Defence Science and Technology Laboratory

Annual Report and Accounts

2023-2024

Ministry of Defence

[dstl]

Defence Science and Technology Laboratory

Annual Report & Accounts

→ 2023/24

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HC 143

Notes:

On 1 July 2001, in accordance with the Statutory Instrument 2001 No. 1246, the Defence Science and Technology Laboratory (Dstl) was created as a result of the separation of the Defence Evaluation and Research Agency (DERA); Dstl continuing as the Trading Fund.

On 1 April 2017, in accordance with the Statutory Instrument 2017 No. 148, the Defence Science and Technology Laboratory Trading Fund Order 2011(S.I. 2011/1330) was revoked; Dstl continuing as an Executive Agency within the ambit of the Defence vote but no longer operating as a Trading Fund.

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Performance

Our Performance Report explains Dstl as an organisation, detailing our strategy, the principal risks we face in our delivery and the analysis of our performance.

Our Performance Report contains two sections:

Overview

Details Dstl's purpose – what we do and why, and our key risks.
The overview provides information showing how we performed in 2023/24.

Performance Analysis

Explains how we measure our performance, using information from other parts of our Annual Report and Accounts to provide longer-term trend analysis.

These pages complement the detail in our financial statements, which begin on page 91.

1 / Overview

Chief Executive's statement

The past financial year, my second as Dstl's Chief Executive, has been a year of excellent delivery, and I want to start by paying tribute to everyone within the organisation for all that they have done to continue to support the implementation of our strategy and for all that they have delivered.

Dstl would be nothing without the skills, experience and dedication of its hugely talented and enthusiastic workforce, and I am grateful to each and every one of my colleagues for their commitment to our vision to deliver strategic advantage for the UK's defence and security through Science and Technology (S&T).

It is on this note that Dstl has, for the first time, delivered more than £1 billion of S&T for our customers across defence and security. £526 million was delivered by Dstl and £562 million was delivered through our partners in industry and academia. This highlights the continuing demand for our products and services and, more importantly, the recognition of the role of S&T in supporting the Ministry of Defence's (MOD) mission to defend the nation and help it prosper. It also provides support as we take forward the priorities set out in the Defence Command Plan Refresh. It is an incredible achievement for Dstl, enabled by the implementation of some changes and the continuing support of our key stakeholders.

These changes included; developing and implementing a new suite of delivery principles; establishing a central S&T Portfolio Delivery Office; developing and commencing the implementation of a 10-year infrastructure plan; and, transforming the Executive Team. Collectively, this ensured that we continued to only do the work in Dstl that cannot be done outside of Government, brought greater co-ordination and cohesion to our S&T delivery efforts, brought greater alignment between our organisational infrastructure requirements and that of our customers, and ensured that my Executive Team construct was optimised to deliver our new strategy. The latter has included introducing a Chief Delivery Officer role and this has proved key to cohering delivery efforts.

The £1 billion worth of S&T that we delivered this year was essential to the defence and security of the UK, and demand for our products and services is only increasing. We recognise, however, that the fiscal pressures on MOD and wider Government are very real and so continuing to improve our efficiency and productivity is central to our design and delivery. We have begun to review our operating model and structure in step with MOD's review of its operating model and as we develop this work we have efficiency and effectiveness at the forefront of our minds.

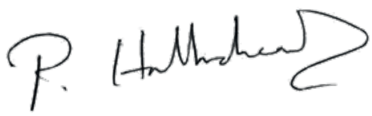
We build from a strong platform – the average S&T delivered per Full-Time Equivalent (FTE) over the past year was £209 thousand (up from £196 thousand on 2022/23) and our year-to-date enabling cost was 17.2% (FY2022/23: 18.2%). We have also supported MOD's efforts to control costs, placing strict controls on our recruitment and our capital expenditure activities. We envisage continuing to support MOD with managing these pressures over the coming financial year.

We also continue to focus on quantifying the impact of what we do for both MOD and other government departments, as well as across the world. Nearly every week I am privileged to receive a letter of thanks from a customer or a plaudit from a key stakeholder but quantifying our impact is much harder. As you read this report, I hope you will get a sense for some of the impact we have had over the past year. There is one area that I would particularly like to draw out and that is our support to operations. Throughout the year Dstl's S&T has been deployed on a daily basis to support operations at home or abroad, with many of my colleagues taking measured risks to ensure that our advice has real-time impact. I am exceptionally grateful to all my colleagues who deploy on such missions, and to everyone who works behind the scenes to keep them safe and secure.

Indeed, improving our safety and security has been another key area of focus over the past year. Aside from the changes I have already mentioned, we also stood up a Transformation Portfolio to deliver a number of cross-organisational change programmes, most notably a Safety Reset Programme under a new Chief Safety Officer to address our safety culture and the improvements required in our safety competency, Safety Management System and safety governance arrangements. Our wider assurance activities, including those delivered by Government Internal Audit Agency, have identified improvements needed to our systems of governance, risk management and internal control, leading to a limited assurance opinion for the year. We are addressing this through a new assurance framework, to focus on assuring the controls key to mitigating our significant risks, as well as strengthening the controls in the specific themes tested at audit. I anticipate our Transformation Portfolio continuing into the next year and playing a lead role in the development and implementation of our revised operating model and organisation design. We also stand ready to support with the implementation of the recommendations from MOD's review of its own operating model and Science, Innovation and Technology arrangements.

