, and the SOPS position shows that DSIT are within budgetary boundaries in the year ended 31 March 2024. DSIT has accordingly prepared these financial statements on a going concern basis, assuming that it will continue its operations for the foreseeable future.

### 1.2 Accounting convention

These financial statements have been prepared on an accruals basis under the historical cost convention, modified by the revaluation of property, plant and equipment, intangible assets, investment properties and financial instruments at fair value to the extent required or permitted under IFRS as set out in these accounting policies.

### 1.3 Presentational currency

The financial statements are presented in pounds sterling, the functional currency of the departmental group.

Transactions denominated in a foreign currency are translated into sterling at the rate of exchange on the date of each transaction.

In preparing the financial statements, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the reporting date. All translation differences of monetary assets and liabilities are included in net expenditure for the year. Values are rounded to the nearest million pounds (£m) unless the FREM requires a lower threshold.

### 1.4 Basis of consolidation

The departmental group accounts consolidate the balances of the core department and designated bodies listed in note 23 on page 211, which fall within the departmental boundary as defined in the FREM and make up the departmental group, excluding transactions and balances between them.

Where the Office for National Statistics (ONS) designates a body retrospectively such that the body should have been designated for consolidation in a prior period, the accounts are voluntarily restated to reflect the position from the effective date of classification.

The consolidated bodies prepare accounts in accordance with either the FREM, the Charities' Statement of Recommended Practice (for charities), or IFRS applied in accordance with the provisions of the Companies Act 2006 (for limited companies). For those bodies that do not prepare accounts in accordance with the FREM, adjustments are made upon consolidation, if necessary, where differences would have a significant effect on the accounts.

The core department and its designated bodies are all domiciled in the UK.

## 1.5 Machinery of government changes

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments and created 3 new departments including the Department for Science, Innovation and Technology (DSIT).

DSIT brings together the relevant parts of the former Department for Business, Energy and Industrial Strategy, Cabinet Office and the former Department for Digital, Culture, Media and Sport.

The creation of DSIT is accounted for as a transfer by merger. This means that the group accounts reflect the combined entity's results as if DSIT had always existed.

The results and cashflows in these accounts relate to activities undertaken by DSIT from 1 April 2023 to 31 March 2024, adjusted to achieve uniformity of accounting policies. In accordance with the transfer by merger principles, prior year balances have been restated to aid comparability with 2022–23.

See note 22 on page 204 for details of all the machinery of government changes and the impact of these on the prior year comparatives.

The Government Resources and Accounts Act (2000) requires departments to produce Annual Report and Accounts which follow the structures set out to Parliament at the relevant Supplementary Estimate. The 2022–23 supplementary estimates for BEIS were presented before the Machinery of Government change took place. As a result, this annual report and accounts presents those activities paid out of the BEIS vote for 2022–23.

## 1.6 DSIT accounting policies

DSIT have retained the accounting policies from the former core BEIS department and groups.

## 1.7 New accounting standards adopted in the year and FREM changes

No new accounting standards have been adopted in these financial statements.

## 1.8 Applicable accounting standards issued but not yet adopted

IFRS 17 'Insurance Contracts' replaces IFRS 4 'Insurance Contracts', and establishes the principles for the recognition, measurement, presentation and disclosure of insurance



contracts within the scope of the standard. IFRS17 is scheduled to be included in the FREM for mandatory implementation from 2025–26.

The departmental group is currently assessing the impact of the adoption of IFRS 17.

## 1.9 Operating income

Operating income relates directly to the operating activities of the departmental group and includes income from contracts with customers, levies and grants.

### Operating income from contracts with customers

Income from contracts with customers, which includes all non-grant income, are allocated to performance obligations, on a stand-alone selling price basis, and is recognised when the related performance obligation is satisfied, either over time or at a point in time.

The performance obligations are typically satisfied upon delivery of goods and services in accordance with the contractually defined timescales. The payment terms for the invoices are typically 30 days. Where the departmental group receives consideration prior to the transfer of goods and services, the amount is recorded as contract liabilities. Where the departmental group has transferred goods and services to a customer and the right to consideration is conditioned on something other than the passage of time, the amount is recorded as contract assets.

The measurement of income takes account of significant financing components, variable consideration, and any discounts or rebates.

Operating income includes fees, charges and recharges, including for fees associated with UKRI managed programmes. Further details are provided in Note 5.1 Operating income

### Grant income

Grant income, including European funding, is recognised when there is reasonable assurance that there are no conditions attached, or that any such conditions have been complied with and there is reasonable assurance the grant will be received.

Grant income receivable and funding for collaborative projects are recognised as income over the period in which the related costs are recognised for which the grant or funding is intended to compensate in accordance with IAS 20.

## 1.10 Staff costs

Staff costs are recognised as expenses when the departmental group becomes obligated to pay them, including the cost of any untaken leave entitlement.

## 1.11 Grants payable

Grants payable are recognised when the grant recipient has performed the activity that creates an entitlement to the grant under the terms of the scheme and include estimates for claims not yet received.

Where an intermediary acts as agent in distributing grant on behalf of the department, grants payable are recognised when the grant recipient becomes entitled to the grant.

## Research grants, fellowships and studentships

Research grants and fellowships are paid on an instalment basis in accordance with an agreed payment profile. Grant payments made in advance or in arrears are accounted for on a prepayments or accruals basis in the financial statements. Where the grant documentation does not specify a pre-agreed payment profile or other matching considerations, obligations are recognised in full. Studentship payments are paid on a quarterly instalment basis in advance or arrears directly to the research institute.

Where the profile indicates that an unclaimed and/or unpaid amount exists at the Statement of Financial Position date, such sums are accrued in the financial statements. Where the profile indicates a payment of grant that is yet to be utilised by the recipient, a prepayment is recognised.

### Research England grants

Most grants are paid on an agreed profile, as a contribution to research costs within institutions. The profiles are periodically updated throughout the academic year, and as such no financial year-end accruals are expected for these streams of expenditure.

For Research England grants, such as the Strength in Places Fund, which fund agreed and specified eligible activity, expenditure is recognised in the period in which eligible activity creates an entitlement in line with the terms and conditions of the grant. Future commitments at the Statement of Financial Position date are disclosed in Note 18.

## 1.12 Taxation

The core department and its agencies are exempt from corporation tax by way of Crown exemption. Some consolidated bodies are subject to corporation tax on taxable profits.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to HM Revenue and Customs, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Value-added tax (VAT) is accounted for in the accounts, in that the amounts are shown net of VAT except for irrecoverable VAT, which is aggregated with the cost of purchased items.

## 1.13 PPE

Assets are capitalised as PPE if they are intended for use on a continuing basis and their original carrying value, on an individual or asset pool basis, exceeds the relevant capitalisation threshold which ranges from £1,000 to £10,000 across the departmental group.

### Valuation of PPE

PPE is carried at fair value except for assets under construction which are held at cost. In accordance with the FREM, assets that have short useful lives or are of low value are carried at depreciated historical cost less impairment as a proxy for fair value.

Specialised assets (those for which a market value cannot be readily determined, due to the uniqueness arising from its specialised nature and design) are valued on a depreciated replacement cost basis or using appropriate indices in line with the FREM.

Non-specialist assets are measured at market value in existing use. Specialist land and buildings are measured at depreciated replacement cost which represents the cost of replacing the present value of the asset's remaining service potential.

### Revaluation of PPE

Any accumulated depreciation at the date of revaluation is eliminated and the resulting net book value restated to equal the revalued amount. Any revaluation increase arising is credited to the revaluation reserve except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to net expenditure for the year to the extent of the decrease previously charged.

A decrease in carrying amount arising on revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

On derecognition, any revaluation surplus remaining in the revaluation reserve attributable to the asset is transferred directly to the general fund.

Land, buildings, Polar research stations, ships and aircraft are professionally revalued every 5 years and in the intervening period relevant indices are used. Indexation is not applied to assets under construction. See note 6 on page 165 for further details.

### Estimated useful lives

PPE assets are depreciated to estimated residual values. This is done on a straight-line basis over their estimated useful lives, given in the table below. Residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. Freehold and long leasehold land are not depreciated.

PPE	Estimated useful life (years)
Freehold buildings	10 – 60
Leasehold improvements	Shorter of remaining useful life or outstanding term of lease
Computer equipment	2 – 10
Plant and machinery	3 – 50
Office machinery (included in plant and machinery), furniture, fixtures and fittings	2 – 11
Transport equipment	2 – 14
Assets under construction	Not depreciated until available for use as intended by management
Scientific equipment	3 – 25
Motor vehicles	Up to 10
Polar research stations	Up to 35
Ships	20 – 50
Aircraft	15 – 50

## 1.14 Intangible non-current assets

Intangible non-current assets are capitalised if they are intended for use on a continuing basis and their original carrying value, on an individual or asset pool basis, exceeds the relevant capitalisation threshold, which ranges from £1,000 to £10,000 across the departmental group.

There are no active markets for the majority of the departmental group's intangible non-current assets which are valued at the lower of depreciated replacement cost and value in use using a valuation technique (for example for income-generating assets); where there is no value in use, depreciated replacement cost is used. Where there is an active market, the valuation is derived from the active market.

Assets of low value or with short useful lives are carried at cost less accumulated amortisation and impairment losses as a proxy for fair value. They are amortised on a straight-line basis over the following periods:

Intangible non-current assets	Estimated useful life (years)
Software licences	3 – 10
Internally developed software	Up to 10
Website development costs	2 – 5
Patents, licences and royalties	7 – 15

## 1.15 Impairment of PPE and intangible non-current assets

The departmental group reviews carrying amounts at each reporting date. If an indicator for impairment occurs then the recoverable amount of the asset (the higher of fair value less costs to sell and value in use) is estimated and an impairment loss recognised to the extent that it is lower than the carrying amount.

Losses arising from a clear consumption of economic benefit are charged to net expenditure for the year. Losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve, to the extent that a revaluation reserve exists for the impaired asset; otherwise, to net expenditure for the year.

## 1.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other short term highly liquid investments which are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value, and have an original maturity of 3 months or less. Any bank overdraft amounts are included within trade payables and other liabilities.

## 1.17 Leases

### Interpretations and adaptations

The definition of a contract is expanded to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, memorandum of understanding (MOU) agreements.

The group has expanded the definition of a lease to include arrangements with £nil consideration. Peppercorn leases are examples of these, they are defined by HM Treasury as lease payments significantly below market value. These assets are fair valued on initial recognition. Any differences between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded in income.

As mandated in the FREM, the group has elected not to recognise right of use assets and lease liabilities for the following leases:

- Low value assets (these are determined to be in line with the departmental group's capitalisation threshold, £10,000 de minimis).

- Leases with a lease term of 12 months or less.

## Measurement of right-of-use assets

### Initial measurement

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

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

### Subsequent measurement

Right-of-use assets are subsequently measured in line with the class of PPE asset to which the lease relates. The cost model for IFRS 16 is used as a proxy for valuation except where:

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

### Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis from commencement date to the earlier of the end of:

- Useful life of the right-of-use asset, assessed as the same as the class of PPE asset to which the lease relates
- Lease term

### Impairment of right-of-use assets

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

## Measurement of lease liabilities

### Initial measurement

At the commencement date, the departmental group measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using either:

- the interest rate implicit in the lease

- a HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined
- another discount rate where the departmental group determines it more accurately represents the interest rate

The majority of the departmental group has applied the HM Treasury discount rate prevailing at the time of adoption:

- 1.99% from 1 April 2019 to 31 December 2019
- 1.27% from 1 January 2020 to 31 December 2020
- 0.91% from 1 January 2021 to 31 December 2021
- 0.95% for leases that commence or are remeasured between 1 January 2022 to 31 December 2022
- 3.51% for leases that commence or are remeasured between 1 January 2023 to 31 December 2023
- 4.72% between 1 January 2024 and 31 March 2024

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

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

### Subsequent measurement

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

- Lease term
- The departmental group's assessment of an option to purchase the underlying asset, assessed considering events and circumstances in the context of a purchase option. The departmental group determines the revised lease payments to reflect the change in amounts payable under the purchase option
- Amounts expected to be payable under a residual value guarantee
- Future lease payments resulting from a change in the index or rate used to determine these future lease payments, including a change to reflect changes in market rental rates following a market rent review. The departmental group remeasures the lease

liability to reflect those revised lease payments only when there is a change in the cashflows (this will be when the adjustment to the lease payments takes effect).

The amount of remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset, where there is a balance on the right-of-use asset. However, if the carrying amount of the right-of-use asset is £nil and there is a further reduction in the measurement of the lease liability, the departmental group recognises the remaining amount of the remeasurement of the lease liability in the Statement of Comprehensive Net Expenditure.

## 1.18 Subsidiaries, associates and joint ventures

Subsidiaries and public sector joint ventures are consolidated where designated within the departmental group boundary (note 23 on page 211).

Those subsidiaries, joint ventures and associates that are outside of the departmental group boundary are measured in accordance with IFRS 9 'Financial Instruments' or IAS 28 'Investments in Associates and Joint Ventures' as relevant. The financial asset is recognised when the departmental group becomes party to the contractual provisions of the instrument. Equity investments in associates or joint ventures outside the public sector are initially recorded at cost post-acquisition other comprehensive income and subsequently adjusted to reflect the departmental group's share of other comprehensive income of the associate or joint venture. In line with IAS 28, an impairment assessment is also performed at year end to determine if there is objective evidence that a loss event has occurred. Any impairments will reduce the carrying amount of the net investment and be recognised as an impairment cost in the Statement of Comprehensive Net Expenditure occurred.

## 1.19 Financial instruments

Financial assets and liabilities are measured initially at fair value plus transaction costs, unless measured at fair value through profit or loss in which case transaction costs are charged to net expenditure for the year. Fair value is determined by reference to quoted prices where an active market exists for the instrument; otherwise, it is determined using generally accepted valuation techniques including discounted estimated cashflows. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using settlement date accounting.

### Financial assets

#### Classification and measurement of financial assets

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cashflow characteristics. Derivatives embedded in contracts where the host is a financial asset in scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Under IFRS 9, the requirement for classifying and measuring financial assets is that:

- Loans and other debt instruments are classified as either amortised cost, FVOCI (fair value through other comprehensive income) or FVPL (fair value through profit or loss), dependent on the business model and cashflow characteristics of the financial assets.

- Investments in equity instruments are classified as FVPL, unless an irrevocable election is made on initial recognition to recognise subsequent changes in fair value in Other Comprehensive Income (OCI) – the election is only available to equity instruments that are not held for trading.
- Derivatives are classified as FVPL.

### Categories of financial assets

Financial assets are categorised as one of the following:

- Amortised cost are financial assets whose contractual cashflows are solely payments of principal and interest and the objective of the business model is to hold financial assets to collect contractual cashflows only. They are initially recognised at fair value and thereafter at amortised cost using the effective interest method less any impairment – the effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.
- Fair Value Through Other Comprehensive Income (FVOCI) are either:
  - Debt instruments whose cashflows are solely payments of principal and interest and the business model of which is to hold for both collecting contractual cashflows and selling.
  - Equity instruments that are neither held for trading nor contingent consideration recognised in a business combination, as the departmental group has made an irrevocable election at initial recognition.

After initial recognition, these assets are subsequently measured at fair value. Gains and losses in fair value are recognised directly in equity. On derecognition, the cumulative gain or loss previously recognised in equity is recognised in net expenditure for the year for debt instruments and transferred to general fund for equity instruments.

- All financial assets which do not meet the criteria for classification to be recognised and measured at amortised cost and FVOCI are recognised and measured at Fair Value Through Profit or Loss (FVPL). Transaction costs and any subsequent movements in the valuation of the asset are recognised in net expenditure for the year.

### Impairment of financial assets

Financial assets, other than equity instruments and those at FVPL, are assessed for impairment at each reporting date using the expected credit loss (ECL) model. The 3-stage model based on the level of credit risk is applied to any financial assets other than long term trade receivables, contract assets which do contain a significant financing component and lease receivables within the scope of IFRS 16 'Leases' as follows:

- For financial assets with low credit risk or assets that have not had a significant increase in credit risk since initial recognition, 12-month ECL are recognised and interest revenue is calculated on the gross carrying amount of the asset without the reduction of credit allowance.
- For financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment, lifetime ECL are recognised, and interest revenue is calculated on the gross carrying amount of the asset.



- For financial assets that have objective evidence of impairment at the reporting date, lifetime ECL are recognised, and interest revenue is calculated on the net carrying amount net of credit allowance.

Impairment gains or losses, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with the standard, are recognised in profit or loss.

For long term trade receivables, contract assets which do not contain a significant financing component and lease receivables within the scope of IFRS 16 'Leases', the simplified approach is applied and lifetime ECL are recognised as dictated by the FREM.

The impairment methodology is detailed in the financial instruments note 19 on page 195.

### **Derecognition of financial assets**

Financial assets are derecognised when the rights to receive future cashflows have expired or are transferred and the risks and rewards of ownership have been substantially transferred.

## **Financial liabilities**

### **Classification and measurement of financial liabilities**

The departmental group's financial liabilities excluding derivatives and some financial guarantees are initially recognised at fair value including directly attributable transaction costs; they are subsequently measured at amortised cost using the effective interest rate method, except for:

- Financial liabilities at fair value through profit or loss, which is applied to derivatives and other financial liabilities designated as such at initial recognition.
- Financial liabilities arising from the transfer of financial assets which do not qualify for derecognition and financial guarantee contracts and loan commitments whereby a financial liability is recognised for the consideration received for the transfer.

### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

## **1.20 Pensions**

### **Funded defined-benefit pension schemes**

The departmental group has 3 funded defined-benefit pension schemes, the Medical Research Council pension scheme and 2 for Ofcom.

The net assets/liabilities recognised in the SOFP for funded defined benefit schemes are calculated by independent actuaries by deducting the fair value of scheme assets from the present value of defined benefit obligations (estimated using the projected unit credit method, less any amounts receivable from third parties). Where the scheme is in surplus, the asset recognised in these statements is limited to the present value of benefits available from future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum

funding requirements. Actuarial gains and losses are recognised as other comprehensive net income and expenditure.

### Unfunded defined benefit pension schemes

The departmental group contributes towards a number of unfunded defined benefit pension schemes of which employees are members: these include the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS). The participating employers in these schemes are unable to identify their share of the underlying net liability; as such these schemes are accounted for as defined contribution pension schemes, with employers' contributions charged to the SOCNE in the period to which they relate. Further information regarding PCSPS and CSOPS is presented in the staff report.

### Defined contribution pension schemes

Contributions are charged to the SOCNE when they become payable. The departmental group has no further liabilities in respect of benefits to be paid to members.

More information about the departmental group's pension schemes can be found in the accounts of the consolidated entities, including in note 3 on page 158 for the core department and of the pension schemes themselves on page 82 and page 188.

## 1.21 Provisions

A provision is recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation (legal or constructive) that can be reliably measured, and which results from a past event. Where the time value of money is material, the provision is measured at present value using discount rates prescribed by HM Treasury. HM Treasury issues nominal rates that do not take account of inflation, unlike real rates. Using these nominal rates, the cashflows are inflated using the following inflation rates provided by HM Treasury except where a more appropriate forecast has been identified for specific provisions. Please refer to note 16 'Provisions for liabilities and charges', on page 187, for a table of discount rates used for 2023–24 and 2022–23.

## 1.22 Contingent assets and liabilities

### Contingent liabilities

Where an outflow of economic benefits from a past event is possible but not probable, the departmental group discloses a contingent liability. In addition to contingent liabilities disclosed in these financial statements in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote are disclosed in the accountability report for parliamentary reporting and accountability purposes. Remote contingent liabilities reported in the accountability report are stated at the amounts reported to Parliament.

### Contingent assets

Where an inflow of economic benefits from a past event is probable, the departmental group discloses a contingent asset.

Estimates of the financial effects are disclosed where practicable; where the time value of money is material, contingent liabilities and assets are stated at discounted amounts and the amount reported to Parliament separately noted.

## 1.23 Third-party assets

The departmental group holds certain cash balances belonging to third parties as custodian or trustee. These balances are not recognised in the financial statements since neither the departmental group nor government more generally has a direct beneficial interest in them.

## 1.24 Significant judgements

### Significant judgements in the 2023–24 DSIT ARA

A number of judgements have been made around the machinery of government changes, valuation of PPE, useful lives of non-current assets and depreciation rates.

- Grant accruals and prepayments within UKRI.
- Decommissioning provisions within UKRI.
- Recognition of research grants and fellowships expenditure, and payment profiles.
- Innovate UK grant accrual.
- Funded pension scheme.

### Machinery of government changes

A number of judgements have been made around the machinery of government changes reflected in these accounts. For further details see note 1.5 on page 144 and note 22 on page 204.

### PPE

A number of judgements have been made around the valuation of PPE, useful economic lives, indices used and depreciation rates. See further details in note 1.13 on page 146.

### Grant accruals and prepayments within UKRI

Financial statements include a grant accrual for each project (including fellowships, studentships and grants) where it has been determined that there is an unclaimed amount at the year end that is due to participants.

Given the nature of this estimate and the history of recipients not spending, and therefore not being reimbursed for, their full entitlement, an expected future underspend percentage is calculated based on historic data of underspend against payment profile and applied to the year-end balance.

A no cost extension (NCE) arises when a grant recipient moves the end-date of a research or fellowship grant into the future without changing the value of the grant. In prior years NCE's were modelled off system and a prepayment journal was applied to the year-end balances ensuring grant spend was reflective of the current financial year. The process was updated in 2023–24 and NCE's are managed locally with payment profiles being adjusted as required within the system. As part of this process update prior year NCE's

have been unwound (£97m in 2023–24) and are offset by the NCE's that have been processed within the system.

Research and Fellowship grants with cash limits above £0.2 million have their payment profile reprofiled via the grant system. Where grants have a cash limit of more than £3 million an Interim Expenditure Statement will be requested and will inform the new profile.

### **Decommissioning provisions within UKRI**

Calculation of the decommissioning costs for specialist facilities constitutes a significant accounting estimate. External experts give insight into the current cost of the work to be undertaken and assumptions regarding inflation rates. Management translates these costs into a provision using knowledge of the timing of the decommissioning and the profiling of the expenditure. To reduce the risk of material misstatement, the estimates and assumptions are reviewed annually.

UKRI has recognised a decommissioning provision of £29.3 million for the ISIS facility at RAL. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site, radioactive waste disposal and clean-up costs and the expected timing of those costs. ISIS is forecast to be decommissioned over 45 years, commencing in 2040–41. The decommissioning costs are estimated to total £169 million at current prices. The decommissioning provision for ISIS is sensitive to changes in inflation/discount rates that are provided by HMT. This year the long-term discount rate (11–40 years) increased from 3.51% to 4.72%, and the very-long-term rate (> 40 years) increased from 3% to 4.4%, the inflation rate staying the same at 2%. The ISIS decommissioning provision decreased by £13.5 million due to the change in discount rates (last year the movement due to discount rate changes was a decrease of £69 million).

UKRI has recognised a provision of £105.1 million for its share of the decommissioning costs of the ILL; this has been taken to be its share of the ILL decommissioning provision recognised in the ILL latest accounts. The calculation by the ILL assumes that the ILL will shut down in 2030 and decommissioning will be completed in 2057. The main sources of uncertainty are associated with future developments in waste processing and site rehabilitation technology, and with nuclear and conventional safety constraints and environmental requirements. The value of UKRI provision will also be affected by the EUR to GBP exchange rate.

### **Recognition of research grants and fellowships expenditure and payment profiles**

Where research grant and fellowship grant payment profiles are linear and a grant is not subject to NCE, UKRI judges that there is an alignment between the payment profile, the underlying activity it supports, and costs incurred by grant recipients. UKRI makes this judgement because the majority of costs incurred by grant recipients are similarly linear (for example, direct costs of employing researchers, overheads associated with a grant), and therefore sufficiently aligned with the payment profile of the grant such that it is the most reasonable and appropriate basis for recognising expenditure. This judgement means that UKRI therefore recognises expenditure on individual research grants and fellowships when payment is made, except where final payment is withheld awaiting a final statement of expenditure from a grant recipient.

Based on historic funding assurance sampling, in the absence of more granular data, UKRI has made a significant assumption that some, 4.5%, is evenly profiled. This assumption is required due to some cost categories potentially following a more variable

profile at points during the life of a project. For example, a cost category that may follow a more variable profile would be that of an equipment grant which may be spent at fixed points in a project rather than spread throughout the whole life of the grant. Historic sampling shows on average this type of expenditure equates to 4.5% during a financial year, however as the main grant expenditure types show a consistent even profile and is most of the grant spend UKRI recognises a linear profile. Other alternative profiling has not been considered due to impracticability and the current straight-line policy output being a true and fair reflection of the economic activity being undertaken. The reprofiling of grants on system, as referenced above, also ensures expenditure is captured as incurred and recognised in the appropriate accounting period.

### **Innovate UK grant accrual**

The grant accrual is based on participants' forecast of expenditure submitted with their latest claim. For a number of large non-core projects, the Knowledge Transfer Network (KTN) and Catapult Centres, Innovate UK contacts the participants directly to obtain further information and assurances on claims due at the year-end date. For those grants that are based on procurements, Innovate UK confirms the accruals based on purchase orders raised for the period. The major sources of uncertainty in the estimate relate to the profiling of incurring and defraying the project costs that create the entitlement to the grant, and the amount of the grant not utilised at the end of the project. The projects funded by Innovate UK are typically collaborations between private businesses and academia; this aspect introduces a degree of interdependency between project partners that may impact on the timing of individual work packages. In addition, projects are typically 2 to 5 years long, which permits a degree of flexibility for grant recipients in the scheduling of their project activity. These projects seek to develop new technology-based products and services for future markets and, as such, are inherently uncertain in terms of their success and, related to this, the project duration and activity costs ultimately incurred.

### **Funded pension scheme**

The determination of the pension cost and defined benefit obligation (liabilities) of the Medical Research Council and Ofcom Pension Schemes depends on the selection of certain assumptions, which include the discount rate, inflation rate, salary growth, mortality rates and expected rate of return. The pension assets include property investments and unquoted equity investments, which are estimates based on fund manager valuation reports, and valued by the expert valuation reports as at 31 March 2024. See note 17 on page 188, UKRI and Ofcom ARA for further details.

### **Horizon and Copernicus programmes**

The department made the first contribution payments for the Horizon and Copernicus programmes during 2023–24 since association and several judgements have been made around the accounting treatment for these costs.

The contributions that the department pays through our associate membership are providing UK entities with the right to participate in these programmes and the benefits to the UK research sector will accrue over the lifetime of participation. We have therefore concluded that the department's obligation to these programmes accrue over the life of the programmes, as opposed to recognising the total cost at its commencement.

Both the participation fee and operational contribution for each annual work programme will be accounted for by accruing the annual cost evenly over the calendar year and recognising corresponding accruals or prepayments on the Statement of Financial

Position, depending on the timing of payments. The annual cost is determined by the annual charge issued by the European Commission.

An estimate of the future commitments payable under both programmes has been disclosed within the Other Financial Commitments note (note 18 on page 192).

## 2. Reporting by operating segment

In accordance with the relevant reporting requirements, including IFRS 8 'Operating Segments', the Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes reflect net resource and capital outturn in line with the control totals voted by Parliament.

The figures within SOPS 1.1 on page 96 provide the income and expenditure totals associated with key business activities within the departmental group and therefore reflect the management information reporting to the board during the period.

## 3. Staff costs

	2023–24			2022–23 restated		
	Permanent employed staff	Others	Total	Permanent employed staff	Others	Total
	£m	£m	£m	£m	£m	£m
Wages and salaries	743	90	833	644	69	713
Social security costs	81	-	81	65	-	65
Other pension costs	169	-	169	168	-	168
<b>Sub total</b>	<b>993</b>	<b>90</b>	<b>1,083</b>	<b>877</b>	<b>69</b>	<b>946</b>
Less recoveries in respect of outward secondments	(1)	-	(1)	(4)	(2)	(6)
<b>Total net costs</b>	<b>992</b>	<b>90</b>	<b>1,082</b>	<b>873</b>	<b>67</b>	<b>940</b>
<b>Of which</b>						
Core department and agencies	188	25	213	149	18	167
NDPBs and other designated bodies	804	65	869	724	49	773
<b>Total net costs</b>	<b>992</b>	<b>90</b>	<b>1,082</b>	<b>873</b>	<b>67</b>	<b>940</b>

See the staff report and remuneration report for further information on staff costs and numbers.

## 4. Operating expenditure

### 4.1. Purchase of goods and services

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Rentals under operating leases	4	13	22	28
Accommodation and office equipment costs	26	171	17	143
Legal, professional and consultancy costs	130	244	53	149
Finance, HR, IT and support costs	28	125	19	91
Training and other staff costs	9	20	7	22
Travel and subsistence costs	5	35	4	26
Advertising and publicity	6	21	1	18
Programme management and administration of grants and awards	34	36	34	35
International subscriptions	485	792	555	923
Donations	-	29	-	25
Purchase of geographical and scientific equipment	80	116	-	36
Purchase of weather information and weather-related services	137	137	125	125
Public Sector Geospatial Agreement	130	130	122	122
Horizon Europe and Copernicus programmes	529	529	-	-
Payment of taxes and levies	-	-	4	70
Other purchase of goods and services cost	57	131	12	74
<b>Total</b>	<b>1,660</b>	<b>2,529</b>	<b>975</b>	<b>1,887</b>

#### Core department

Included in the 'Horizon Europe and Copernicus programmes' heading is £498 million relating to the department's first payments in 2024 for our participation in the Horizon Europe programme and £31 million for our participation in the Copernicus programme.

#### Departmental group

International subscriptions include £482 million (2022–23: £553 million) paid to the European Space Agency by UKSA, and £310 million (2022–23: £366 million) for international subscriptions held by UKRI.

## 4.2 Audit fees

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
NAO	1	2	-	1
<b>Total audit fees</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>

### Core department

The core department and agencies balance includes £0.6m relating to statutory NAO audit fees for the core department.

### Departmental group

The largest costs related to statutory fees for NAO audit work at £1.8 million (2022–23: 1.1 million).

## 4.3. Depreciation and impairment charges

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Depreciation	26	290	25	254
Amortisation	9	34	8	32
Impairment of property, plant and equipment	-	22	1	12
Impairment of investments and remeasurement of expected credit losses	-	14	-	10
<b>Total</b>	<b>35</b>	<b>360</b>	<b>34</b>	<b>308</b>

### Departmental group

The majority of the £290 million group depreciation figure (2022–23 £254 million) relates to bodies within the UKRI group, with the three largest values relating to the Science and Technology Facilities Council (STFC), the Natural Environment Research Council (NERC) and Diamond Light Source (DLS).

£31 million of the £36 million increase in depreciation since 2022–23 also relates to the UKRI group. Key UKRI movements are:

- Depreciation of plant, equipment, fixtures and fittings has increased by £14.4 million, and of IT equipment by £2.5 million, in line with significant transfers into this category
- Transport depreciation has increased by £12.4 million due to depreciation adjustments following the professional revaluation of NERC research vessels
- A £1.8 million increase in depreciation of land and buildings, following significant upward revaluation of the STFC RAL estate

Further details can be found in UKRI's annual report and accounts for 2023–24.



## 4.4 Grants expenditure

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
<b>Grant in aid</b>	<b>10,301</b>	<b>-</b>	<b>9,046</b>	<b>-</b>
<b>Science and research</b>	<b>569</b>	<b>8,927</b>	<b>705</b>	<b>8,678</b>
<b>of which:</b>				
Research England	-	2,725	-	2,865
Innovate UK	-	1,726	-	1,604
Engineering and Physical Sciences Research Council	-	1,527	-	1,358
Medical Research Council	-	879	-	891
Biotechnology and Biological Sciences Research Council	-	480	-	461
Science and Technology Facilities Council	-	396	-	308
Natural Environment Research Council	-	330	-	332
Economic and Social Research Council	-	267	-	265
Arts and Humanities Research Council	-	140	-	166
Other science and research	569	457	705	428
<b>Innovation programmes</b>	<b>109</b>	<b>113</b>	<b>61</b>	<b>61</b>
<b>of which:</b>				
BDUK capital grants	64	64	45	45
Other innovation programmes	45	49	16	16
<b>Other grants</b>	<b>16</b>	<b>13</b>	<b>22</b>	<b>22</b>
<b>Green Future Fellowships Endowment</b>	<b>150</b>	<b>150</b>	<b>-</b>	<b>-</b>
<b>Faraday Discovery Fellowships Endowment</b>	<b>250</b>	<b>250</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11,395</b>	<b>9,453</b>	<b>9,834</b>	<b>8,761</b>

### Core department

Included within the heading 'Science and research' is £124 million of refunds of grant expenditure from the prior year. This is in relation to clawback of funding provided to Innovate UK on completion of the sale of the VMIC (Vaccines Manufacturing and Innovation Centre).

In addition, included within the 'science and research' heading is £112 million of grant funding to the Research Councils Pension Scheme (RCPS). The RCPS is not an ALB of DSIT and therefore does not reside within the DSIT departmental group and are not consolidated in this ARA. Funding is provided directly to the RCPS by DSIT. As the RCPS is not an ALB of DSIT, these grant payments are classified as current grant expenditure rather than grant in aid.

### Fellowships endowments

In 2023–24, the core department provided a £150 million endowment to the Royal Academy of Engineering to launch and deliver the Green Future Fellowships scheme and

a £250 million endowment to the Royal Society to launch and deliver the Faraday Discovery Fellowships scheme.

### Grant in aid

Grant in aid is paid to the following DSIT ALBs:

- Advanced Research and Invention Agency
- Information Commissioners Office
- British Technology Investments Ltd
- UK Research and Innovation

The majority of the increase in grant in aid from the previous year is due to UK Research and Innovation (UKRI), whose grant in aid has increased from £9,034 million in 2022–23 to £10,268 million in 2023–24.

### Departmental group

Science and research grants provided by UKRI relates to funding and support across a wide range of academic disciplines and industrial areas and they are mainly paid to eligible research organisations in the UK.

Science and research grant expenditure has increased predominantly due to Engineering and Physical Sciences Research Council (EPSRC, part of UKRI) additional spend under the Horizon Europe Guarantee, due to the significant increase in the onboarding of grants under Horizon Europe. There has also been additional funding in the Regional Innovation Fund and the change in model used for no cost extensions. There has also been increased spend in the STFC AI Research Resource programme.

Innovation has increased primarily due to the following programmes: Accelerating Detection of Disease Challenge; Manufacturing, Materials & Mobility; Faraday Batteries Challenge phase 2; and Future Economy Review Health and Life Science.

There has also been additional funding for the Department for Transport (DfT)'s UK Shore projects, which is dominated by funding to the manufacturing, materials and mobility (MMM) co-funding clean maritime demonstration competition (CMDc) and DfT zero emission HGV technologies.

Further information can be found in UKRI's financial statements.

Innovation programmes' capital grants increased when compared to the previous year. This is attributable to the increased number of grants BDUK awarded during 2023–24.

## 5. Income

### 5.1. Operating income

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Fees, charges and recharges to/from external customers and central government organisations	19	243	18	239
Income from other government departments and public sector	-	486	2	65
Sales of goods and services	3	41	3	39
European Union funding	-	10	-	20
Current grants and capital grants	54	182	54	183
Miscellaneous income	2	70	7	47
Other operating income	-	26	-	22
<b>Total</b>	<b>78</b>	<b>1,058</b>	<b>84</b>	<b>615</b>

#### Core department and agencies

£48 million of operating income for the core department relates to research and development grant income received from the Department for Education.

#### Departmental group

Fees, charges and recharges to/from external customers and central government organisations for the group of £243 million (2022–23: £239 million) is primarily due to Office of Communications which charged £164 million during the year (2022–23: £157 million).