As you read this report I hope you will also agree that it has been an unprecedented year for Dstl. It is likely to be again in the year ahead.

Finally, I would like to express my appreciation to my Executive colleagues for their unwavering support over the past year. In particular, I would like to thank my Chief People Officer Robyn Wedderburn who retired in July 2023 and Matt Chinn, David English and Teresa Stanley for all stepping into interim Executive roles as I reshaped my Executive Team.



Dr Paul Hollinshead
Chief Executive

18 July 2024

Directors' report

On behalf of the Board, I would like to pay tribute to the 5,600 colleagues across Dstl, the rest of MOD, wider Government, and the hundreds of partners in industry and academia who have contributed to this magnificent achievement.

In overseeing this growth in demand for, and delivery of, cutting edge S&T, the Board has had to consider the added challenges posed by the continuing demand for support to operations, notably the conflicts in Ukraine and more recently the Middle East, the pressures on Government spending and the resultant work to reshape how defence can live and work within its means, and inflationary pressures on the amount of S&T that money can deliver.

Delivery has been aided by more normal levels of returning to work in the workplace post the COVID-19 pandemic, and successful recruitment campaigns to build the highly skilled workforce that comprises Dstl.

The Board has also been instrumental in monitoring the development of the internal control environment in order to keep pace with the challenges posed by the rapid growth in demand. It has been pleasing to note the impact of the new 'single front door' into Dstl through which demand for S&T can now be moderated.

This ensures that skilled resource is more efficiently allocated to defence's priorities, and also identifies and removes duplication in requests for S&T from the various commissioning parts of defence and security.

Health and Safety in the workplace has also been a focus for the Board and the Audit and Risk Assurance Committee. Good progress has been made since last year, although there is never room for complacency in an environment as complex and hazardous as Dstl, and thus there is still more work to do.

Looking ahead the Board will be supporting the Executive in the work that commenced in 2023/24 to transform Dstl's operating model in support of the recently refreshed corporate strategy. This work will also dovetail with the wider MOD work which Dstl is supporting to create a 'One Defence' design to enable even greater impact and efficiency.

The work of the External Review College to assure the quality of Dstl's S&T capabilities has been reviewed by the Board throughout the year. It will be important for long term planning to recognise the need for defence to keep on investing in vital infrastructure, including that which needs renewing, to ensure those capabilities remain fit for the future.

2023/24 also sees the start of the renewal of the composition of the Board. I would like to express particular appreciation to David Tonkin who has stepped down as Chair of the Audit and Risk Assurance Committee after six years'. In his place I am delighted to welcome Robert MacLeod who joined us in February.

My thanks and appreciation to all Board members, colleagues in MOD who sponsor Dstl and commission work, the Dstl Executive and all colleagues without whose endeavour the successes of 2023/24 would not have been possible.

Adrian Belton
Chair of the Dstl Board

Impact #01

Support to operations

Science and Technology at the speed of relevance

Dstl has played a pivotal role in ensuring MOD science and technology adds impact and advantage to defence and national security operations.

With agility and innovation, Dstl has made use of every skill, idea and technology that MOD and our partners have to offer.

What we have done to date supporting MOD in their aid to Ukraine has been a critical factor in strategic and tactical success, aiding the Ukrainian armed forces to defend their country by means of improvements to weaponry to make it more accurate and easily deployable, and providing better force protection solutions for soldiers and battlefield equipment.

Dstl's rapid support to operations and crises is only made possible because of MOD's enduring science and technology investment in research, our people, key capabilities and facilities.

Enabling operational advantage at pace

Who we are and what we do

We are Dstl – the science inside UK defence and security, providing operational advantage and world-leading capabilities.

Dstl is an integral part of the MOD, focusing on delivering impactful S&T at pace, helping to solve the most important challenges for UK defence and security.

We supply specialist services to MOD, Home Office and across government using evidence and insights to shape strategic decisions, guiding our stakeholders to make informed choices from the outset.

We find, develop and integrate technologies to provide operational advantage for the front line – whether that be in the Armed Forces or for our emergency services, at home and abroad.

Dstl has its beginnings in countering chemical warfare, but the breadth of our work now goes much further than that – from AI to quantum, to novel weapons and cyber research, and so much more.

We work with end users, from all parts of defence and security, to develop, test, and integrate technologies and ensure they are fit for purpose.

We work closely with our colleagues in Defence Science and Technology (DST) to understand the needs of defence and security, with our main customer being MOD's Chief Scientific Adviser (CSA) who is responsible for the direction of MOD's core S&T research portfolio. More than half of this portfolio of work goes out to suppliers in industry and academia, helping to generate economic growth and prosperity through investment in skills, innovation and infrastructure across the UK.

We collaborate and draw on our wide networks to bring in the best solutions, wherever they may be, with our international allies, with academia, small businesses and defence primes.

We conduct targeted international research collaboration, which allows us to gain access to allies' work and burden-share challenges to reach joint outcomes.

Some work must remain in government, such as that of a sensitive nature, or where we need to ensure collaboration with international partners – and it is for that purpose that we must invest in our own people, who can provide that expertise and know-how, while working collaboratively across the S&T ecosystem.

We continue to host DASA, the Defence and Security Accelerator, which finds and funds exploitable innovation to support UK defence and security quickly and effectively, and support UK prosperity. DASA seeks ideas from innovators small and large, and provides support to those who have not previously worked with Government.

Our ability to accelerate technology development to deliver direct support to operations is through sustained long-term investment in the core S&T base, through our people, capabilities and facilities. And our work on generation-after-next technologies will allow us to continue to save lives and defeat our adversaries for many years to come.

With S&T growing in importance within defence and security, Dstl will continue to play a key role in advising, guiding, and delivering a safe and secure UK for everyone.

Our plans for the future – Our strategy

Dstl's Strategy 2023-2028

The Integrated Review Refresh 2023 and the Defence Command Paper Refresh 2023 (DCPR23) highlighted S&T's importance to defence and security. Chapter 2 of the latter, Transforming the Force through Science, Innovation and Technology, makes a compelling case for defence's critical need for S&T. It also acknowledges that MOD's Research and Development system needs improvement. Dstl is defence and security's in-house expertise to understand, access and utilise S&T to protect the UK and help it prosper. Dstl works closely with Ministers and Senior Officials to ensure S&T is, and continues to be, integral to everything defence does and is considered early in decision making.

Dstl launched its five-year strategy in May 2023, based on a new appraisal of defence and security's challenges and operating environment. The Dstl strategy sets out the key areas or strategic themes for Dstl to re-focus and improve its S&T delivery. These areas aligned with the emergent priorities of the Integrated Review Refresh and DCPR23, while also addressing challenges specific to Dstl. The strategy will enable Dstl to position itself for the future while delivering more effectively against the requirements of the present.

Achievement of the four strategic themes will be underpinned by improvements to Dstl's organisation, through investment in its people, estate and IT: Dstl's **business enablers**.

By investing in these areas and making these improvements Dstl can be more effective in its work, whilst continuing to operate safely and securely - which is always the number one priority.

To deliver its S&T and to achieve its strategic themes, Dstl will:

- Invest in its estate and critical capabilities (which will be detailed in a 10-year plan);
- Invest in its IT and above official level communications;
- Review its routes to market to efficiently reach the external supply chain;
- Have a People Strategy to deliver the programme and pay freedoms required to attract, retain and develop the skilled people its organisation needs; with clear roles, responsibilities and accountabilities;
- Invest to ensure its people, information and the technology it develops remain safe and secure.

An important aim of the strategy is to prioritise more clearly where Dstl's limited internal resources will be employed. Dstl already delivers a significant proportion of its portfolio through contracting the S&T supply base, meaning this is about rebalancing our workload. Dstl must generate the capacity to focus on our strategic themes and the improvements we need to make.

To do this Dstl must:

- Re-prioritise and focus its efforts on where it matters most;
- Work with its stakeholders to agree areas where Dstl will reduce in-house S&T delivery and develop routes for this to be undertaken by other providers;
- Collaborate with the wider S&T ecosystem, discovering, nurturing and integrating emerging and new technologies to meet the key challenge areas.

For details on Dstl's four strategic themes

See page 12

Preparing for the future

To maintain an operational advantage in the future, UK defence and security will need new capabilities. This theme focuses on:

- Dstl working at the heart of delivering new capabilities and de-risking the future force with some of our industrial and academic colleagues, to make sure we've got technologies that will matter - to replace what we have;
- Dstl's knowledge of S&T opportunities informing future force capabilities that are genuinely new, not upgrades of current or old ones;
- Providing accessible, diverse networks focused on delivering innovative, cost-effective and affordable solutions to defence and security challenges;
- Enabling cost-effective access to niche and critical S&T capabilities, including skilled and capable people.

Enabling operational advantage at pace

It's imperative that UK defence and security has the S&T it needs. This theme is about Dstl:

- Providing S&T support to operations at home and abroad;
- Integrating across the innovation ecosystem - assisting users to collaborate, find and fund affordable technology solutions in the near and medium term;
- Getting faster exploitation of S&T through greater experimentation, technology demonstration, prototyping and support for test and evaluation working across all Defence Lines of Development;
- And having a greater focus on key capabilities and projects, including Directed Energy Weapons (DEW) and the Global Combat Air Programme.

Leveraging and influencing internationally

To best support the UK's defence and security, Dstl needs to make best use of its specialist knowledge, skills and networks. This theme is about using what Dstl is good at, to leverage and influence its relationships to bring together the best groups of people to solve capability problems and have a greater impact.

To do this Dstl needs to focus on:

- Strategic influence built through targeted international research collaboration;
- Securing access to, and work-sharing in, allied programmes;
- Burden sharing and mutual reliance to drive value for money and capability benefit;
- Shared solutions to enable trusted, integrated allied partnerships;
- Playing our role in making the UK a science superpower and national wealth creation.

Shaping the defence and security landscape

Shaping the defence and security landscape means Dstl helping defence, security and their partners to understand the threats and priorities and the best way to answer them – which will maximise the impact of S&T. It also means advising when Dstl and S&T are not being used to best effect in extant practices.

To do this Dstl will need to:

- Work with CSA, DST and other key stakeholders to ensure that defence and security ask the right questions and make cost-effective, evidence based decisions at the right time;
- Work with Second Permanent Under Secretary of State (2PUS) and CSA to ensure that MOD becomes a great science department and makes the best use of S&T.