Income from other government departments and public sector is primarily driven by Innovate UK income of £486 million (2022–23: £63 million). As a result of the machinery of government changes to the former BEIS group, Innovate UK invoices other government departments which were formerly within the BEIS group for fees associated with managed programmes. Previously, such income would have been outside the scope of this note and instead captured within grant-in-aid financing in the SOCNE.

## 5.2. Finance income

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Effective Interest – amortised cost assets	1	1	1	1
Interest income – FVPL assets	-	3	-	3
Interest income – amortised cost assets	7	16	5	11
Dividend income – FVPL assets held at period end	-	13	-	9
Dividend income - FVOCI (investments in joint ventures, associates and public dividend capital)	73	73	28	28
<b>Total</b>	<b>81</b>	<b>106</b>	<b>34</b>	<b>52</b>

### Core department and agencies

In 2023–24 the core department recognised dividend income of £73 million (2022–23: £28 million). This includes £56.9 million in dividends from Ordnance Survey (2022–23: £12.8 million), £8.5 million from the Met Office (2022–23: £8.5 million) and £8.1 million from the Intellectual Property Office (2022–23: £7.5 million). These entities are sponsored by the core department but are outside the departmental group's accounting boundary.

### Departmental group

In addition to the £73 million in dividend income recognised by the core department, the group recognised a further £14 million in dividend income, relating to investment income of the NESTA Trust.

## 6. Property, plant and equipment

	2023-24 dept group						Total
	Land	Buildings	Information technology	Plant, machinery, furniture and fittings	Transport equipment	Assets under construction	
	£m	£m	£m	£m	£m	£m	£m
<b>Cost or valuation</b>							
<b>Balance at 1 Apr 2023</b>	<b>232</b>	<b>2,950</b>	<b>225</b>	<b>2,611</b>	<b>452</b>	<b>595</b>	<b>7,065</b>
Additions	-	15	8	36	7	221	287
Disposals	-	(8)	(24)	(70)	(1)	-	(103)
Impairments	3	(22)	-	(2)	-	(1)	(22)
Transfers	-	-	(1)	-	-	-	(1)
Reclassifications	-	116	21	62	-	(199)	-
Revaluations	33	(26)	-	104	44	-	155
<b>At 31 Mar 2024</b>	<b>268</b>	<b>3,025</b>	<b>229</b>	<b>2,741</b>	<b>502</b>	<b>616</b>	<b>7,381</b>
<b>Depreciation</b>							
<b>Balance at 1 Apr 2023</b>	<b>-</b>	<b>(1,083)</b>	<b>(135)</b>	<b>(1,748)</b>	<b>(152)</b>	<b>-</b>	<b>(3,118)</b>
Charged in year	-	(77)	(36)	(126)	(32)	-	(271)
Disposals	-	4	24	70	1	-	99
Revaluations	-	(56)	-	(67)	(15)	-	(138)
At 31 Mar 2024	-	(1,212)	(147)	(1,871)	(198)	-	(3,428)
<b>Carrying amount at 31 Mar 2024</b>	<b>268</b>	<b>1,813</b>	<b>82</b>	<b>870</b>	<b>304</b>	<b>616</b>	<b>3,953</b>
<b>Carrying amount at 1 Apr 2023</b>	<b>232</b>	<b>1,867</b>	<b>90</b>	<b>863</b>	<b>300</b>	<b>595</b>	<b>3,947</b>
<b>Asset financing</b>							
Owned	268	1,813	82	870	304	616	3,953
<b>Carrying amount at 31 Mar 2024</b>	<b>268</b>	<b>1,813</b>	<b>82</b>	<b>870</b>	<b>304</b>	<b>616</b>	<b>3,953</b>
<b>Of the total</b>							
Core department and agencies	32	170	6	56	-	50	314
NDPBs and other designated bodies	236	1,643	76	814	304	566	3,639
<b>Carrying amount at 31 Mar 2024</b>	<b>268</b>	<b>1,813</b>	<b>82</b>	<b>870</b>	<b>304</b>	<b>616</b>	<b>3,953</b>

2022–23 dept group restated							
	Land	Buildings	Information technology	Plant, machinery, furniture and fittings	Transport equipment	Assets under construction	Total
	£m	£m	£m	£m	£m	£m	£m
<b>Cost or valuation</b>							
<b>Balance at 1 Apr 2022</b>	<b>193</b>	<b>2,575</b>	<b>216</b>	<b>2,329</b>	<b>418</b>	<b>642</b>	<b>6,373</b>
Additions	-	7	13	53	10	187	270
Disposals	-	(6)	(20)	(46)	(1)	-	(73)
Impairments	-	(10)	-	-	(2)	-	(12)
Transfers	5	-	1	-	-	(2)	4
Reclassifications	-	153	11	68	-	(232)	-
Revaluations	34	231	4	207	27	-	503
<b>At 31 Mar 2023</b>	<b>232</b>	<b>2,950</b>	<b>225</b>	<b>2,611</b>	<b>452</b>	<b>595</b>	<b>7,065</b>
<b>Depreciation</b>							
<b>Balance at 1 Apr 2022</b>	<b>-</b>	<b>(966)</b>	<b>(122)</b>	<b>(1,551)</b>	<b>(124)</b>	<b>-</b>	<b>(2,763)</b>
Charged in year	-	(68)	(31)	(115)	(21)	-	(235)
Disposals	-	6	20	46	1	-	73
Reclassifications	-	1	-	-	-	-	1
Revaluations	-	(56)	(2)	(128)	(8)	-	(194)
<b>At 31 Mar 2023</b>	<b>-</b>	<b>(1,083)</b>	<b>(135)</b>	<b>(1,748)</b>	<b>(152)</b>	<b>-</b>	<b>(3,118)</b>
Carrying amount at 31 Mar 2023	232	1,867	90	863	300	595	3,947
Carrying amount at 1 Apr 2022	193	1,609	94	778	294	642	3,610
<b>Asset financing</b>							
Owned	232	1,867	90	863	300	595	3,947
<b>Carrying amount at 31 Mar 2023</b>	<b>232</b>	<b>1,867</b>	<b>90</b>	<b>863</b>	<b>300</b>	<b>595</b>	<b>3,947</b>
<b>Of the total</b>							
Core department and agencies	32	175	6	65	-	33	311
NDPBs and other designated bodies	200	1,692	84	798	300	562	3,636
<b>Carrying amount at 31 Mar 2023</b>	<b>232</b>	<b>1,867</b>	<b>90</b>	<b>863</b>	<b>300</b>	<b>595</b>	<b>3,947</b>

The professional valuations of land and buildings undertaken within the core department and the departmental group were prepared in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation Standards (6th Edition), the 'Red Book'. Unless otherwise stated, land and buildings are professionally revalued every 5 years and where appropriate in the intervening period, relevant indices are used.

### Core department

In the core department, land and buildings at the National Physical Laboratory were professionally valued during 2021–22 as at 31 March 2022 by CBRE LTD, Chartered Surveyors, an independent valuer.

### Departmental group

The most significant land and buildings at 31 Mar 2024 were held by UK Research and Innovation (UKRI). UKRI's (MRC and STFC) land and buildings (excluding STFC's Rutherford Appleton Laboratory) were professionally revalued during 2023–24, as at 31 December 2023 by Carter Jonas LLP, Chartered Surveyors, an independent valuer.

UKRI's (Natural Environment Research Council, NERC) research ships (RRS Sir David Attenborough, RRS Discovery and RRS James Cook) were valued by Clarksons Valuations Limited during 2023–24, as at 31st October 2023. All NERC aircraft were revalued by the International Bureau of Aviation Group Limited in 2023–24 as at 2nd November 2023.

STFC land and buildings at the Rutherford Appleton Laboratory were professionally valued during 2022–23 as at 31 March 2023 by Avison Young Limited, Chartered Surveyors, an independent valuer.

NERC and EPSRC UK land and buildings were professionally revalued during 2021–22 as at 31 December 2021 by Carter Jonas LLP, Chartered Surveyors, an independent valuer. NERC's Antarctic buildings were professionally revalued during 2021–22, as at 31 March 2021 by Powis Hughes Ltd, Chartered Surveyors, an independent valuer.

The former Biotechnology and Biological Sciences Research Council's (BBSRC, part of UKRI) land and buildings were professionally revalued during 2020–21, as at 31 January 2021, by Avison Young Limited, Chartered Surveyors, an independent valuer.

Included in assets under construction are: the Brooksby Building at BBSRC's strategically supported Pirbright Institute; STFC's National Satellite Test Facility (NSTF); STFC's National Quantum Computing Centre (NQCC); STFC's ISIS Neutron and Muon Source; STFC's Supercomputing Centre at Daresbury; the new aircraft for NERC's British Antarctic Survey; and the Antarctic Infrastructure Modernisation Programme and other Antarctic projects.

Diamond Light Source (DLS) property, plant and equipment are measured at depreciated historic cost in their accounts. The DLS building is the UK's national synchrotron which is a specialised asset. In accordance with the FREM the synchrotron has been professionally revalued as at 31 Mar 2024 on a depreciated replacement cost (DRC) basis by a specialist valuer Carter Jonas. Indexation has also been applied to DLS plant and machinery assets.

Further information can be found in note 1.13 on page 146 and the financial statements of the individual bodies' accounts.

## 7. Right of use assets

	2023–24 dept group			
	Land	Buildings	Plant, machinery and transport	Total
	£m	£m	£m	£m
<b>Cost or valuation</b>				
<b>Balance at 1 Apr 2023</b>	<b>105</b>	<b>178</b>	<b>1</b>	<b>284</b>
Additions	2	9	4	15
Disposals	-	(3)	-	(3)
Impairments	3	(6)	-	(3)
Remeasurements	-	2	-	2
Revaluations	66	(9)	-	57
<b>At 31 Mar 2024</b>	<b>176</b>	<b>171</b>	<b>5</b>	<b>352</b>
<b>Depreciation</b>				
Balance at 1 Apr 2023	(32)	(50)	(1)	(83)
Charged in year	(3)	(15)	(1)	(19)
Disposals	-	2	-	2
Revaluations	(2)	4	-	2
<b>At 31 Mar 2024</b>	<b>(37)</b>	<b>(59)</b>	<b>(2)</b>	<b>(98)</b>
<b>Carrying amount at 31 Mar 2024</b>	<b>139</b>	<b>112</b>	<b>3</b>	<b>254</b>
<b>Carrying amount at 31 Mar 2023</b>	<b>73</b>	<b>128</b>	<b>-</b>	<b>201</b>
<b>Of the total</b>				
Core department and agencies	(1)	22	-	21
NDPBs and other designated bodies	140	90	3	233
<b>Carrying amount at 31 Mar 2024</b>	<b>139</b>	<b>112</b>	<b>3</b>	<b>254</b>



<b>2022–23 dept group restated</b>				
	<b>Land</b>	<b>Buildings</b>	<b>Plant, machinery and transport</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Cost or valuation</b>				
<b>Balance at 1 Apr 2022</b>	<b>102</b>	<b>199</b>	<b>1</b>	<b>302</b>
Additions	-	6	-	<b>6</b>
Disposals	(1)	(18)	-	<b>(19)</b>
Remeasurements	-	1	-	<b>1</b>
Transfers	(5)	-	-	<b>(5)</b>
Revaluations	9	(10)	-	<b>(1)</b>
<b>At 31 Mar 2023</b>	<b>105</b>	<b>178</b>	<b>1</b>	<b>284</b>
<b>Depreciation</b>				
<b>Balance at 1 Apr 2022</b>	<b>(30)</b>	<b>(45)</b>	<b>(1)</b>	<b>(76)</b>
Charged in year	(1)	(18)	-	<b>(19)</b>
Disposals	1	16	-	<b>17</b>
Revaluations	(2)	(3)	-	<b>(5)</b>
<b>At 31 Mar 2023</b>	<b>(32)</b>	<b>(50)</b>	<b>(1)</b>	<b>(83)</b>
<b>Carrying amount at 31 Mar 2023</b>	<b>73</b>	<b>128</b>	<b>-</b>	<b>201</b>
<b>Carrying amount at 31 Mar 2022</b>	<b>72</b>	<b>154</b>	<b>-</b>	<b>226</b>
<b>Of the total</b>				
Core department and agencies	1	24	-	<b>25</b>
NDPBs and other designated bodies	72	104	-	<b>176</b>
<b>Carrying amount at 31 Mar 2023</b>	<b>73</b>	<b>128</b>	<b>-</b>	<b>201</b>

### Departmental group

Included in Buildings are UKRI's office buildings and both specialised and non-specialised (for valuation purposes) scientific buildings. UKRI had revaluations of right-of-use assets relating to land during the year, these did not result in any movement in related lease liabilities. Please refer to UKRI accounts for further information.

## 8. Intangible assets

	2023–24 dept group						Total £m
	Information technology £m	Software licences £m	Development expenditure £m	Patents £m	Assets under construction £m		
<b>Cost or valuation</b>							
<b>Balance at 1 Apr 2023</b>	<b>134</b>	<b>128</b>	<b>2</b>	<b>392</b>	<b>13</b>		<b>669</b>
Additions	2	2	-	-	7		11
Disposals	(9)	(68)	-	-	-		(77)
Reclassifications	3	-	2	-	(5)		-
Transfers	2	-	-	-	-		2
Revaluations	-	-	-	9	-		9
<b>At 31 Mar 2024</b>	<b>132</b>	<b>62</b>	<b>4</b>	<b>401</b>	<b>15</b>		<b>614</b>
<b>Amortisation</b>							
<b>Balance at 1 Apr 2023</b>	<b>(119)</b>	<b>(103)</b>	<b>-</b>	<b>(311)</b>	<b>-</b>		<b>(533)</b>
Charged in year	(6)	(10)	(1)	(17)	-		(34)
Disposals	9	67	-	-	-		76
<b>At 31 Mar 2024</b>	<b>(116)</b>	<b>(46)</b>	<b>(1)</b>	<b>(328)</b>	<b>-</b>		<b>(491)</b>
<b>Carrying amount at 31 Mar 2024</b>	<b>16</b>	<b>16</b>	<b>3</b>	<b>73</b>	<b>15</b>		<b>123</b>
<b>Carrying amount at 1 Apr 2023</b>	<b>15</b>	<b>25</b>	<b>2</b>	<b>81</b>	<b>13</b>		<b>136</b>
<b>Asset financing</b>							
Owned	16	16	3	73	15		123
<b>Carrying amount at 31 Mar 2024</b>	<b>16</b>	<b>16</b>	<b>3</b>	<b>73</b>	<b>15</b>		<b>123</b>
<b>Of the total</b>							
Core department and agencies	2	11	3	-	13		29
NDPBs and other designated bodies	14	5	-	73	2		94
<b>Carrying amount at 31 Mar 2024</b>	<b>16</b>	<b>16</b>	<b>3</b>	<b>73</b>	<b>15</b>		<b>123</b>

2022-23 dept group restated						
	Information technology	Software licences	Development expenditure	Patents	Assets under construction	Total
	£m	£m	£m	£m	£m	£m
<b>Cost or valuation</b>						
<b>At 1 Apr 2022</b>	132	122	-	394	2	650
Additions	2	4	-	-	19	25
Disposals	(8)	(1)	-	-	-	(9)
Reclassifications	7	3	2	-	(12)	-
Transfers in/(out)	1	-	-	-	4	5
Revaluations	-	-	-	(2)	-	(2)
<b>At 31 Mar 2023</b>	134	128	2	392	13	669
<b>Amortisation</b>						
<b>At 1 Apr 2022</b>	(118)	(93)	-	(298)	-	(509)
Charged in year	(8)	(11)	-	(13)	-	(32)
Disposals	7	1	-	-	-	8
<b>At 31 Mar 2023</b>	(119)	(103)	-	(311)	-	(533)
<b>Carrying amount at 31 Mar 2023</b>	15	25	2	81	13	136
<b>Carrying amount at 1 Apr 2022</b>	14	29	-	96	2	141
<b>Asset financing</b>						
Owned	15	25	2	81	13	136
<b>Carrying amount at 31 Mar 2023</b>	15	25	2	81	13	136
<b>Of the total</b>						
Core department and agencies	1	18	2	-	10	31
NDPBs and other designated bodies	14	7	-	81	3	105
<b>Carrying amount at 31 Mar 2023</b>	15	25	2	81	13	136

All software licences are acquired separately.

All information technology (IT) assets are internally generated. IT assets are initially classified as assets under construction and are not amortised until they are commissioned, at which time they are reclassified as IT.

## 9. Investments and loans in other public sector bodies

	Ordinary shares	Public dividend capital	Other investments and loans	Core dept and agencies total	Elimination of shares and other investments and loans held in NDPBs	NDPBs ordinary Shares	Dept group Total
	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 1 Apr 2022</b>	<b>234</b>	<b>65</b>	<b>255</b>	<b>554</b>	<b>(246)</b>	<b>226</b>	<b>534</b>
Additions	-	-	37	37	(37)	-	-
Reclassifications	-	-	(30)	(30)	30	-	-
Revaluation	(5)	-	-	(5)	5	-	-
<b>Balance at 31 Mar 2023 restated</b>	<b>229</b>	<b>65</b>	<b>262</b>	<b>556</b>	<b>(248)</b>	<b>226</b>	<b>534</b>
Transfers in	-	-	(38)	(38)	-	-	(38)
Additions	-	-	38	38	(1)	-	37
(Impairments)/impairment reversal	(1)	-	-	(1)	1	-	-
Revaluations	(3)	-	-	(3)	3	(3)	(3)
<b>Balance at 31 Mar 2024</b>	<b>225</b>	<b>65</b>	<b>262</b>	<b>552</b>	<b>(245)</b>	<b>223</b>	<b>530</b>

### 9.1 Ordinary shares in other public sector bodies

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
<b>Balance at 1 Apr</b>	<b>229</b>	<b>226</b>	<b>234</b>	<b>231</b>
(Impairments)/impairment reversal	(1)	-	-	-
Revaluations	(3)	(3)	(5)	(5)
<b>Balance at 31 Mar</b>	<b>225</b>	<b>223</b>	<b>229</b>	<b>226</b>
<b>Comprising</b>				
Ordinary shares held within the departmental boundary – held at cost	2	-	2	-
Ordinary shares held outside the departmental boundary – held at fair value	223	223	227	226
<b>Balance at 31 Mar</b>	<b>225</b>	<b>223</b>	<b>229</b>	<b>226</b>

## **Core department: Ordinary shares in other public sector bodies held within the departmental boundary**

### **UK Shared Business Services Limited (UKSBS)**

- The core department through the SoS holds 62,016,358 non-voting shares and one voting share in UKSBS, held at cost less provision for impairment of £2 million at 31 March 2024 (31 Mar 2023: £2 million).
- The company is a specialist business services organisation that provides finance, procurement, grants, information systems and HR and payroll services to the public sector. Its main objective is to improve the economy, efficiency and effectiveness of corporate services to bodies previously within the BEIS departmental group.