With focused Dstl support, defence and security will need to:

- Achieve value for money - through understanding of technical feasibility and deliverability;
- Be agile, technologically-advanced departments harnessing S&T intelligence, independent advice and constructive challenge;
- Have faster modernisation through understanding, developing and exploiting new ideas;
- Have more innovation and cost effective end-to end delivery through stronger collaborative partnerships.

Dstl's strategy – achievements in the first year

The first year of the strategy focused on delivering organisational changes that will underpin delivery of the strategic themes. These initial changes were completed in two phases, the first on leadership and the second on Dstl's corporate services.

Initial changes were made around the composition of the **Dstl Executive Team and the S&T Portfolio Delivery Office**. These changes were designed to strengthen Dstl leadership's focus on high-impact delivery.
The Chief Delivery Officer post was created to lead a new focus on delivering the S&T Portfolio with innovative, impactful and cost-effective solutions. This post was also made responsible for strengthening Dstl's Support to Operations capabilities.

During the first phase of the strategy

- The Chief Delivery Officer post was created to lead a new focus on delivering the S&T Portfolio with innovative, impactful and cost-effective solutions. This post was also made responsible for strengthening Dstl's Support to Operations capabilities.
- The Chief Operations Officer post was refocused on managing our estate, IT and security enablers to provide optimal support to S&T delivery.
- The Chief Science and Technology Officer post was refocused onto the provision of world-class S&T capabilities.
- A new senior leadership role, the Head of Transformation, was created to develop a transformation portfolio and team to deliver cross-organisation change.
- The S&T Portfolio Delivery Office, established to support the new Chief Delivery Officer, was asked to develop a single front door for all of Dstl's S&T tasking. This will enable a more centralised and coherent approach to all S&T delivery.

The second phase of changes, delivered in the latter half of 2023, optimised the corporate services supporting Dstl's leadership.
The strategic and administrative areas were reshaped to bring the right skills to bear in the right structure that will enable delivery of the strategic themes.

During the second phase of the strategy

- A transformation team was established to provide a core of change management expertise to develop and lead cross-Dstl change programmes. Five programmes were identified as crucial, organisation-wide focus areas that must be improved to enable further strategy delivery. These are:
  - Safety improvement;
  - Organisation model optimisation;
  - Red tape reduction;
  - Supply chain development; and
  - Business coherence improvement as One Dstl
- The Dstl Executive Office was established to cohere support to the Chief Executive. This office comprises strategy, stakeholder management, business planning, risk and assurance, secretariat and the new transformation team. It allows the Chief Executive to direct activity and marshal information to support Dstl's senior stakeholders, to demonstrate and increase Dstl's impact and value for defence, security and wider government.
- Dstl's S&T capability, finance and people areas were refocused to increase alignment with strategic intent.

Dstl is delivering against its priorities, to benefit defence and security

While delivering the management changes that underpin future strategic reform, preparatory work in critical areas was also progressed. These areas will be the focus for the next year of the strategy.

- → Dstl's Support to Operations unit is being restructured, with an aim to increase its capacity and capabilities. It is securing investment that will ensure its effectiveness and sustainability into the future.
- → Dstl has invested in its safety culture and processes, delivering a strategic stop for all staff to focus on safety, whilst improving its safety approaches. This transformation programme will continue to strengthen Dstl's safety management, processes and culture.
- → The Executive initiated a review of Dstl's operating model and organisation design, focused on ensuring Dstl remains a capable, agile, sustainable, safe and secure organisation going forwards. Implementation is expected to commence in 2024.
- → S&T decision support has been refocused to support defence and security's most pressing decisions. Dstl has also refreshed its approach to stakeholder management, which will ensure that Dstl is able to recognise and respond to the priorities of individual leaders in defence and security with useful insights and analysis.
- → Dstl has developed its critical infrastructure plan that identifies and explains the requirements for Dstl's future delivery. This plan will be implemented in stages, aligning to MOD's infrastructure investment processes.
- → Dstl has refocused its S&T portfolio delivery, S&T capability and workforce planning to drive the strategic themes and respond to MOD's direction of travel. The portfolio office has instituted the first stage of the single front door and enhanced portfolio prioritisation approaches. The capability and people areas have established their approaches to ensuring Dstl develops fit and sustainable S&T capabilities for the future. These areas will be essential to reforming Dstl, as the improved operating model and organisation design is implemented.
- → Together, these changes will pivot Dstl towards greater impact at pace, sustainably for the future.

Examples of Dstl's impact can be found dotted throughout this report

Impact #02

Daesh

Expert advice in Daesh (also known as ISIL, Islamic State, or ISIS) terror drone plot case

Dstl experts in chemical and biological agents gave expert testimony during the court case of an engineer who made a chemical weapon drone for Daesh.

Senior scientists provided independent advice that underpinned the prosecution in the case of 'committed extremist' Mohamad Al-Bared.

Four expert witness statements were given at Birmingham Crown Court during the trial of Al-Bared who was found guilty by jury under the Terrorism Act.

The court heard he intended to develop a video-transmitting fixed-wing drone to deliver the deadly chemical phosgene to Daesh.