### **Core department: Ordinary shares held outside of the departmental boundary**

Share held outside of the departmental boundary are carried at fair value through other comprehensive income.

### **Ordnance Survey Limited**

- The core department through the SoS holds 34,000,002 ordinary shares in Ordnance Survey Limited (OSL) at a nominal value of £1 each which is 100% of the issued share capital.
- The shareholding is held at fair value, but as there is no active market for these shares the net asset value of OSL is considered to be a reasonable approximation for fair value. The fair value as at 31 Mar 2024 was £133 million (31 Mar 2023: £135 million).
- The principal objective of OSL is to produce mapping products and mapping data information.

### **NPL Management Limited**

- The core department through the SoS holds 76 ordinary shares in NPL Management Limited (NPLML) which is 100% of the issued share capital.
- NPLML has been set up to manage and operate the National Physical Laboratory.
- The shareholding is held at fair value, but as there is no active market for these shares the net asset value of NPLML is considered to be a reasonable approximation for fair value. The fair value as at 31 Mar 2024 was £90 million (31 Mar 2023: £91 million).

## 9.2 Public dividend capital

	UK Intellectual Property Office	Met Office	Total
	£m	£m	£m
<b>Balance at 1 Apr 2022</b>	<b>6</b>	<b>59</b>	<b>65</b>
Additions	-	-	-
Redemptions	-	-	-
Impairments	-	-	-
<b>Balance at 31 Mar 2023 restated</b>	<b>6</b>	<b>59</b>	<b>65</b>
Additions	-	-	-
Redemptions	-	-	-
Impairments	-	-	-
<b>Balance at 31 Mar 2024</b>	<b>6</b>	<b>59</b>	<b>65</b>

### Core department

Public dividend capital (PDC) is held by the core department. PDC is carried at historical cost less any impairment.

#### 9.2.1 Share of net assets and results for public dividend capital holdings outside the departmental consolidation boundary

The department is required to disclose its share of the net assets and the results for the year of other public sector bodies, which are outside of the departmental boundary. The following disclosures relate to the department's trading funds.

	UK Intellectual Property Office	Met Office
	£m	£m
<b>Net assets/(liabilities) at 31 Mar 2023</b>	<b>134</b>	<b>296</b>
Turnover	154	261
Surplus/profit (deficit/loss) for the year before financing	15	12
<b>Net assets/(liabilities) at 31 Mar 2024</b>	<b>138</b>	<b>299</b>
Turnover	155	270
<b>Surplus/profit (deficit/loss) for the year before financing</b>	<b>6</b>	<b>13</b>

The information presented for the reporting year was derived from the draft unaudited accounts of the entities. The information for 2022–23 was derived from their audited accounts. The accounts were prepared on an IFRS basis, in accordance with the requirements of the FREM.

## 9.3 Loans in public sector bodies

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
<b>Balance at 1 April</b>	<b>262</b>	<b>242</b>	<b>255</b>	<b>237</b>
Transfers	(38)	(38)	(30)	(30)
Additions	38	37	37	35
<b>Balance at 31 Mar</b>	<b>262</b>	<b>241</b>	<b>262</b>	<b>242</b>

### Core department

The most significant loans are detailed below.

#### Met Office loans

The core department's loans with the Met Office fund UK membership of EUMETNET. EUMETNET is a non-EU international organisation, set up to develop, launch and monitor meteorological satellites which provide global data for weather forecasting.

The total carrying amount at 31 Mar 2024 is £233 million (31 Mar 2023: £236 million). Of this, the non-current element, reported in the table above, is £200 million (31 Mar 2023: £205 million). The current element, shown within the 'investments and loans in public bodies' line in the current assets section of the SOFP, is £33 million (31 Mar 2023: £31 million). The loans are reported at amortised cost under IFRS 9.

The loans are to a non-consolidated body and not eliminated on consolidation.

## 9.4 Special shares

The Secretary of State holds one special share in the entity listed below. A summary of the significant terms of the shareholding has been included. Further details can be obtained from the annual report and financial statements of the entity or their Articles of Association. The core department does not recognise the special or 'golden' shares on its SOFP.

### OneWeb Holdings Limited – \$0.01 USD special share

Incorporated in 2020. The Secretary of State for Science, Innovation and Technology has a special 'B' share. The written consent of the special shareholder is required for any of the following:

- any change in the nature or scope of the business of the group or any commencement of new activity outside its existing course of business
- any amendments to the company's articles of association or any other governing and constitutional documents
- any change to the location of the group's executive management team, headquarters or centre of operations
- any group member entering into, or amending, any contract, arrangement or relationship which may prejudice the group's ability to enter into contracts, arrangements or relationships with certain parties
- any change to the technical and technology standards of any of the group's operations

- the sale by any group member of any product or service which is going to be used for a defence or national security application
- the entry by any group member into arrangements notifiable under a tax disclosure regime
- any change to the jurisdiction of tax residence
- any change to the corporate structure or activities of any group member which may impact the jurisdiction of tax residence or have a negative reputational impact arising from tax matters

## 10. Other financial assets

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
<b>Balance at 1 April</b>	<b>15</b>	<b>569</b>	<b>17</b>	<b>599</b>
Additions	-	73	-	172
Repayments	(3)	(41)	(3)	(152)
Unwinding of discount	1	1	1	1
Amortisation	-	-	-	5
Revaluations	-	(3)	-	(52)
Impairments	-	(12)	-	(4)
<b>Balance at 31 Mar</b>	<b>13</b>	<b>587</b>	<b>15</b>	<b>569</b>

### Other financial assets analysed between current and non-current assets

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Due within 12 months	2	2	1	1
Due after 12 months	11	585	14	568
<b>Total</b>	<b>13</b>	<b>587</b>	<b>15</b>	<b>569</b>



## 10.1 Other loans and investments

	Gilts and bonds	Private sector loans	Private sector shares	Investment funds	Total
	£m	£m		£m	£m
<b>Balance at 1 Apr 2022</b>	<b>43</b>	<b>164</b>	<b>83</b>	<b>309</b>	<b>599</b>
Additions	-	20	12	140	172
Redemptions	(38)	(9)	(6)	(99)	(152)
Revaluations	(3)	(11)	(5)	(33)	(52)
Unwinding of discount	-	1	-	-	1
Impairments	-	(4)	-	-	(4)
Amortisation	-	5	-	-	5
<b>Balance at 1 Apr 2023</b>	<b>2</b>	<b>166</b>	<b>84</b>	<b>317</b>	<b>569</b>
Additions	-	27	23	23	73
Redemptions	-	(10)	(7)	(24)	(41)
Revaluations	-	(15)	3	9	(3)
Unwinding of discount	-	1	-	-	1
Impairments	-	(11)	(1)	-	(12)
<b>Balance at 31 Mar 2024</b>	<b>2</b>	<b>158</b>	<b>102</b>	<b>325</b>	<b>587</b>
<b>Of the total</b>					
Core department and agencies	-	13	-	-	13
NDPBs and other designated bodies	2	145	102	325	574
<b>Balance at 31 Mar 2024</b>	<b>2</b>	<b>158</b>	<b>102</b>	<b>325</b>	<b>587</b>

### Departmental group

#### Private sector loans

UK Research and Innovation (UKRI) have entered into loan agreements with parties within the private sector. The loans within the departmental group are carried at amortised cost and fair value through profit or loss.

As at 31 Mar 2024, £145 million of loans were held by NDPBs and other designated bodies of which UKRI (STFC and Innovate UK) held £134 million (31 Mar 2023: £151 million; UKRI held £141 million).

#### Private sector shares

At 31 Mar 2024 £102 million of private sector shares were held by NDPBs and other designated bodies (31 Mar 2023: £84 million). These were held by NESTA Trust, BTI and UKRI. The majority of these loans are measured at 'fair value through profit or loss', with fair value movements going directly to the SOCNE.

The fair values are estimated based on a variety of valuation techniques, adopted by the investment managers that comply with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines or the valuation guidelines produced by the British Venture Capital Association (BVCA). Valuation techniques used include the use of earnings multiples, discounted cashflows analysis, and net asset values.

## Investment funds

The value invested by NDPBs and other designated bodies at 31 Mar 2024 was £325 million (31 Mar 2023: £317 million) all held by NESTA Trust. In accordance with IFRS 9, the investments are measured at 'fair value through profit or loss' with fair value movements going directly to the SOCNE.

The carrying value of all investments is at market value except where we are unable to obtain a reliable estimate of market value. The market values of quoted investments are based on externally reported bid prices at the balance sheet date. Equity investments, high yield bonds, and property trusts are held in pooled funds and are stated at market value, being the market value of the underlying investments held. These valuations are provided by the relevant fund manager.

Private equity investments are held through funds managed by private equity managers. As there is no identifiable market price for private equity funds, these funds are included at the most recent valuations adjusted for any cash calls and distributions provided by the private equity managers.

## 11. Investments in joint ventures and associates

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
<b>Balance at 1 April</b>	<b>324</b>	<b>818</b>	<b>376</b>	<b>822</b>
Additions	243	243	-	14
Disposals	(286)	(286)	-	-
Profit/(loss)	(57)	(70)	(52)	(40)
Revaluations	1	140	-	22
<b>Balance at 31 Mar</b>	<b>225</b>	<b>845</b>	<b>324</b>	<b>818</b>

### Core department

#### Eutelsat Group financial information

	2023–24	2022–23
	£m	£m
<b>Summarised</b>		
Current assets	1,273	1,016
Non-current assets	6,358	5,343
Current liabilities	(702)	(611)
Non-current liabilities	(3,343)	(3,112)
Revenue	496	971
Profit/(loss) from continuing activities	(164)	282
<b>Other</b>		
Cash and cash equivalents	778	414
Current financial liabilities (excl trade and other payables and provisions)	(173)	(124)
Non-current financial liabilities (excl trade and other payables and provisions)	(2,878)	(2,672)
Finance costs and interest expense	(48)	(59)
Income tax expense or income	25	(57)

#### Eutelsat Communications Group

In 2020–21 the core department made a £374 million equity investment in OneWeb Holdings Limited, which is an operator of cutting-edge satellites in the UK and in the US. This constituted 17.6% of the ordinary shares in circulation.

In July 2022, Eutelsat Communications Group and OneWeb's leading shareholders signed a memorandum of understanding with a view to a business combination between the two companies via a share exchange transaction, aimed at creating a global leader in

connectivity. The Extraordinary General Meeting of Eutelsat shareholders approved the combination on 28 September 2023, resulting in the successful completion of the transaction. Upon completion, DSIT took ownership of 10.89% of Eutelsat Group's shares, which are listed on the Paris and London Stock Exchanges.

The core department continues to account for this investment as an associate using the equity method after concluding that the "significant influence" criteria in IAS 28 (Investments in Associates and Joint Ventures) continues to be met. This is because HMG has representation on the Eutelsat board of directors and continues to hold a special share with protective rights in the OneWeb Holdings subsidiary. The value of the core department's holding at 31 March 2024 is £224.7 million, reflecting the core department's share of post-acquisition net loss of the associate. There were no dividends received from the associate in 2023–24.

Eutelsat Group's financial statements are prepared in accordance with IFRS. The financial statements are prepared to 30 June and are presented in Euros. Eutelsat's headquarters is located at 32 Boulevard Gallieni, 92130 Issy-les-Moulineaux, Paris.

The summarised financial information below has been compiled from:

- Eutelsat Group's consolidated financial statements as of 30 June 2023 (converted using the spot rate at 30 June 2023)
- Eutelsat Group's condensed consolidated half year financial statements as of 31 December 2023 (converted using the spot rate at 29 December 2023)

The 2023–24 financial information below is based on the half-year financial statements of Eutelsat Group, between 1 July and 31 December 2023. At the time of publication, the full year consolidated financial statements were not available.

## Departmental group

### Crick financial information

	2023–24	2022–23
	£m	£m
<b>Summarised</b>		
Non-current assets	468	482
Current assets	164	155
Current liabilities	(79)	(81)
Revenue	217	210
Profit/(loss) from continuing activities	(4)	(9)
<b>Other</b>		
Cash and cash equivalents	11	12
Depreciation and amortisation	(38)	(35)
Capital commitments	5	5

### The Francis Crick Institute Limited

The Francis Crick Institute (the Crick) was established in 2010 to deliver a world class interdisciplinary biomedical research centre. UKRI holds 42% (31 March 2023: 42%) of the ordinary shares in the Crick. The remaining shares are held by Cancer Research UK, University College London, the Wellcome Trust, Kings College London and Imperial College of Science, Technology and Medicine. The department accounts for its investment in the Crick as a joint venture under the equity method. The value of the departmental group's investment at 31 March 2024 is £456 million (31 March 2023: £316 million), reflecting the departmental group's share of post-acquisition net profit or (loss) of the joint venture.

The revaluation of investment in the Francis Crick Institute (FCI) relates to the adjustment required to account for differences in accounting policy between UKRI and FCI. The adjustment is taken to the revaluation reserve. The FCI property was professionally revalued during 2023–24, as at 31 December 2023 by Carter Jonas LLP, Chartered Surveyors, an independent valuer.

The Crick's financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP 2nd Edition (FRS 102)). The financial statements are prepared to 31 March and presented in pounds sterling.

The principal place of business is Midland Road, London.

## HSIC Holdings LP financial information

	2023–24	2022–23
	£m	£m
<b>Summarised</b>		
Non-current assets	369	311
Current assets	36	34
Current liabilities	(10)	(6)
Non-current liabilities	(182)	(103)
Profit/(loss) from continuing activities	24	(27)
<b>Other</b>		
Cash and cash equivalents	6	4

### Harwell Science and Innovation Campus Limited Partnership

Harwell Science and Innovation Campus Limited Partnership has an investment in the joint venture which represents the Harwell Science and Innovation Campus Public Sector General Partner Limited (HSIC PubSP) share of net assets of HSIC Holdings LP, a UK registered Limited Partnership. HSIC Holdings LP is a joint venture between the Partnership and Harwell Oxford Developments Ltd which is the sole limited partner of Harwell Science and Innovation Campus Limited Partnership. HSIC PubSP has a 50% share in HSIC Holdings LP. The department accounts for its investment as a joint venture under the equity method. The value of the departmental group's investment at 31 March 2024 is £106 million (31 March 2023: £118 million), reflecting the departmental group's share of post-acquisition net profit or (loss) of the joint venture.

Within non-current assets there is £369 million of investment properties (31 March 2023: £311 million). The investment properties have been valued at market value as at 31 March 2024 using information provided by Radice Chartered Surveyors, independent chartered surveyors. The valuation was carried out in accordance with the provisions of RICS definition of market value. The market value has been determined having regard to factors such as current and future projected income levels, taking account of location, quality of the building and recent market transactions in the sector. Changes in these assumptions such as the valuation basis applied in comparable market transactions, or the income level generated by the investment property could materially impact the valuation of the investment properties.

### Other

There are other joint ventures and associates held by UKRI which are not material and further information can be found in the financial statements of UKRI.

## 12. Trade receivables, financial and other assets

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
<b>Amounts falling due within 1 year</b>				
Trade receivables	49	303	(16)	75
Other receivables				
VAT and other taxation	26	26	19	18
Other	191	230	68	105
Contract assets	-	10	-	15
Prepayments	599	886	79	442
Accrued income	24	370	21	116
<b>Total</b>	<b>889</b>	<b>1,825</b>	<b>171</b>	<b>771</b>
<b>Amounts falling due after more than 1 year</b>				
Trade receivables	-	1	-	2
Other receivables	-	5	-	4
Contract assets	-	5	-	4
Prepayments	1	(3)	-	(3)
Accrued income		1		2
<b>Total</b>	<b>1</b>	<b>9</b>	<b>-</b>	<b>9</b>
<b>Total receivables at 31 Mar</b>	<b>890</b>	<b>1,834</b>	<b>171</b>	<b>780</b>

### Core department

Prepayments and accrued income due within one year includes a £529 million prepayment relating to the department's participation in the Horizon Europe and Copernicus programmes.

### Departmental group

In 2023–24, total trade and other receivables was valued at £1,834 million (31 March 2023: £780 million), an increase of £1,054 million. The majority of the total and increase is directly attributed to prepayments which was valued at £883 million (31 March 2023: £439 million). This is mostly related to DSIT Core of £536 million (31 March 2023: £364 million), UK Space Agency of £61 million (31 March 2023: £1 million) and Innovate UK of £84 million (31 March 2023: £52 million). Further increases are the result of accrued income increasing from £116 million to £370 million, which mostly consisted of Innovate UK with £306 million (31 March 2023: £53 million). Reasons behind Innovate UK's (IUK) increase is linked to the machinery of government changes, where IUK now invoices other government bodies for funded programmes.

## 13. Cash and cash equivalents

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Balance at 1 April	402	654	1,202	1,602
Net change in cash and cash equivalent balances	1,250	1,795	(800)	(948)
<b>Balance at 31 Mar</b>	<b>1,652</b>	<b>2,449</b>	<b>402</b>	<b>654</b>
<b>The following balances were held at</b>				
The Government Banking Service (GBS)	1,636	2,311	378	517
Commercial banks and cash in hand	16	124	24	123
Short term investments	-	14	-	14
<b>Balance at 31 Mar</b>	<b>1,652</b>	<b>2,449</b>	<b>402</b>	<b>654</b>

## 14. Trade payables, financial and other liabilities

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
<b>Amounts falling due within 1 year</b>				
VAT, social security and other taxation	3	16	2	15
Trade payables	45	141	27	163
Other payables	136	222	68	89
Contract liabilities	-	27	-	18
Other accruals	347	1,616	164	1,469
<b>Of which:</b>				
Grant accruals - Innovate UK	-	702	-	673
Grant accruals - Engineering and Physical Sciences Research Council	-	175	-	67
Grant accruals - Medical Research Council	-	123	-	210
Other grant accruals	4	67	8	114
Goods received not invoiced (GRNI) accruals	206	365	72	262
Accrued expenses	130	175	81	139
Other	7	9	3	4
Deferred income	-	66	-	76
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,520	1,520	375	375



	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Consolidated Fund extra receipts due to be paid to the Consolidated Fund: Received	141	141	23	28
<b>Total</b>	<b>2,192</b>	<b>3,749</b>	<b>659</b>	<b>2,233</b>
<b>Amounts falling due after more than 1 year</b>				
Other payables, accruals and deferred income	-	111	-	110
<b>Total</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>110</b>
<b>Total payables at 31 Mar</b>	<b>2,192</b>	<b>3,860</b>	<b>659</b>	<b>2,343</b>

### Core department

The largest component of the core department's payables was £141 million payable to HM Treasury in relation to CFERs (Consolidated Fund Extra Receipts) collected from Ofcom which is disclosed under Consolidated Fund extra receipts due to be paid to the Consolidated Fund: Received.

### Departmental group

The largest group component relates to grant accruals for Innovate UK (2023–24: £702 million, 2022–23: £673 million), EPSRC (2023–24 £175 million, 2022–23: £67 million), and MRC (2023–24: £123 million, 2022–23: £210 million). These entities are part of UKRI, whose financial statements include a grant accrual for each project where it has been determined that there is an unclaimed amount at the year end that is due to participants. Further information regarding UKRI's approach to the estimates involved in the calculation of grant accrual figures can be found in the UKRI financial statements, within the accounting policy note.

## 15. Lease liabilities

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
<b>Land</b>				
Later than 5 years	-	1	-	-
<b>Total</b>	-	<b>1</b>	-	-
Less interest element	-	1	-	-
<b>Present value of obligations</b>	-	<b>2</b>	-	-
<b>Buildings</b>				
Not later than one year	2	9	4	12
Later than one year and not later than 5 years	4	48	5	43
Later than 5 years	7	76	8	72
<b>Total</b>	<b>13</b>	<b>133</b>	<b>17</b>	<b>127</b>
Less interest element	(3)	(35)	(3)	(25)
<b>Present value of obligations</b>	<b>10</b>	<b>98</b>	<b>14</b>	<b>102</b>
<b>Other</b>				
Not later than one year	-	1	-	-
Later than one year and not later than 5 years	-	3	-	-
Later than 5 years	-	-	-	-
<b>Total</b>	-	<b>4</b>	-	-
Less interest element	-	(1)	-	-
<b>Present value of obligations</b>	-	<b>3</b>	-	-
<b>Total present value of obligations</b>	<b>10</b>	<b>103</b>	<b>14</b>	<b>102</b>
Current	2	9	4	12
Non-current	8	94	10	90

### Additional analysis

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Interest on lease liabilities	1	3	-	2
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	7	-	5

## 16. Provisions for liabilities and charges

	Note	31 Mar 2024		31 Mar 2023 restated	
		Core dept and agencies	Dept group	Core dept and agencies	Dept group
		£m	£m	£m	£m
<b>Current liabilities</b>					
Not later than 1 year		-	3	-	9
<b>Total</b>		-	<b>3</b>	-	<b>9</b>
<b>Non-current liabilities</b>					
Later than 1 year and not later than 5 years		-	21	1	21
Later than 5 years		-	180	-	191
<b>Total</b>		-	<b>201</b>	<b>1</b>	<b>212</b>
<b>Total at 31 Mar</b>		-	<b>204</b>	<b>1</b>	<b>221</b>
<b>Total provisions</b>					
Other	16.1	-	204	1	221
<b>Total at 31 Mar</b>		-	<b>204</b>	<b>1</b>	<b>221</b>

The provision liabilities in tables 31.1 and 31.2 below have been discounted to present value using discount rates as provided by HM Treasury. Discounting as at 31 March 2023 and 31 March 2024 has been applied to nominal cashflows which include allowance for future inflation using a forecast of consumer price inflation provided by HM Treasury except where a more appropriate forecast has been identified for specific provisions. The impact of the change in the discounting approach is included in the 'Change in discount rate' movement of provisions.

	31 Mar 2024			31 Mar 2023		
	Nominal discount rate	Inflation rate	Equivalent real discount rate	Nominal discount rate	Inflation rate	Equivalent real discount rate
Cash outflows expected within 2 years	4.26%	3.60%	0.64%	3.27%	7.40%	(3.85)%
Cash outflows expected between 2–5 years	4.26%	1.95%	2.27%	3.27%	1.65%	1.59%
Cash outflows expected between 5–10 years	4.03%	2.00%	1.99%	3.20%	2.00%	1.18%
Cash outflows expected after 10 years	4.45%	2.00%	2.40%	3.08%	2.00%	1.06%

Allowances for future inflation and discounting can impact on reported liabilities significantly; uninflated, undiscounted equivalent values are provided in the descriptions of the provisions below to illustrate the effect.

## 16.1 Provisions analysis

	Core and agencies	Dept group total
	£m	£m
<b>Balance at 1 Apr 2022</b>	<b>1</b>	<b>303</b>
Change in discount rate	-	(73)
Provisions not required written back	-	(21)
Provisions utilised in the year	-	(1)
Provided in year	-	11
Unwinding of discount	-	2
<b>Balance at 31 Mar 2023</b>	<b>1</b>	<b>221</b>
<b>Balance at 1 Apr 2023</b>	<b>1</b>	<b>221</b>
Change in discount rate	-	(16)
Provisions not required written back	-	(9)
Provisions utilised in the year	(1)	(3)
Provided in year	-	7
Unwinding of discount	-	4
<b>Balance at 31 Mar 2024</b>	<b>-</b>	<b>204</b>
<b>Estimated forward discounted cashflows as at 31 Mar 2024</b>		
Not later than 1 year	-	3
Later than 1 year and not later than 5 years	-	21
Later than 5 years	-	180
<b>Total</b>	<b>-</b>	<b>204</b>

### Departmental group

Overall provisions are £204 million (2022–23: £221 million). The majority of the balance is attributed to STFC (2023–24: £148 million) and NERC (2023–24: £31 million), which both sit under UKRI. This mostly relates to the UKRI's share of Institut Laue-Langevin (ILL) Decommissioning provisions, and provisions to cover decommissioning of ISIS Spallation Neutron Source facility and construction of Waste Separation Facility (WSF). Refer to UKRI accounts for more information.

## 17. Retirement benefit obligations

The departmental group consolidates 3 defined benefit pension arrangements from ALB's. The details of each scheme are discussed below.

All schemes are accounted for in accordance with IAS 19 'Employee Benefits'. They are subject to the UK regulatory framework and under the scope of the scheme specific funding requirement. The schemes' trustees are responsible for operating these defined benefit plans and have a statutory responsibility for ensuring the schemes are sufficiently funded to meet current and future benefit payments.

Defined benefit scheme liabilities expose the departmental group to material financial uncertainty, arising from factors such as changes in life expectancy and in the amount of pension payable. Some scheme investments, such as equities, should offer long-term growth in excess of inflation, but can be more volatile in the shorter term than government bonds.

## UK Research and Innovation

UK Research and Innovation (UKRI) operates the legacy Medical Research Council (MRC) funded defined benefit, final salary pension scheme (MRCPS).

Following the transfer of MRC research units and employees to universities, a University section was set up to account for the obligations to individuals that remain in the MRCPS. During the period obligations of £4.6 million were recognised under Section 75 (S.75) of the 1995 Pensions Act in respect of liabilities of transferred employees; the University section, has been set up within MRCPS to manage S.75 liabilities. These costs are reflected in the valuation of the pension scheme.

A full actuarial evaluation was undertaken as at 31 December 2022 which was rolled forward by the actuary to determine the approximate position as at 31 March 2024.

The key assumptions are discount rate of 4.75% (2022–23: 4.65%) and rate of increase in pension payments of 2.75% (2022–23: 2.60%). A decrease of 0.5% in the discount rate would lead to an increase of approximately 8.2% in the total liability, while a decrease of 0.5% in the rate of increase in pensions would lead to an approximate 5.7% reduction.

As at 31 March 2024, the weighted average maturity of the scheme as a whole is 16 years.

Further details regarding the nature of the benefits provided, regulatory framework, actuarial assumptions, sensitivity analysis, key risks and risk management policy including asset-liability matching strategies, and any funding arrangements or funding policy that may affect future contributions can be found in the accounts of UKRI.

## The Office of Communications

Ofcom has a range of pension schemes which include a defined contributions plan, defined benefit plans and unfunded plans. Ofcom's primary means of providing pension benefits to its colleagues is by contributing to a stakeholder pension plan. Ofcom operates two defined benefit pension plans.

Ofcom's cash contributions to these two plans are determined in accordance with the Pensions Act 2004. This requires a significantly more prudent measure of the liabilities than IFRS. Pensions Act 2004 funding valuations with an effective date of 31 March 2021 were completed for both defined benefit plans.

The key assumptions are discount rate of 4.85% (2022–23: 4.80%) and rate of increase in pension payments of 2.05% (2022–23: 1.95%) on the CPI basis.

As at 31 March 2024, the weighted average maturity of the scheme as a whole is 10 years.

Further details can be found in the accounts of Ofcom.

	31 Mar 2024	31 Mar 2023 restated
	Funded pension schemes	Funded pension schemes
	£m	£m
<b>Present value of defined benefit obligation at 1 Apr</b>	<b>1,424</b>	<b>1,904</b>
Interest cost	54	52
Current service cost	17	33
Benefits paid, transfers in and expenses	(70)	(61)
Actuarial (gains)/losses	(8)	(508)
Employee contributions	4	4
<b>Present value of defined benefit obligation at 31 Mar</b>	<b>1,421</b>	<b>1,424</b>
<b>Fair value of assets at 1 Apr</b>	<b>2,172</b>	<b>2,343</b>
Expected return on plan assets	90	56
Employer contributions	18	24
Benefits paid, transfers in and expenses	(70)	(62)
Actuarial gains/(losses)	25	(193)
Employee contributions	4	4
<b>Fair value of assets at 31 Mar</b>	<b>2,239</b>	<b>2,172</b>
<b>Net (asset)/liability at 31 Mar</b>	<b>(818)</b>	<b>(748)</b>

### Net (asset)/liability by scheme

	31 Mar 2024			31 Mar 2023 restated		
	Present value of defined benefit obligation	Fair value of assets	Net liability/(asset)	Present value of defined benefit obligation	Fair value of assets	Net liability/(asset)
	£m	£m	£m	£m	£m	£m
UK Research and Innovation(a)	1,237	2,046	(809)	1,218	1,955	(737)
Ofcom	184	193	(9)	206	217	(11)
<b>Total net (asset)/liability at 31 Mar</b>	<b>1,421</b>	<b>2,239</b>	<b>(818)</b>	<b>1,424</b>	<b>2,172</b>	<b>(748)</b>

### Additional notes

Pension scheme assets are recognised to the extent that they are recoverable and pension scheme liabilities are recognised to the extent that they reflect a constructive or legal obligation. The accounting judgements applied in recognising net assets for each pension scheme are summarised below:

- (a) The net asset is recognised as UKRI derives benefits from the reduced contributions to the scheme.
- (b) The Principal Employer (with any other Participating Employer in respect of the relevant section) has an unconditional right to a refund of surplus.

## Asset allocation

	31 Mar 2024	31 Mar 2023 restated
	£m	£m
Equities	1,067	1,131
Property	350	376
Bonds	466	395
Other growth assets	184	200
Other	172	70
<b>Balance at reporting date</b>	<b>2,239</b>	<b>2,172</b>

The UKRI schemes' total assets of £2,039 million (31 March 2023: £1,956 million) included £1,060 million (31 March 2023: £1,124 million) of equities, of which approximately £698 million (31 March 2023: £781 million) were unquoted equity investments, and £350 million (31 March 2023: £376 million) of property assets. The Ofcom schemes' total assets of £200 million (31 March 2023: £216 million) included £185 million of other growth assets (31 March 2023: £200 million).

## Expected contribution over the next accounting period

It is possible that the actual amount paid might be different from the estimated amount. This may be due to contributions, benefits payments or pensionable payroll differing from expected, changes to schemes' benefits or settlement/curtailment events that are currently unknown.

	31 Mar 2024	31 Mar 2023 restated
	£m	£m
UK Research and Innovation	18	21
Ofcom	1	1
<b>Total</b>	<b>19</b>	<b>22</b>

## Major actuarial assumptions for Ofcom and UKRI

	Ofcom		UKRI	
	2023-24	2022-23 restated	2023-24	2022-23 restated
Discount rate	4.9%	4.8%	4.8%	4.7%
Inflation (Consumer Price Index)	-	2.0%	n/a*	n/a*
Life expectancy in years at 65, currently aged 65 (male)	n/a*	n/a*	21.6	22.4
Life expectancy in years at 65, currently aged 45 (male)	n/a*	n/a*	23.1	24.1
Life expectancy in years at 65, currently aged 65 (female)	n/a*	n/a*	23.6	23.6
Life expectancy in years at 65, currently aged 45 (female)	n/a*	n/a*	24.9	25.2

### Additional notes

\* Ofcom uses life expectancy in years at 60, currently aged 40 for both male and females

## Sensitivity analysis

The increase in liability that would result from changes in these actuarial assumptions.

	Ofcom	UKRI
	£m	£m
0.05 percentage point decrease in annual discount rate	12	101
0.05 percentage point increase in inflation assumption	11	n/a
1 year increase in life expectancy	9	47

## 18. Capital and other commitments

### Total minimum payments for capital, lease and other commitments

	Note	31 Mar 2024		31 Mar 2023 restated	
		Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m
Contracted capital commitments	18.1	4	464	13	375
Other financial commitments	18.2	11,934	25,237	2,063	12,272
<b>Total</b>		<b>11,938</b>	<b>25,701</b>	<b>2,076</b>	<b>12,647</b>

### 18.1 Capital commitments

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m
<b>Contracted capital commitments not otherwise included in these financial statements</b>				
Property, plant and equipment	-	415	-	290
Intangible assets	4	4	13	13
Loans, investments	-	45	-	72
<b>Total</b>	<b>4</b>	<b>464</b>	<b>13</b>	<b>375</b>

### Departmental group

Capital commitments as at 31 March 2024 include the following significant items:

- Property, plant and equipment commitments for United Kingdom Research and Innovation (UKRI) of £373 million (31 March 2023: £283 million).



## 18.2 Other financial commitments

The departmental group has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) for subscriptions to international bodies and various other expenditures. Future payments to which the departmental group is committed are as follows:

	31 Mar 2024		31 Mar 2023 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Not later than one year	2,160	7,759	764	5,423
Later than 1 year and not later than 5 years	9,579	17,037	1,295	6,685
Later than 5 years	195	441	4	164
<b>Total</b>	<b>11,934</b>	<b>25,237</b>	<b>2,063</b>	<b>12,272</b>

### International subscriptions

The financial commitments payable include subscriptions payable to international bodies, analysed by the period in which the payments are due:

	Note				Total	Total
		Within 1 year	Later than 1 year and not later than 5 years	Later than 5 years	31 Mar 2024	31 Mar 2023 restated
		£m	£m	£m	£m	£m
Horizon Europe	2	997	6,243	-	7,240	-
Copernicus	2	62	398	-	460	-
European Space Agency	3	427	1,601	156	2,184	1,132
Other subscriptions		1	3	4	8	7
<b>Total core dept and agencies</b>		<b>1,487</b>	<b>8,245</b>	<b>160</b>	<b>9,892</b>	<b>1,139</b>
European Organisation for Nuclear Research (CERN)	4	171	100	-	271	271
Institut Laue Langevin (ILL)	5	20	84	39	143	81
Other subscriptions	6	108	199	58	365	346
<b>Total dept group</b>		<b>1,786</b>	<b>8,628</b>	<b>257</b>	<b>10,671</b>	<b>1,837</b>

### Additional notes

- The departmental group is required to subscribe to a number of bodies on an on-going and continuous basis. These subscriptions are paid in euros, Swiss francs and pounds sterling. The subscriptions described below are paid in euros or Swiss francs and amounts paid are subject to fluctuations due to exchange rate differences.
- The core department is responsible for paying the UK's contribution to the Horizon Europe and Copernicus programmes to the European Commission.
- The UK Space Agency pays international subscriptions to the European Space Agency (ESA) 3 times a year and these amounts are agreed several years in advance. The payments reported reflect existing commitments on forward exchange contracts placed with the Bank of England to cover periods to January 2026. The annual subscriptions are to be set at a minimum of €300 million and will be aligned with the agreed ESA programmes activity. It is expected that these amounts will be paid by means of forward exchange contracts or amounts translated on the date of payment.  
The figures for the year ended 31 March 2023 have been restated to represent the full 100%

- commitment for UKSA ESA subscriptions.
4. United Kingdom Research and Innovation (UKRI) shares the funding of the capital and running costs of CERN with other major scientific nations. There is a notice of withdrawal period of 12 months after the end of the current calendar year.
  5. The UK, through UKRI, has signed up to International Conventions, with respect to Institut Laue-Langevin (ILL). The 5th protocol of the Intergovernmental Convention was signed in July 2013 and will remain in force until 31 December 2023. Thereafter it shall be tacitly extended from year to year unless any of the governments give written notification to the other governments of its intention to withdraw from the Convention. Any such withdrawal will take effect upon the expiry of two years from the date of receipt of the notification by any of the other governments or on such later date as may be specified in the notification.
  6. UKRI had a number of other commitments in respect of membership of international collaborations, including subscriptions to Square Kilometre Array of £105 million as at 31 Mar 2024 (31 Mar 2023: £134 million). Refer to UKRI accounts for more information.