During a search of his address, detectives also found notebooks detailing chemical equations and recipes for chemical weapons. Despite Al-Bared having studied mechanical and chemical engineering, with Dstl's expertise and examination of the material, it was clear that the chemicals referenced were to be used as weapons rather than as part of his studies.

His devices also documented conversations on how he had researched and worked out how to get the drone into a war zone without being stopped by authorities. He also set up a spoof company so he could pretend to be travelling on business.

Phosgene was used in the First World War as a chemical weapon 'choking agent' and was responsible for an estimated 85% of chemical weapon deaths.

Al-Bared was sentenced to life with a minimum of 20 years in prison in December 2023.

Enabling operational advantage at pace

Ensuring successful delivery

Risk exists where future events may affect the achievement of our objectives. It is important that we actively manage our risks so that we can minimise the threats, and maximise potential opportunities, in order to deliver our strategic objectives.

Risk is both inherent in our S&T activities and embarked upon to further the science that supports UK defence and security. Effective management of these risks helps to ensure the successful delivery of our objectives. We continue to apply the MOD's risk management policy to our risk management arrangements. We have embedded risk management practices into our planning and forecasts, minimising disruption that could be caused by threats, as well as maximising the exploitation of opportunities.

By proactively identifying, assessing, and managing the risks to the organisation we improve the confidence of our stakeholders, and allow Dstl to improve its decision-making and take the most appropriate course of action in pursuit of its objectives.

Our Corporate Risks

Corporate Risks are those threats and opportunities which could impact Dstl's strategic objectives. Management of Corporate Risks is delegated to the Executive Management Committee (EMC) with oversight by the Board. Through a process of risk deep dives, the Board and its Audit and Risk Assurance Committee (ARAC) undertake assurance of these risks to review the effectiveness of controls and mitigations and risk response plans, and ensure the level of risk carried by the organisation is within both its tolerance and delegation.

Further assurance is provided by quarterly reporting to the ARAC, and reporting to our MOD sponsors.

During Financial Year (FY) 2023/24, Dstl has undertaken an in-depth review of its Corporate Risk Register (CRR), to ensure its alignment with the phased rollout of the Dstl Strategy 2023-28 and associated organisational changes. This review will result in some new and re-scoped entries to our CRR in the coming FY. Preconditions such as keeping our people safe and secure, will remain essential components of our CRR on an enduring basis.

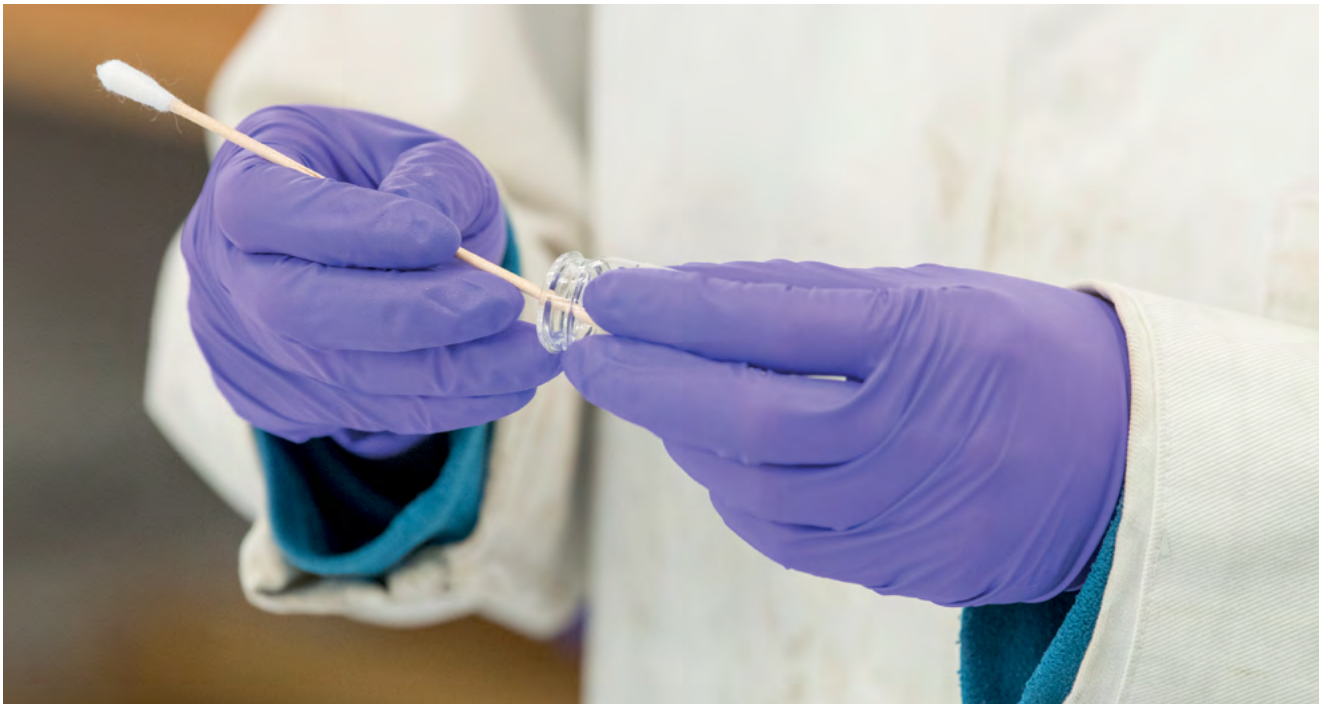
Dstl has demonstrated our continued agility in providing specialist support, in response to the ongoing conflict in Ukraine and wider geopolitical instability. Our refreshed CRR will seek to ensure that we continue to retain this agility and minimise impacts on wider delivery and capabilities.

In FY25, the importance that we place on Security will be reflected in our CRR, to ensure that existing arrangements retain high-level oversight, mirroring the approach to retaining Health and Safety Corporate Risks, as an 'umbrella' to represent the arrangements embedded across the organisation. We have also created a new corporate risk for Environmental Protection. Whilst Corporate Risk 33 continues to address the eventuality of the failure of, and the need for continued investment in, our physical and digital infrastructure, we have stood up a digital risk entry to reflect the key role played by digital services to run the organisation and deliver S&T. We have also stood up a new corporate risk to reflect the importance of the sustainment of S&T capability for defence and security.

Risk	Outline controls and mitigations	Progress and changes in 2023/24
CR11 **Maintain an enterprise focus on the Dstl Strategy**	Focus is maintained through the prioritisation of EMC time for leading and delivering key actions, and a dedicated team to provide the direction, coherence and governance of the Strategy and its implementation.	→ The Dstl Strategy 2023-28 was launched in May 2023. → Activities have been undertaken throughout the FY to ensure that this risk aligns with the objectives linked to Dstl's Strategic Themes, supported by Dstl's Transformation Team. → This risk will be further developed in FY2024/25 to ensure that we are well-equipped to lead our people into the future.
CR12 **Dstl influence prior to stakeholder decision making**	Dstl ensures that it not only engages with its key stakeholders, but is an integral part of the decision-making process. This is supported by Dstl's Engagement Framework, Strategy and Plans, and active stakeholder analysis.	→ We have improved communications with users of our S&T to give clarity around what Dstl can provide. → We have clarified stakeholder routes for accessing Dstl's advice, products and services, and the priorities for our S&T capabilities, SME knowledge and expertise.
CR31 **Major Health and Safety event harms the public**	Dstl protects the public via effective defence-in-depth engineered safeguards. These are assured through an internal regime of first and second party audits of operating effectiveness and Health and Safety compliance. Dstl's Safety Management System sets out Dstl's requirements for the management of Health and Safety and associated roles and responsibilities.	→ There is systematic assessment of Dstl's arrangements for and management of high hazard and complex activities. → During FY2023/24, a successful appointment was made to the new post of Chief Safety Officer. → Dstl's suite of Health, Safety and Environmental Protection Corporate Risks will be extended in the new FY, to take account of the environmental protection elements previously addressed under CR22.
CR32 **A failure in Health and Safety management causes a life-threatening injury to a worker**	Dstl requires adherence to suitable and sufficient risk assessments and comprehensive work procedures by competent, trained personnel. An audit programme of specific activities and deep dives is in place. All incidents and near misses are reported, with appropriate corrective action implemented, and identified lessons communicated to the rest of the organisation.	→ As noted for CR31 above, a Chief Safety Officer is in post. → Dstl launched refreshed training for those conducting and authorising Health and Safety Risk Assessments, as part of Dstl's Safety Reset Programme. → Dstl's Safety Reset Programme has gathered momentum, to engender a strong and proportionate safety culture of shared values and accountability. → In the new FY, Dstl will implement a repeatable assurance programme to measure the impact of the redesigned training in managing CR32. → Progress updates form a regular Audit and Risk Assurance Committee agenda item.
CR33 **Key infrastructure component fails**	Dstl's infrastructure assets are protected and enhanced via a programme of integrity and maintenance schedules and projects. Additionally, key infrastructure components have associated resilience plans and Divisions have Business Continuity Plans.	→ This risk is managed through life, due to the varied and complex nature of Dstl's infrastructure and its evolution. This is approached through an ongoing cycle of pursuing funding avenues to upgrade our infrastructure, and managing and maintaining the infrastructure we have. → The programme of Resilience and Business Continuity planning is similarly iterative. → During FY2023/24, the Business Continuity Planning arrangements of Dstl's primary business units were reviewed by the Audit and Risk Assurance Committee.