## Other commitments

The financial commitments payable in future years include payments due under non-cancellable contracts to the organisations below.

					31 Mar 2024	31 Mar 2023 restated
		Within one year	Later than one year and not later than 5 years	Later than 5 years	Total	Total
	Note	£m	£m	£m	£m	£m
Ordnance Survey	1	129	260		389	434
Met Office	1	143	-	-	143	113
GIS Contracts	2	275	1,074	35	1,384	237
Other commitments		126	-	-	126	140
<b>Total core dept and agencies</b>		<b>673</b>	<b>1,334</b>	<b>35</b>	<b>2,042</b>	<b>924</b>
UKRI grants	3	5,300	7,075	149	12,524	9,511
<b>Total dept group</b>		<b>5,973</b>	<b>8,409</b>	<b>184</b>	<b>14,566</b>	<b>10,435</b>

### Additional notes

1. The core departments largest non-cancellable contractual commitments are to Ordnance Survey for the Public Sector Geospatial Agreement and the Met Office for the Public Weather Service.
2. BDUK have contractual obligations with suppliers to deliver gigabit-capable broadband via the GIS programme. The total commitment as at 31 March 2024 is £1,384 million (31 March 2023: £237 million). Further details can be found in the BDUK annual report and accounts.
3. UKRI have contractual obligations for grant commitments. The total commitment as at 31 March 2024 is £12,524 million (31 March 2023: £9,511 million). Further details can be found in the UKRI annual report and accounts.

## 19. Financial instruments

Financial instruments are detailed below at their carrying amounts within the relevant categories.

### Financial assets

	Note	31 Mar 2024		31 Mar 2023 restated	
		Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m
<b>Held at amortised cost</b>					
Cash and cash equivalents	13	1,652	2,449	402	654
Receivables <sup>1</sup>	12	266	565	71	204
Loans to public sector bodies <sup>2</sup>	9.3	299	278	297	277
Other financial assets and private sector loans	10.1	13	111	15	105
<b>Total</b>		<b>2,230</b>	<b>3,403</b>	<b>785</b>	<b>1,240</b>
<b>Held at mandatory FVPL: fair value through profit of loss</b>					
Derivatives		-	-	9	9
Other financial assets and private sector loans	10.1	-	447	-	439
<b>Total</b>		<b>-</b>	<b>447</b>	<b>9</b>	<b>448</b>
<b>Held at FVOCI: fair value through other comprehensive income</b>					
Ordinary shares in public sector companies <sup>3</sup>	9.1	223	223	227	226
Other financial assets	10.1	-	29	-	25
<b>Total</b>		<b>223</b>	<b>252</b>	<b>227</b>	<b>251</b>
<b>Public dividend capital</b>					
Public dividend capital	9.2	65	65	65	65
<b>Total</b>		<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>

## Financial liabilities

	Note	31 Mar 2024		31 Mar 2023 restated	
		Core dept and agencies £m	Dept group £m	Core dept and agencies £m	Dept group £m
<b>Held at amortised cost</b>					
Payables <sup>1</sup>	14	(1,845)	(2,040)	(495)	(670)
<b>Total</b>		<b>(1,845)</b>	<b>(2,040)</b>	<b>(495)</b>	<b>(670)</b>
<b>Held at mandatory FVPL: fair value through profit or loss</b>					
Derivatives		(30)	(37)	-	(2)
<b>Total</b>		<b>(30)</b>	<b>(37)</b>	<b>-</b>	<b>(2)</b>
<b>Held at designated FVPL: fair value through profit or loss</b>					
Loan commitment liabilities		-	(3)	-	(1)
<b>Total</b>		<b>-</b>	<b>(3)</b>	<b>-</b>	<b>(1)</b>

### Additional notes

1. The amounts disclosed above as payables and receivables exclude any assets or liabilities which do not arise from a contractual arrangement.
2. This is comprised of loans to public sector bodies and other loans and investments in other public sector bodies detailed in note 9.3 on page 175.
3. Ordinary shares in public sector companies excludes bodies that are consolidated in the departmental group, as these are held at cost, see note 9.1 on page 172.

## Financial risk management

Financial instruments can impact an entity's financial performance and position. Their impact on the departmental group is disclosed below.

Cash requirements for the departmental group are largely met through the estimates process. So, financial instruments play a more limited role in creating risk compared to a private sector body of a similar size. The departmental group is exposed to other risks such as: credit risk, market risk, interest rate risk, and liquidity risk.

## Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Significant credit risks are summarised below.

Core department	
Investment funds	Investee companies may not perform as expected and the departmental group may not recover its initial investment. The core department minimises the risk by monitoring the overall performance of the funds and to secure value for the core department as an investor. This includes a full evaluation of each business case submitted prior to committing funds.
Loan commitments	The core department has measured expected credit losses on outstanding loan commitments as at 31 March 2024 at £nil million (31 March 2023: £nil million).

<b>Arm's length bodies</b>	
Cash and cash equivalents	<p>The departmental group held cash and cash equivalents of £2,130 million as at 31 March 2024 (31 March 2023: £654 million). The cash and cash equivalents are held with banks and financial institutions which are rated AA- to AA+ based on S&amp;P ratings.</p> <p>Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The departmental group considers that cash and cash equivalents have a low credit risk based on the external credit ratings of the holding parties.</p>
Collateral	<p>The departmental group holds collateral over loans held at amortised cost. The collateral held is in the form of cash and buildings. The value of the loan assets held which are secured by collateral is £11 million (31 March 2023: £11 million). The value of the collateral held is lower than the value of the assets secured by the collateral. The collateral was considered in estimating the ECL.</p>
Innovate UK Loans	<p>The department's most substantial exposure to credit risk relates to the lending of Innovate UK Loans Limited (IUKL). More detailed disclosure is available in the published statutory accounts of this subsidiary, which will be approved by the IUKL directors and will be made available on the Companies House website later this year.</p> <p>The nature of innovation loans is such that this type of lending is expected to have a relatively higher credit risk profile compared to lower-risk commercial lending secured on a range of tangible and intangible assets at the market interest rates that private sector financial institutions typically offer. IUKL adopts robust credit risk management policies designed to recognise and manage the risks arising from the portfolio. At 31 March 2024 there were 26 innovation loans with a significant increase of credit risk and 17 loans that were credit impaired (defaults) (at 31 March 2023 there were 17 loans with a significant increase of credit risk and 11 loans with credit impairment (defaults)), as defined by the IUKL's staging transfer criteria, at the end of the financial year.</p> <p>A consequence of the classification of innovation continuity loans as FVTPL is that these loans are outside the scope of ECL provisions and the provisions for irrevocable commitments, and so provisions cannot be made for these loans.</p>

### **Credit risk rating and loss allowance**

The following financial assets were subject to the expected credit loss model:

- Trade receivables, contract assets, and lease receivables.
- Loans, bonds, and term deposits.
- Cash and cash equivalents.

### **Trade receivable, contract assets and lease receivables**

The core department applies the IFRS 9 simplified approach using an allowance matrix to measure the lifetime expected loss allowance for trade receivables in accordance with the FREM guidance.

Trade receivables are grouped based on credit risk characteristics and the number of past due days. Default is defined as 90 days past due. The loss rates are estimated using the historic data for each aging group. Forward-looking information such as macroeconomic factors and entity specific situations are considered for entities with significant outstanding balances. Balances with other core central government departments are excluded from recognising stage-1 and stage-2 impairments following the FREM adaptations.

### Loss allowance for trade receivables - core department

	31 Mar 2024					Total
	Current	1–30 days	31–60 days	61–90 days	91+ days	
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount (£m)	8	-	-	-	1	9
Loss allowance (£m)	-	-	-	-	1	1

	31 Mar 2023 restated					Total
	Current	1–30 days	31–60 days	61–90 days	91+ days	
Expected credit loss rate	0%	0%	23%	1%	100%	
Gross carrying amount (£m)	-	-	-	-	-	-
Loss allowance (£m)	-	-	-	-	-	-

### Loss allowance for trade receivables – arm’s length bodies

For ALBs, the loss allowance for trade receivables has been assessed at an organisational level. The total loss allowance estimated is immaterial for detailed disclosure on loss rates.

### Movement in the allowance for provisions for trade receivables, reflecting the allowance per the expected credit loss model under IFRS 9.

	2023–24		2022–23 restated	
	Core dept and agencies	Dept group	Core dept and agencies	Dept group
	£m	£m	£m	£m
Balance at 1 Apr	1	10	1	5
Net remeasurement	-	(1)	-	5
<b>Balance at 31 Mar</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>10</b>

### Loans, bonds, and term deposits

Where possible, the departmental group monitors changes in credit risk by tracking published external credit ratings. An internal credit rating system, which was developed based on other established methodologies, was used to assign credit risks for loans that do not have an external credit rating. 12-month and lifetime probabilities of default are based upon Moody’s published research on the global default rate adjusted for historical repayment data and any macro-economic pressures which could impact the entity’s ability to repay the loan.

### Loans, bonds and term deposits

The table below shows an analysis of credit quality of loans, bonds and term deposits. It indicates whether assets were subject to a 12-month ECL or lifetime ECL allowance, and whether they were credit-impaired.

	31 Mar 2024				31 Mar 2023 restated			
	Amortised cost				Amortised cost			
	12-month ECL	Lifetime ECL not impaired	Lifetime ECL impaired	Total	12-month ECL	Lifetime ECL not impaired	Lifetime ECL impaired	Total
£m	£m	£m	£m	£m	£m	£m	£m	
<b>Credit rating</b>								
Low risk	303	-	-	303	304	-	-	304
Medium risk	62	20	-	82	62	16	-	78
High risk	-	13	-	13	-	5	-	5
Default	-	-	9	9	-	-	6	6
<b>Gross carrying amount</b>	<b>365</b>	<b>33</b>	<b>9</b>	<b>407</b>	<b>366</b>	<b>21</b>	<b>6</b>	<b>393</b>
Loss allowance	(3)	(6)	(9)	(18)	(3)	(2)	(6)	(11)
<b>Net carrying amount</b>	<b>362</b>	<b>27</b>	<b>-</b>	<b>389</b>	<b>363</b>	<b>19</b>	<b>-</b>	<b>382</b>

#### Additional notes

The departmental group does not hold any loans, bonds and term deposits measured at FVOCI.

#### Movement in the allowance for impaired loans, bonds and term deposits at amortised cost.

	31 Mar 2024				31 Mar 2023 restated			
	12-month ECL	Lifetime ECL not impaired	Lifetime ECL credit impaired	Total	12-month ECL	Lifetime ECL not impaired	Lifetime ECL credit impaired	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Balance at 1 April</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>11</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>8</b>
Additions	-	4	4	8	1	-	3	4
Written-off	-	-	(1)	(1)	-	-	(1)	(1)
<b>Balance at 31 Mar</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>18</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>11</b>

#### Market risk

Market risk is the risk that due to changes in market prices, fair values and cashflows will fluctuate. Market risk generally comprises of foreign currency risk, interest rate risk and other market risk.

## Foreign currency risk

Core department	<p>The core department was exposed to foreign currency risk with respect to its contributions in March to the Horizon and Copernicus programmes as payments were denominated in euros. Going forward, the core department is intending on setting up a multi-year layered hedge by entering forward contracts to mitigate these risks.</p> <p>Other than this, the core department's exposure to foreign currency risk during the year was immaterial. Foreign currency income was negligible.</p> <p>All material assets and liabilities are denominated in pounds sterling.</p>
Agencies	<p>UKSA pays an annual subscription in euros to the European Space Agency (ESA) and enters into forward contracts to mitigate the risk. These derivative contracts are designated as cashflow hedges.</p>
ALBs	<p>UKRI are exposed to foreign currency risk in relation to international subscription payments made. This is principally for payments to CERN. UKRI have entered into hedging arrangements to minimise this risk.</p> <p>UKRI and NESTA Trust are subject to minor foreign currency risk through the maintenance of bank accounts in foreign currencies (including US dollar, euros and swiss francs) to deal with day-to-day overseas transactions.</p>

## Interest rate risk

Core department	<p>The core department does not invest or access funds from commercial sources so is not exposed to interest rate risk.</p>
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## Other market risk

Core department	<p>The core department is exposed to wider risks relating to the performance of the economy as a whole. The main risks resulting from a downward movement in the economy include failures of investee companies of investment funds and loan defaults.</p>
ALBs	<p>The NESTA Trust is exposed to equity price risk due to its investment of a portion of its endowment assets in publicly listed equity investments. NESTA Trust minimises this risk by investing for the medium to long term, diversifying its equity investments over a number of managers with complementary styles, and invests in investment funds with large institutional investors. The performance of these investment managers is monitored regularly.</p> <p>The valuations of fair value through profit or loss financial assets are based on the valuations provided by the fund managers in line with International Private Equity and Venture Capital (IPEV) valuation guidelines or the valuation guidelines produced by the British Venture Capital Association (BVCA). Valuation techniques used include the use of earnings multiples, discounted cashflows analysis, and net asset values. These valuations take into account the impact of the COVID-19 pandemic as at 31 December 2021.</p>



## Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Core department and agencies	In common with other government departments, the future financing of its liabilities is to be met by future grants of supply, voted annually by Parliament. There is no reason to believe that future approvals will not be forthcoming, therefore, on this basis the liquidity risk to the core department and its agencies is minimal.
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## Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as:

- Level 1 – uses quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – uses inputs for the assets or liabilities other than quoted prices, that are observable either directly or indirectly;
- Level 3 – uses inputs for the assets or liabilities that are not based on observable market data, such as internal models or other valuation method.

The table below shows the departmental group's financial assets and liabilities measured at fair value.

### Financial assets

	Note	31 Mar 2024				31 Mar 2023 restated			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		£m	£m	£m	£m	£m	£m	£m	£m
<b>FVOCI elected</b>									
<b>Equity investments</b>									
Ordinary shares in public sector bodies	9.1	-	223	-	223	-	226	-	226
Private sector shares	10.1	2	-	26	28	3	-	22	25
<b>Total financial assets at FVOCI</b>		<b>2</b>	<b>223</b>	<b>26</b>	<b>251</b>	<b>3</b>	<b>226</b>	<b>22</b>	<b>251</b>
<b>FVTPL mandatory</b>									
<b>Debt and venture capital investments</b>									
Private sector loans		-	-	48	48	-	-	63	63
Investment funds	10.1	150	-	175	325	162	-	155	317
<b>Equity investments</b>									
Private sector shares	10.1	34	-	40	74	32	-	27	59
Derivatives		-	-	-	-	-	8	-	8
<b>Total financial assets at FVTPL mandatory</b>		<b>184</b>	<b>-</b>	<b>263</b>	<b>447</b>	<b>194</b>	<b>8</b>	<b>245</b>	<b>447</b>
<b>Total financial assets measured at fair value</b>		<b>186</b>	<b>223</b>	<b>289</b>	<b>698</b>	<b>197</b>	<b>234</b>	<b>267</b>	<b>698</b>

## Financial liabilities

	31 Mar 2024				31 Mar 2023 restated				
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Note	£m	£m	£m	£m	£m	£m	£m	£m
<b>FVTPL mandatory</b>									
Loan commitment liabilities		-	-	(2)	(2)	-	-	(1)	(1)
<b>Total liabilities at FVTPL mandatory</b>		-	-	(2)	(2)	-	-	(1)	(1)
<b>FVTPL designated</b>									
Derivatives		-	(36)	-	(36)	-	(2)	-	(2)
<b>Total financial liabilities at FVTPL designated</b>		-	(36)	-	(36)	-	(2)	-	(2)
<b>Total financial liabilities measured at fair value</b>		-	(36)	(2)	(38)	-	(2)	(1)	(3)

### Additional notes

- Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period. There were no transfers between levels during the year.
- Specific valuation techniques used to value financial instruments include:
  - the fair value of forward foreign exchange contracts is determined using forward exchange rate at the reporting date based on level 2 inputs, with the resulting value discounted back to present value
  - other techniques, such as discounted cashflow analysis or for non-quoted ordinary shares and investment funds that are not actively traded, the net assets of the company/underlying fund are used – these are classified as level 3
  - the fair value of public sector shares are based upon net assets and classified as level 2

## Changes in level 3 instruments

The tables below show the changes in level 3 instruments.

	2023–24			
	Ordinary shares in unlisted private equities	Investment funds and other financial investments	Loan Commitment Liabilities	Total
	£m	£m	£m	£m
<b>Balance at 1 April 2023</b>	<b>49</b>	<b>218</b>	<b>(1)</b>	<b>266</b>
Additions	18	22	(2)	38
Repayments/disposals	-	(5)	-	(5)
Revaluations	2	(12)	-	(10)
Gains and losses recognised in SOCNE	(3)	-	1	(2)
<b>Balance at 31 March 2024</b>	<b>66</b>	<b>223</b>	<b>(2)</b>	<b>287</b>

	2022–23 restated			
	Ordinary shares in unlisted private equities	Investment funds and other financial investments	Loan Commitment Liabilities	Total
	£m	£m	£m	£m
<b>Balance at 1 April 2022</b>	<b>64</b>	<b>99</b>	<b>(1)</b>	<b>162</b>
Additions	6	144	-	<b>150</b>
Repayments/disposals	(1)	(10)	-	<b>(11)</b>
Revaluations	1	(14)	-	<b>(13)</b>
Gains and losses recognised in SOCNE	(21)	(1)	-	<b>(22)</b>
<b>Balance at 31 March 2023</b>	<b>49</b>	<b>218</b>	<b>(1)</b>	<b>266</b>

## 20. Contingent liabilities

### Departmental group – unquantifiable contingent liabilities

The departmental group has the following unquantifiable contingent liabilities. Other liabilities are disclosed in our arm's length bodies' accounts.

#### UKRI – (STFC) Reprocessing and staff commitments

A contingent liability exists in respect of the Science and Technology Facilities Council (STFC)'s share of Institute Laue-Langevin (ILL) unfunded provisions for staff related costs (e.g. early retirement) and costs associated with reprocessing fuel elements.

#### Others

There are a number of potential liabilities for the departmental group in respect of claims from suppliers, employees and third parties which depend on actual or potential proceedings. The timing and amounts of any liabilities are uncertain.

## 21. Related-party transactions

The core department is the parent of the bodies listed in note 23 'List of bodies within the departmental group' on page 211 – these bodies are regarded as related parties and various material transactions have taken place during the reporting period between members of the departmental group. The related parties of the consolidating bodies are disclosed in their respective accounts.

The core department has engaged in material transactions with other consolidated bodies, other government bodies, and devolved administrations (the Northern Ireland Executive, Scottish government and Welsh government). The most significant of these transactions have been with the Exchequer Consolidated Fund and UKRI.

Ministers, board members, key managers of the departmental group or other related party have not undertaken any material transactions with the core department during the year.

Details of the department's ministers and senior managers are shown in the Remuneration Report.

In the course of allocating funding during the year, UKRI entered into material transactions with various higher education institutions. Where these bodies have board members who are also members of university councils, each body operates a policy that precludes interested parties from voting on the funding to the university in which they have an interest. Further details of these transactions can be found in statutory accounts of UKRI.

A number of DSIT partner organisations entered into transactions with the Government Property Agency (GPA) in relation to rental payments for office accommodation.

In the ordinary course of business, several DSIT partner organisations entered into transactions with BT Group plc for telecommunications services.

## 22. Restatements of SOFP and SOCNE as a result of machinery of government changes and other restatements

### Machinery of government changes – accounted for as transfer by merger

DSIT has had several machinery of government (MOG) changes affecting its estimate and accounts for the year ended 31 March 2024, where functions or responsibilities have been merged or transferred within government. A function is an identifiable business operation with an integrated set of activities, staff and recognised assets and liabilities, and changes are accounted for using merger accounting in accordance with the FREM. This requires the restatement of the primary statements and the associated notes to the accounts.

In February 2023, the Prime Minister announced a MOG change which led to the creation of 3 new government departments: the Department for Science, Innovation and Technology (DSIT); the Department for Energy Security and Net Zero (DESNZ); and the Department for Business and Trade (DBT) – to replace the Department for Business, Energy and Industrial Strategy (BEIS) and the Department for International Trade (DIT). The restructuring also involved the Investment Security Unit (ISU), the unit responsible for operating the UK's investment screening regime under the UK National Security and Investment Act 2021 (NSIA), being moved to sit within the Cabinet Office.

In addition, the creation of DSIT also brought together the 'Digital' functions of the former Department for Digital, Culture, Media and Sport (DCMS) and the Geospatial Commission, National Underground Asset Register and Office for Science and Technology Strategy from the Cabinet Office (CO).

### Accounting policies

Accounting policies are disclosed in note 1 to the accounts on page 143. On the creation of DSIT there were no changes to the accounting policies from BEIS, DCMS or CO for the activities that transferred into the new department. Certain BEIS accounting policies not applicable to DSIT, i.e. for those activities that transferred to DESNZ and DBT, have been removed accordingly from the DSIT accounting policies note.

## Allocation of former BEIS balances and transactions

Each of the 3 new departments were required to produce an annual report with consolidated accounts for the period ending 31 March 2024. To facilitate this, the opening SOFP balances at 1 April 2023 had to be offboarded from the BEIS core ledger, split between the new departments and onboarded to the new departmental ledgers.

The 3 new departments were also required to restate prior year financial statements on the basis that 3 departments had always existed, with restatement of the SOFP covering both 31 March 2022 and 31 March 2023.

### Allocation of balances at 1 April 2023

Allocation of former BEIS balances at 1 April 2023 to the 3 new departments was undertaken via 2 separate stages:

**Cost centre allocation:** Balances at 31 March 2023 were first allocated based on cost centre. Cost centres directly attributable to the 3 new departments were identified, isolated and transferred accordingly.

**Detailed analysis:** The remaining balances at 31 March 2023 underwent detailed analysis with input from other teams within the department where necessary, allocating all remaining account lines within the SOFP to the relevant new departments. For example, items on the receivables ledger without a cost centre or programme code required invoice analysis to ascertain which department the receivable belonged to.

March 2023 general bank account cash in the former BEIS core department has been allocated to DSIT, DESNZ and DBT on the basis of 2023–24 Vote on Account (VoA) splits of supply drawn down between the 3 departments. These splits have been submitted to HM Treasury. This resulted in 37% of the cash in the general bank account of the former BEIS department being allocated to DSIT. The department considered alternative ways of splitting the former BEIS general bank account balance, such as using the split of working capital between DSIT, DESNZ and DBT as a basis for the split. This analysis did not produce a materially different allocation of cash between the 3 departments as at 31 March 2023.

### Development of the 31 March 2022 SOFP

Development of the allocation of balances at 1 April 2023 for the 3 new departments from the former BEIS core department was undertaken in 3 separate stages.

**Cost centre allocation** – approached in the same manner as 1 April 2023 allocation.

**Allocation based on understanding of business:** The remaining balances at 31 March 2022 were reviewed to determine whether further direct allocations to departments could be made based on the understanding of the business of each of the 3 new departments, for example, UKSBS shares being directly allocated to DSIT. In addition, trade receivables, trade payables (including goods received not invoiced), PPE and intangible assets were analysed in detail to split between the 3 new departments.

**Split using 31 March 2023 allocations** – Following the first 2 stages a residual balance remained where the cost centre approach and understanding of business approach proved unsuccessful. For this residual balance, the split of remaining balances between the 3 departments was actioned based on the percentage splits calculated for the 31 March 2023 SOFP on the assumption that these were broadly the same. The largest balances allocated based on 31 March 2023 percentage splits were cash (and therefore supply payable) and general fund reserves. If a different assumption had been made, for example

splitting cash on the basis of expenditure, then the cash and general fund reserves figures would both be higher by approximately £160 million.

### **Allocation of 2022–23 and 2023–24 SOCNE transactions**

Similar to allocation of balances at 31 March 2023, allocation of former BEIS transactions for 2022–23 and 2023–24 to the 3 new departments was undertaken in 2 separate stages (the former BEIS ledger remained open until accounting period 8 in 2023–24, with some immaterial balances continuing to hit the ledger until accounting period 12):

Cost centre allocation: 2022–23 and 2023–24 transactions were first allocated based on cost centre. Cost centres directly attributable to the 3 new departments were identified, isolated, and transferred accordingly.

Detailed analysis: The remaining transactions underwent detailed analysis with input from other teams within the department where necessary, allocating all remaining transactions from the general ledger to the relevant the new departments. This included shared costs for areas such as corporate services, with costs split on a transactional basis.

### **DCMS and CO balances transferred into DSIT**

The MOG changes included moving 'Digital' from DCMS into DSIT and refocusing DCMS into the Department for Culture, Media and Sport. Responsibility for exercising directorates covering telecoms, cyber, data, tech, AI and digital previously held by DCMS transferred to DSIT on 3 May 2023, when the Transfer of Functions Order came into force.

DCMS SOCNE transactions transferred to DSIT were isolated first by cost centres directly attributable to Digital within the DCMS core ledger. Shared costs were split according to the relevant cost drivers, with some split via the proportion of associated FTE movement, such as people and workplace costs, and others split via scrutiny of the actual costs, where FTE movement was not appropriate, such as legal spend, analysis, communications and so forth. For identifying Digital cost within the SOFP, DCMS isolated relevant cost centres and for shared costs undertook a line-by-line analysis of the ledger at the year end.

For the transfer of the Geospatial Commission, the National Underground Asset Register and the Office for Science and Technology Strategy, the CO identified and isolated the 3 relevant cost centres for all balances and transactions as 31 March 23 and 31 March 22. There were no shared central costs, or any complex assets or liabilities transferred to DSIT from the CO.

### **Other prior period adjustments**

It was identified that prior period adjustments would be required to align the accounting treatment of DLS assets to FREM and to consolidate the ALB Harwell Science and Innovation Campus on a line-by-line basis, consistent with other ALBs. Harwell Science and Innovation Campus was previously included as a joint venture investment under BEIS.

## DSIT group

From 1 April 2024, the DSIT departmental group boundary contained the 19 agencies and ALBs listed below, 16 of which transferred from BEIS and 3 from DCMS.

No	Agencies and ALBs
<b>Former BEIS</b>	
1	Diamond Light Source Ltd
2	Harwell Science and Innovation Campus
3	Economic and Social Research Council
4	Engineering and Physical Sciences Research Council
5	Innovate UK
6	Medical Research Council
7	Natural Environment Research Council
8	Science and Technology Facilities Council
9	Knowledge Transfer Network
10	UKSBS Ltd
11	UK Space Agency
12	National Endowment for Science Technology and the Arts
13	Arts and Humanities Research Council
14	Biotechnology and Biological Sciences Research Council
15	British Technology Investments Ltd
16	Advanced Research and Invention Agency
<b>Former DCMS</b>	
17	Information Commissioners Office
18	The Office of Communications
19	Building Digital UK

The materiality level for the DSIT group has been set at £130 million. This is significantly lower than materiality in the much larger former BEIS group. This has brought into scope new areas of focus for accounting judgements, which has included work to ensure that the valuation of Diamond Light Source Limited (DLS) PPE and the consolidation of Harwell Science and Innovation Campus Public Sector Limited Partnership as included in the DSIT group accounts is materially correct, as per IFRS as adapted by FREM.

**Table 1: Impact of restatements on opening balances for the departmental group at 31 March 2023**

	Balance at 31 Mar 2023 per published accounts (BEIS)	DSIT's share of the BEIS Balance at 31 Mar 2023	Balance transferred from DCMS to DSIT at 31 Mar 2023	Balance transferred from CO to DSIT at 31 Mar 2023	Other prior period adjustments	Restated balance at 31 Mar 2023
	£m	£m	£m	£m	£m	£m
<b>Consolidated SOCNE</b>						
Net expenditure for the period	(65,843)	10,772	289	135	11	11,207
Other comprehensive net income and expenditure	(697)	(643)	9	-	(118)	(752)
Total comprehensive expenditure	(66,540)	10,129	298	135	(107)	10,455
<b>Consolidated SOFP</b>						
Non-current assets	27,953	6,005	102	8	164	6,279
Current assets	8,726	1,333	107	-	24	1,464
Current liabilities	(29,718)	(2,116)	(139)	(1)	-	(2,256)
Non-current liabilities	(148,980)	371	(36)	-	-	335
General fund	(145,496)	3,551	34	7	(27)	3,565
Revaluation reserve	2,289	1,555	-	-	118	1,673
Charitable funds	426	426	-	-	-	426
Minority interest	762	61	-	-	97	158
<b>SOPS</b>						
Resource DEL	14,566	-	-	-	-	564
Capital DEL	16,893	-	-	-	-	10,816
Resource AME	(95,080)	-	-	-	-	214
Capital AME	1,128	-	-	-	-	(68)
<b>Net outturn for the year</b>	<b>(62,493)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,526</b>



**Table 2: Impact of restatements on opening balances for the core department and agencies at 31 March 2023**

	Balance at 31 Mar 2023 per published accounts (BEIS)	DSIT's share of the BEIS Balance at 31 Mar 2023	Balance transferred from DCMS to DSIT at 31 Mar 2023	Balance transferred from CO to DSIT at 31 Mar 2023	Other prior period adjustments	Restated balance at 31 Mar 2023
	£m	£m	£m	£m	£m	£m
<b>Consolidated SOCNE</b>						
Net expenditure for the period	62,548	10,521	284	135	-	10,940
Other comprehensive net income and expenditure	(16)	(11)	-	-	-	(11)
Total comprehensive expenditure	62,532	10,510	284	135	-	10,929
<b>Consolidated SOFP</b>						
Non-current assets	10,694	1,220	40	8	-	1,268
Current assets	5,890	555	57	-	-	612
Current liabilities	(21,599)	(569)	(93)	(1)	-	(663)
Non-current liabilities	(3,586)	(3)	(8)	-	-	(11)
General fund	(8,992)	1,129	(4)	7	-	1,132
Revaluation reserve	391	74	-	-	-	74

**Table 3: Impact of restatements on opening balances for the departmental group at 1 April 2022**

	Balance at 31 Mar 2022 per published accounts (BEIS)	DSIT's share of the BEIS Balance at 31 Mar 2022	Balance transferred from DCMS to DSIT at 31 Mar 2022	Balance transferred from CO to DSIT at 31 Mar 2022	Other prior period adjustments	Restated balance at 1 Apr 2022
	£m	£m	£m	£m	£m	£m
<b>Consolidated SOFP</b>						
Non-current assets	18,898	5,792	102	2	109	6,005
Current assets	10,521	2,297	119	-	24	2,440
Current liabilities	(29,941)	(2,900)	(217)	(4)	-	(3,121)
Non-current liabilities	(272,844)	25	(27)	-	-	(2)
General fund	(275,994)	3,370	(23)	(2)	(6)	3,339
Revaluation reserve	2,011	1,315	-	-	60	1,375
Charitable funds	469	469	-	-	-	469
Minority interest	148	60	-	-	79	139

**Table 4: Impact of restatements on opening balances for the core department and agencies at 1 April 2022**

	Balance at 31 Mar 2022 per published accounts (BEIS)	DSIT's share of the BEIS Balance at 31 Mar 2022	Balance transferred from DCMS to DSIT at 31 Mar 2022	Balance transferred from CO to DSIT at 31 Mar 2022	Other prior period adjustments	Restated balance at 1 Apr 2022
	£m	£m	£m	£m	£m	£m
<b>Consolidated SOFP</b>						
Non-current assets	7,866	1,277	44	2	-	1,323
Current assets	7,864	1,358	37	-	-	1,395
Current liabilities	(22,850)	(1,478)	(147)	(4)	-	(1,629)
Non-current liabilities	(3,757)	(30)	-	-	-	(30)
General fund	(11,255)	1,052	(66)	(2)	-	984
Revaluation reserve	378	75	-	-	-	75
Charitable funds	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-

## 23. List of bodies in the departmental group

The list of bodies within the departmental group for DSIT can be found in the following documents:

- Designation order - [Government Resources and Accounts Act 2000 \(Estimates and Accounts\) Order 2023](#)
- Amendment order - [Government Resources and Accounts Act 2000 \(Estimate and Accounts\) \(Amendment\) Order 2023](#)

The list of bodies are given in the table below. Section a includes bodies that have been consolidated in the departmental group accounts. Section b includes bodies that have not been consolidated in the departmental group accounts, such as where net assets are not considered material to the group.

### (a) Bodies consolidated in the departmental group accounts

Designated body	Status	Notes
UK Space Agency	Executive agency	
Building Digital UK	Executive agency	
Advanced Research and Invention Agency	NDPB	
British Technology Investments Limited	Other public body	
The Copyright Tribunal	NDPB	No accounts produced as costs are included in the core department's expenditure. It is funded by the core department and operated by UK Intellectual Property Office.
Council for Science and Technology	Expert committee	No accounts produced as costs are included in the core department's expenditure.
Diamond Light Source Limited	Other public body	
Geospatial Commission	Expert committee	No accounts produced as costs are included in the core department's expenditure.
Harwell Science and Innovation Campus Public Sector Limited Partnership	Other public body	Joint venture owned by UKRI and UK Atomic Energy Authority
Information Commissioner's Office	NDPB	
The NESTA Trust	Other public body	
Office of Communications	Other public body	
United Kingdom Research and Innovation	NDPB	
Medical Research Council		Consolidated by UKRI
Innovate UK Loans Limited		
Knowledge Transfer Network Limited		
STFC Innovations Limited		
UK Shared Business Services Limited	Other public body	

## (b) Bodies not consolidated in the departmental group accounts

Designated body	Status	Notes
Daresbury SIC (PubSec) LLP	Other public body	A joint venture between the Science and Technology Facilities Council (UKRI) and Halton Borough Council. Turnover and net assets are not material to departmental group accounts.
Office of the Adjudicator Broadcast Transmission Services Limited	Other public body	Turnover and net assets are not material to departmental group accounts.
Office of the Adjudicator Limited	Other public body	Turnover and net assets are not material to departmental group accounts.
Phone-paid Services Authority Limited	Other public body	Turnover and net assets are not material to departmental group accounts.
PhonepayPlus Limited	Other public body	Turnover and net assets are not material to departmental group accounts.

## 24. Events after the reporting period

### Non-adjusting events

Following the UK General Election on 5 July 2024 the Government announced a Machinery of Government change with the Central Digital and Data Office (CDDO), the Government Digital Service (GDS), and the Incubator for AI (i.AI) transferring from the Cabinet Office into DSIT in the 2024-25 financial year. The department has determined that the event is a non-adjusting subsequent event, accordingly the statement of financial position has not been adjusted.

### 24.1 Date accounts authorised for issue

DSIT's accounting officer has authorised these accounts to be issued on the same day as they were certified.



# Annexes



# Annex A: Common core tables

The core tables represent expenditure for resource and capital, set for each year in the Spending Review process (amended to incorporate transfers of functions to other government departments as they have arisen).

These tables are not reported on the same basis as the financial statements disclosures, with differing categories and headings based on the department's estimates allocation of activities and budgeting not financial reporting terms.

The core tables are produced automatically from the HMT system (Online System for Central Accounting and Reporting (OSCAR)) which is used by all central government departments to record their spending and plans.