Risk	Outline controls and mitigations	Progress and changes in 2023/24
CR34 **Major information security breach or loss**	In line with MOD information security protocols, Dstl has robust policies, procedures and practices in place to ensure that its information remains protected and within its control.	→ Cyber and information security defences are regularly monitored, tested and audited to ensure they remain robust and balanced.
CR42 **Inability to meet current or future customer demand**	Dstl has a series of measures in place to ensure that it maintains the capabilities it needs to meet existing demand, which include health checks on facilities, people, knowledge, and licences to practise. Through engagement with our customers on a number of levels, we are able to anticipate and advise on potential step changes in demand.	→ Dstl's overarching S&T Capability Strategy was developed. → Dstl's Strategic Capability Planning was further integrated with workforce planning.
CR43 **Poor advice and sub-standard products/services**	Dstl prides itself on the quality of its outputs and has a set of robust controls in place to ensure all formal S&T outputs undergo a process of Technical Quality Assurance. There is a robust process in place for raising a Technical Quality concern. Our people are appropriately assessed against competence criteria, and customer satisfaction surveys support Dstl in meeting or exceeding expectations.	→ Dstl evidenced our continued compliance with applicable research standards, via the Research Integrity Concordat. → The number of Gold- and Silver-Accredited contract management colleagues was increased.
CR51 **Attraction, retention and development of talent and critical skills**	Dstl recognises its people as a key asset, and through a number of measures monitors its workforce levels against primary business areas' plans. Dstl considers succession planning and critical roles, and reviews key areas for skills shortages.	→ Dstl undertook targeted recruitment to prioritised roles, in response to Government/ MOD recruitment controls. → In the new FY, Dstl plans to review our Wellbeing Approach and our Diversity and Inclusion Strategy, and commence implementation of MOD's Pan-Defence Skills Framework.
CR62 **Pace and agility to respond to an external event**	Dstl ensures it has the capacity and capability to respond to sudden and emerging demands for its services and advice, by maintaining an understanding of its current workloads and the utilisation of scenario planning.	→ Dstl has maintained a clear understanding of critical capabilities and dependencies. → We have consolidated our centralised approach to triaging and prioritising requests for new work. → Dstl's strengths in this area continue to be extensively demonstrated through our ongoing response to the Ukraine conflict.

Our performance summary



Foreword

In 2023/24 we continued to successfully grow our routes to market, and increased our total operating income to a new record of £1,102 million. The financial year marked the third of a four year Spending Review settlement, against which Dstl continued to rise to the planned challenge of S&T playing a greater role in defence and security. Since the start of the current Spending Review period Dstl has increased its total operating income by 48%. Over the same period we have increased the value of external delivery, through our diverse supplier base of industry and academia, by 68%.

Operating income

Total operating income for the year was £1,102 million (2022/23: £984 million). Customer demand for Dstl's scientific services continued to grow, underpinned by the Government Spending Review commitment to advance Research and Technology.

Our charge rates increased by 5.6%, as we were forced to pass on underlying inflationary pressures to our customers. There were no changes to fees and charging policies.

An analysis of our key top-level customer groups is set out in the right-hand table:

	2023/24 £ million	2022/23 £ million
MOD:		
Core S&T Programme	597	497
Other	430	390
	1,027	**887**
Non-MOD:		
Wider Government	52	47
Non-Exchequer	13	14
Total Customer Sales	**1,092**	**948**
Other Operating Income	10	36
Total	**1,102**	**984**

MOD accounted for 94% of the £1,092 million customer contract income (2022/23: 94%). The majority of MOD income is generated by the Core S&T Programme, where income backed by the Spending Review increased by £100 million to £597 million (2022/23: £497 million). This programme now represents 55% of total customer contract income (2022/23: 52%).

There was also strong growth in Other MOD income, increasing by £40 million to £430 million (2022/23 £390 million). Demand for Dstl's expert S&T services are buoyant with the following movements across key markets:

- Head Office (Non-Core Programme) delivery was up £30 million to £140 million (2022/23 £110 million). This increase represents increased delivery to Air, Space and 'Support to Ops' Programmes.
- Defence Equipment and Support (DE&S) delivery fell by £7 million, to £88 million (2022/23: £95 million).
- Business with the rest of MOD, covering the Front Line Commands (Air, Army, Navy, Strategic), and Nuclear, increased by a further £17 million to £202 million (2022/23: £185 million).

Non-MOD delivery also increased by £4 million to £65 million (2022/23: £61 million). Dstl continues to deliver to a number of UK Government departments, with the Home Office our largest customer outside of MOD. Non-Exchequer income relates mainly to collaborative and jointly funded work with our defence allies and alliances.

Other operating income reduced by £26 million, to £10 million (2022/23: £36 million).

The reduction is representative of fewer asset donations and no in-year financing of seed funds. For further information please see note 3 of the Financial Statements.

External delivery costs

External delivery costs comprising subcontracted work and purchases of materials and services increased by 15% to £562 million (2022/23: £487 million), representing 52% of all S&T work delivered in the year (2022/23: 51%). We continue to work with our partners in academia and industry to leverage S&T innovation. Aligned to our strategy we have materially increased, year on year, the value of contracts placed with external partners. This is the third year of significant growth, and marks a 68% increase in value over that period (2020/21: £335 million).

Operating expenses

Operating expenses increased by £84 million to £591 million (2022/23: £507 million). Staff costs increased by £46 million to £365 million (2022/23: £319 million) this reflects: annual pay inflation, a 7% increase in the average number of staff employed, and a one-off cost of living payment of £1,500, to qualifying Civil Servants as announced by the Government in June 2023.

	2023/24 £ million	2022/23 £ million
Staff costs	365	319
Non-staff costs	150	154
Depreciation, amortisation and impairment	76	34
Total	**591**	**507**

Non-staff costs reduced by £4 million to £150 million (2022/23: £154 million). This reflects a favourable assessment of business rates liabilities, against new buildings constructed over a seven year period, dating from April 2017 to March 2024. Other inflationary pressures were offset by tight financial control of discretionary cost.

Depreciation, amortisation and impairment costs are up £42 million. The increase is largely attributable to property impairments totalling £32 million, against new buildings constructed at Porton Down. A downward revaluation of building stock after completing construction is common across Government accounts, following the first Valuation Office review. For further information please see note 12 of the Financial Statements.