**Table 1 - Total Departmental Spending**

	2019–20	2020–21	2021–22	2022–23	2023–24
	Outturn	Outturn	Outturn	Outturn	Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Resource DEL</b>					
Deliver an ambitious industrial strategy	27,608	21,253	23,164	21,069	23,066
Promote competitive markets and responsible business practices	-	-	1	(1)	-
Science and Research	2,762	26,260	40,516	5,681	32,047
Capability	118,965	136,541	95,411	131,873	165,713
Government as Shareholder	(27,650)	(25,600)	(8,500)	(24,784)	(70,290)
Support for the Digital, Broadcasting and Media sectors	89,062	103,660	120,614	92,417	115,719
Building Digital UK	-	-	-	57,599	39,669
Science and Research (ALB) net	229,129	223,930	230,771	225,803	305,925
Capability (ALB) net	34,693	11,103	12,379	50,348	3,171
Government as Shareholder (ALB) net	-	-	1,563	(617)	1,526
Broadcasting and Media ALB (net)	9,004	8,756	1,931	4,999	17,431
Science and Research (CFER)	-	-	(555)	-	1,139
Delivering affordable energy for households and businesses	-	-	-	(402)	-
Taking action on climate change and decarbonisation	-	-	-	73	-
<b>Total Resource DEL</b>	<b>483,573</b>	<b>505,903</b>	<b>517,295</b>	<b>564,058</b>	<b>635,116</b>

	2019-20	2020-21	2021-22	2022-23	2023-24
	Outturn	Outturn	Outturn	Outturn	Outturn
	£'000	£'000	£'000	£'000	£'000
<b>Of which:</b>					
Current grants to persons and non-profit (net)	29,790	23,670	11,400	11,693	12,029
Depreciation	250,832	243,298	275,370	275,344	342,757
Income from sales of goods and services	(102,926)	(109,714)	(146,388)	(5,583)	(8,303)
Net public service pensions	14	1,113	1,613	-	-
Other resource	(115,579)	(141,532)	(110,253)	(259,315)	(387,635)
Purchase of goods and services	176,396	200,125	206,080	203,501	244,294
Rentals	9,559	7,448	4,700	3,878	2,542
Staff costs	234,424	272,023	274,826	326,441	394,486
Subsidies to private sector companies	-	-	-	(375)	-
Subsidies to public corporations	-	3,822	1,804	2,804	3,113
Take up of provisions	792	5,316	(2,015)	4,418	10,054
Change in pension scheme liabilities	36	18	19	780	624
Current grants abroad (net)	252	316	139	246	20,995
Current grants to local government (net)	(17)	-	-	226	160
<b>Resource AME</b>					
Deliver an ambitious industrial strategy	-	-	-	-	154
Promote competitive markets and responsible business practices	52	-	-	-	-
Science and Research	52,703	71,338	65,639	88,947	158,522
Capability	5,566	4,058	1,337	335	(53)
Government as Shareholder	(4)	-	20,700	-	-
Deliver an ambitious industrial strategy (ALB) net	36,209	(71,317)	473	43,060	1,212
Science and Research (ALB) net	141,508	76,343	191,875	95,035	71,584
Capability (ALB) net	4	-	10	-	2
Government as Shareholder (ALB) net	-	-	(1)	-	-
Broadcasting and Media ALB (net)	3,244	(4,586)	(1,749)	(533)	(767)
<b>Total Resource AME</b>	<b>239,282</b>	<b>75,836</b>	<b>278,284</b>	<b>226,844</b>	<b>230,654</b>
<b>Of which:</b>					

	2019–20	2020–21	2021–22	2022–23	2023–24
	Outturn	Outturn	Outturn	Outturn	Outturn
	£'000	£'000	£'000	£'000	£'000
Current grants to persons and non-profit (net)	-	-	-	-	-
Depreciation	22,342	(70,729)	(13,807)	67,144	59,352
Other resource	46,254	45,084	81,446	139,852	86,706
Purchase of goods and services	21,929	29,123	38,465	26,428	31,722
Release of provision	(2,152)	(8,196)	457	(595)	(1,804)
Release of provisions covering pension benefits	(16)	(1,116)	(1,613)	-	-
Rentals	(2,383)	(2,366)	(2,522)	(2,538)	(2,540)
Subsidies to private sector companies	-	675	-	-	-
Take up of provisions	82,841	21,378	102,111	(79,697)	(14,198)
Unwinding of discount rate on pension scheme liabilities	37,966	32,978	32,876	43,854	55,158
Change in pension scheme liabilities	32,501	29,005	40,871	32,396	16,258
<b>Total resource budget</b>	<b>722,855</b>	<b>581,739</b>	<b>795,579</b>	<b>790,902</b>	<b>865,770</b>
<b>Of which:</b>					
Current grants to persons and non-profit (net)	29,790	23,670	11,400	11,693	12,029
Depreciation	273,174	172,569	261,563	342,488	402,109
Income from sales of goods and services	(102,926)	(109,714)	(146,388)	(5,583)	(8,303)
Net public service pensions	14	1,113	1,613	-	-
Other resource	(69,325)	(96,448)	(28,807)	(119,463)	(300,929)
Purchase of goods and services	198,325	229,248	244,545	229,929	275,547
Release of provision	(2,152)	(8,196)	457	(595)	(1,804)
Release of provisions covering pension benefits	(16)	(1,116)	(1,613)	-	-
Rentals	7,176	5,082	2,178	1,340	2
Staff costs	234,424	272,023	274,826	326,441	394,486
Subsidies to private sector companies	-	675	-	(375)	-
Subsidies to public corporations	-	3,822	1,804	2,804	3,113
Take up of provisions	83,633	26,694	100,096	(75,279)	(4,144)
Unwinding of discount rate on pension scheme liabilities	37,966	32,978	32,876	43,854	55,158
Change in pension scheme liabilities	32,537	29,023	40,890	33,176	16,882



	2019-20	2020-21	2021-22	2022-23	2023-24
	Outturn	Outturn	Outturn	Outturn	Outturn
	£'000	£'000	£'000	£'000	£'000
Current grants abroad (net)	252	316	139	246	20,995
Current grants to local government (net)	(17)	-	-	226	160
<b>Capital DEL</b>					
Deliver an ambitious industrial strategy	258,495	332,426	324,600	354,665	280,633
Promote competitive markets and responsible business practices	-	-	(1)	-	3,826
Science and Research	691,794	787,076	726,867	965,314	2,404,166
Capability	537	72	905	(535)	4,109
Government as Shareholder	29,115	62,907	143,658	99,952	78,748
Support for the Digital, Broadcasting and Media sectors	120,763	157,820	152,337	68,144	111,119
Building Digital UK	-	-	-	44,092	93,028
Science and Research (ALB) net	7,671,839	8,958,867	8,457,968	9,267,560	9,361,266
Capability (ALB) net	30	2,298	3,558	3,313	4,162
Government as Shareholder (ALB) net	-	-	19,050	5,541	14,650
Broadcasting and Media ALB (net)	77,273	22,964	15,691	10,565	7,817
Science and Research (CFER)	-	-	(2,091)	-	-
Taking action on climate change and decarbonisation	-	-	-	(2,222)	-
<b>Total Capital DEL</b>	<b>8,849,846</b>	<b>10,324,430</b>	<b>9,842,542</b>	<b>10,816,389</b>	<b>12,363,524</b>
<b>Of which:</b>					
Current grants to persons and non-profit (net)	6,264,081	7,181,482	7,052,098	7,554,989	8,624,429
Income from sales of assets	(35,853)	(27,395)	(9,732)	(8,761)	(7,109)
Income from sales of goods and services	(212,026)	(218,291)	(262,021)	(158,598)	(605,383)
Net lending to the private sector and abroad	3,969	63,388	50,281	15,560	(14,655)
Other capital	(88,447)	(58,687)	(95,067)	(19,384)	(222,134)
Purchase of assets	342,803	397,413	356,012	292,423	309,764
Purchase of goods and services	652,349	741,948	778,972	838,990	961,962
Staff costs	475,531	534,014	584,153	595,804	679,688
Subsidies to public corporations	4,808	21	31	22	7
Capital grants abroad (net)	210,913	273,514	286,878	306,522	291,238

	2019–20	2020–21	2021–22	2022–23	2023–24
	Outturn	Outturn	Outturn	Outturn	Outturn
	£'000	£'000	£'000	£'000	£'000
Capital grants to persons and non-profit (net)	724,788	845,632	500,812	664,232	606,648
Capital grants to private sector companies (net)	53,205	32,104	53,361	94,686	191,724
Capital support for local government (net)	54,604	111,208	49,736	5,141	17,375
Capital support for public corporations	52,462	46,184	84,736	36,486	1,776
Current grants abroad (net)	346,659	401,895	412,292	598,277	1,528,194
<b>Capital AME</b>					
Science and Research	1,263	1,247	1,271	1,266	-
Capability	-	-	144	-	-
Deliver an ambitious industrial strategy (ALB) net	365	(8,954)	(13,310)	4,140	(935)
Science and Research (ALB) net	(54,432)	(49,669)	(55,125)	(73,901)	(103,987)
<b>Total Capital AME</b>	<b>(52,804)</b>	<b>(57,376)</b>	<b>(67,020)</b>	<b>(68,495)</b>	<b>(104,922)</b>
<b>Of which:</b>					
Net lending to the private sector and abroad	365	(8,954)	(13,310)	4,140	(935)
Other capital	(39,265)	(35,699)	(37,878)	(55,574)	(89,967)
Purchase of assets	-	-	-	-	-
Purchase of goods and services	174	7,090	1,173	1,208	(1,070)
Staff costs	(14,078)	(19,813)	(17,149)	(18,269)	(12,950)
Take up of provisions	-	-	144	-	-
<b>Total Capital Budget</b>	<b>8,797,042</b>	<b>10,267,054</b>	<b>9,775,522</b>	<b>10,747,894</b>	<b>12,258,602</b>
<b>Of which:</b>					
Current grants to persons and non-profit (net)	6,264,081	7,181,482	7,052,098	7,554,989	8,624,429
Income from sales of assets	(35,853)	(27,395)	(9,732)	(8,761)	(7,109)
Income from sales of goods and services	(212,026)	(218,291)	(262,021)	(158,598)	(605,383)
Net lending to the private sector and abroad	4,334	54,434	36,971	19,700	(15,590)
Other capital	(127,712)	(94,386)	(132,945)	(74,958)	(312,101)
Purchase of assets	342,803	397,413	356,012	292,423	309,764
Purchase of goods and services	652,523	749,038	780,145	840,198	960,892
Staff costs	461,453	514,201	567,004	577,535	666,738

	2019-20	2020-21	2021-22	2022-23	2023-24
	Outturn	Outturn	Outturn	Outturn	Outturn
	£'000	£'000	£'000	£'000	£'000
Subsidies to public corporations	4,808	21	31	22	7
Take up of provisions	-	-	144	-	-
Capital grants abroad (net)	210,913	273,514	286,878	306,522	291,238
Capital grants to persons and non-profit (net)	724,788	845,632	500,812	664,232	606,648
Capital grants to private sector companies (net)	53,205	32,104	53,361	94,686	191,724
Capital support for local government (net)	54,604	111,208	49,736	5,141	17,375
Capital support for public corporations	52,462	46,184	84,736	36,486	1,776
Current grants abroad (net)	346,659	401,895	412,292	598,277	1,528,194
<b>Total Departmental Spending</b>	<b>9,519,897</b>	<b>10,848,793</b>	<b>10,571,101</b>	<b>11,538,796</b>	<b>13,124,372</b>
<b>Total DEL</b>	<b>9,333,419</b>	<b>10,830,333</b>	<b>10,359,837</b>	<b>11,380,447</b>	<b>12,998,640</b>
<b>Total AME</b>	<b>186,478</b>	<b>18,460</b>	<b>211,264</b>	<b>158,349</b>	<b>125,732</b>

Table 2 – Administration Budget

	2019–20	2020–21	2021–22	2022–23	2023–24
	Outturn	Outturn	Outturn	Outturn	Outturn
<b>Resource DEL</b>					
Science and Research	(2)	-	-	-	-
Capability	97,423	109,942	93,178	131,046	162,871
Support for the Digital, Broadcasting and Media sectors	29,661	33,627	28,714	31,366	33,483
Building Digital UK	-	-	-	-	-
Science and Research (ALB) net	7,410	7,120	6,182	4,064	71
Capability (ALB) net	34,693	11,103	12,379	50,348	3,171
Broadcasting and Media ALB (net)	13,949	12,904	11,432	15,822	25,251
<b>Total Administration Budget</b>	<b>183,134</b>	<b>174,696</b>	<b>151,885</b>	<b>232,646</b>	<b>224,847</b>
<b>Of which:</b>					
Current grants to persons and non-profit (net)	3	2	24	106	744
Depreciation	22,347	20,683	18,821	22,063	16,345
Income from sales of goods and services	(49,619)	(53,614)	(62,045)	(2,124)	(4,942)
Net public service pensions	(2)	(3)	-	-	-
Other resource	(7,276)	(31,585)	(30,070)	(59,075)	(123,060)
Purchase of goods and services	70,219	69,081	71,716	87,465	108,540
Rentals	5,716	6,105	321	1,258	1,807
Staff costs	141,615	163,908	153,031	182,733	225,267
Take up of provisions	-	-	-	42	-
Change in pension scheme liabilities	36	18	4	10	-
Current grants abroad (net)	95	101	83	168	146

# Annex B: Financial information by arm's length body

The table below shows the total operating income, total operating expenditure, net expenditure for the year, and staff numbers and costs for each of our ALBs.

The figures below will not tie directly to the published ALB accounts as they include some adjustments which would have been captured in the ALB's accounts in the previous year.

## Financial information by ALB

	2023-24		Permanently employed staff				Other staff	
	Total operating income	Total operating expenditure	Net expenditure for the year (including financing)	Number of employees	Staff costs	Number of employees	Staff costs	
	£m	£m	£m		£m		£m	
Core department	(72)	12,669	12,578	1,757	149	66	13	
UK Space Agency	(1)	642	641	309	21	1	6	
Building Digital UK	(5)	137	132	307	17	10	6	
Diamond Light Source Ltd	(120)	132	12	710	55	114	4	
Harwell Science and Innovation Campus Public Sector Limited Partnership	-	-	10	-	-	-	-	
UK SBS Ltd	(64)	64	-	634	32	72	4	
National Endowment for Science Technology and the Arts	(3)	28	(3)	-	-	-	-	
British Technology Investments Ltd	-	1	2	-	-	-	-	

	2023–24					
	Permanently employed staff	Other staff				
	Total operating income	Staff costs	Number of employees	Staff costs	Number of employees	Staff costs
	£m	£m	£m	£m	£m	£m
The Office of Communications	(190)	191	1	1,424	128	18
Advanced Research and Invention Agency (ARIA)	-	9	9	25	3	12
Information Commissioners Office	(70)	87	17	1,043	67	-
UKRI <sup>(i)</sup>	(694)	10,056	9,303	7,409	521	1,669
Consolidation adjustments	161	(10,571)	(10,367)	(1)	(1)	(1)
<b>Total departmental group</b>	<b>(1,058)</b>	<b>13,445</b>	<b>12,335</b>	<b>13,617</b>	<b>992</b>	<b>1,962</b>

#### Additional notes

- i. Note that the UKRI figures do not contain intragroup UKRI eliminations, as these are shown within the total Consolidation Adjustments row.

# Annex C: Glossary

## A

ALB: Arm's Length Bodies

AME: Annually Managed Expenditure

AQUA: Analytical Quality Assurance

ARAC: Audit and Risk Assurance Committee

## B

BBSRC: Biotechnology and Biological Sciences Research Council

BDUK: Building Digital UK

BEIS: Department for Business, Energy and Industrial Strategy

BVCA: British Venture Capital Association

## C

CFER: Consolidated Fund Extra Receipts

CO: Cabinet Office

COVID-19: Coronavirus pandemic

CSOPS: Civil Servant and Other Pension Scheme

## D

DA: Devolved Administration

DBT: Department for Business and Trade

DCMS: Department for Digital, Culture, Media & Sport

DEL: Departmental Expenditure Limit

DESNZ: Department for Energy Security and Net Zero

DfE: Department for Education

DfT: Department for Transport

DSIT: Department for Science, Innovation and Technology

## E

ECL: Expected Credit Loss

EPSRC: Engineering and Physical Sciences Research Council

ESA: European Space Agency

EU: European Union

## F

FCDO: Foreign Commonwealth and Development Office

FRA: Fraud Risk Assessment

FREM: Government Financial Reporting Manual

FVOCI: fair value through other comprehensive income

FVPL: fair value through profit or loss

**G**

GDP: Gross Domestic Product

GIAA: Government Internal Audit Agency

GMPP: Government Major Projects Portfolio

GRAA: Government Resources and Accounts Act

**H**

HMG: HM Government

HMT: HM Treasury

**I**

IAS: International Accounting Standards

ICO: Information Commissioner's Office

IFRS: International Financial Reporting Standards

ILL: Institut Laue-Langevin

IPEV: International Private Equity and Venture Capital

IPO: Intellectual Property Office

ISPF: International Science Partnerships Fund

**M**

MOG: machinery of government

MPM: Managing Public Money

MRC: Medical Research Council

**N**

NAO: National Audit Office

NDPB: non-departmental public bodies

NERC: Natural Environment Research Council

NESTA: National Endowment for Science, Technology and the Arts

**O**

OCI: Other Comprehensive Income

OFCOM: The Office of Communications

ONS: Office for National Statistics

**P**

PCFP: Parliamentary Contributory Pension Fund

PCSPS: Principal Civil Service Pension Scheme

PDC: Public Dividend Capital

PES: Public Expenditure System

PPE: Property, Plant and Equipment

PSED: Public Sector Equality Duty

PSFA: Public Sector Fraud Authority



PV: Present Value

## **Q**

QA: Quality Assurance

## **R**

R&D: Research and Development

RCPS: Research Councils Pension Scheme

## **S**

SCS: Senior Civil Servant

SDG: Sustainable Development Goals

SI: Statutory Instrument

SME: Small and Medium sized Enterprise

SOCNE: Statement of Comprehensive Net Expenditure

SOFP: Statement of Financial Position

SOPS: Statement of Outturn against Parliamentary Supply

STFC: Science and Technology Facilities Council

## **T**

TME: Total Managed Expenditure

## **U**

UKRI: UK Research and Innovation

UKSA: UK Space Agency

UKSBS: UK Shared Business Services Ltd

## **V**

VAT: Value-Added Tax



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