> Aligned to our strategy we have materially increased, year on year, the value of contracts placed with external partners.

For further financial details, please see our Financial Statements

See page 91

Net operating income/expenditure

Our income arises principally from charges to customers. Our MOD customers are charged at rates representing the recovery of cash operating costs only, in accordance with the department's policy for internal charging. Charges to non-MOD customers continue to reflect full economic cost and include a contribution towards our capital costs in the form of a fee based on a representative proportion of capital spend. The proportion is based on estimates of projected sales to non-MOD customers at the time when budgets are finalised.

The net operating expense for FY2023/24 is £51 million (2022/23 £10 million). Excluding depreciation/amortisation charges of £76 million and customer-funded (donated asset) income of £7 million the underlying net operating income is £18 million (2022/23 £nil million), which reflects: the positive business rate settlement, tight financial management and economy of scale from expanding business operations.

	2023/24 £ million	2022/23 £ million
Operating income	1,102	984
Cost of sales – direct purchases	(562)	(487)
Other operating expenditure	(591)	(507)
Net operating expenditure	**(51)**	**(10)**

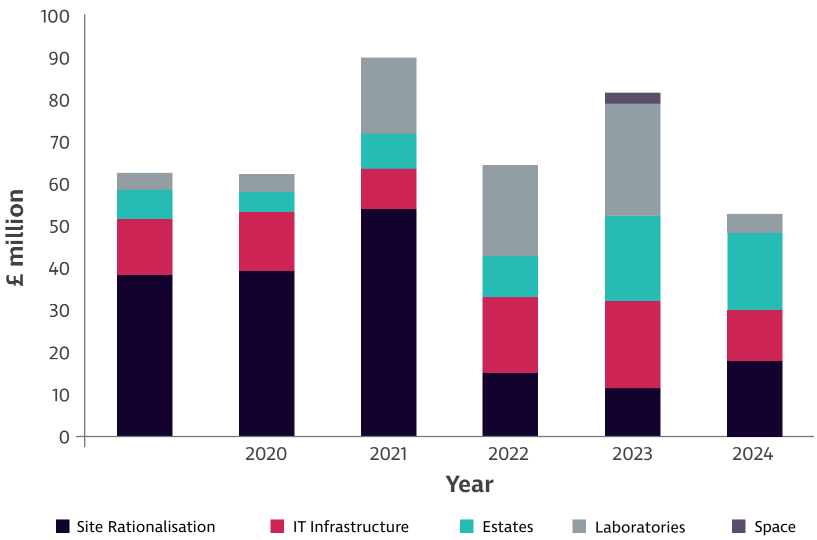
Capital investment

Capital investment was £52 million (2022/23: £81 million), which included £7 million of assets either funded by MOD customers or donated by other government departments.

With site rationalisation complete, 2023/24 saw a planned rebalance to the portfolio.

Key investments were made to our infrastructure to ensure safe and secure working, and we continued to make acquisitions of new specialist scientific equipment to enhance our capabilities. Some planned investments were postponed to future financial periods as a part of effective financial management.

Across the portfolio we invested: £17 million on IT, £13 million on our physical estate, £18 million on Laboratory Equipment and £4 million on Space assets.



Funding and treasury management

We are equity funded by MOD as explained in the financial statements and accompanying notes. The funding requirement arises from a combination of cash and non-cash transactions. We operate within the departmental control framework as described in the Parliamentary Accountability and Audit Report on pages 83-86. We receive cash directly from non-MOD customers and retain responsibility for settling external liabilities with the exception of payroll, which is funded directly by MOD. This gives rise to a net cash outflow that is funded by MOD Treasury.

Supplier payments

During the year, we paid 93% of invoices within five days of being approved and cleared for payment (2022/23: 90%), against the target set by Government of 80%.

Group entities

Related group entities remain immaterial to the agency's accounts and have not been consolidated. During the year, the Executive Agency transferred ownership of its wholly owned subsidiary, Ploughshare, to its Head Office commissioning body, Defence Science and Technology (DST). No proceeds were received, and a loss on transfer is recognised in the Statement of Comprehensive Net Expenditure.

Distorting factors

There were no significant distorting factors affecting our primary financial statements. A full explanation of our accounting policies and other explanatory information can be found within the notes to the financial statements on pages 91-128. We continue to prepare our financial statements on a going-concern basis based principally on funding projections from our parent department.

Events after the reporting date

There have been no significant events since the end of the financial year that affect the results for the year or the year-end financial position, or that are likely to have a material impact on future performance.

Accounting policies

These accounts have been prepared under International Financial Reporting Standards (IFRS), as adapted for the public sector in the Government Financial Reporting Manual (FReM), issued by His Majesty's Treasury. There were no new accounting or reporting standards adopted in year.

The likely impact from future adoption of new accounting and reporting standards, are outlined in Note 1 to the financial statements commencing on page 91.

Financial outlook

Our core purpose and role remain unchanged as a supplier of S&T services to defence and security customers, mainly within Government. We continue to operate principally in specialist areas where there are often few private sector suppliers or no effective commercial market.

Impact #03

Dragonfire

Achieving UK first with sovereign laser firing at aerial targets

A military laser which could boost the UK Armed Forces with greater accuracy while reducing the reliance on high-cost ammunition could be on warships by 2027.

During a trial at the MOD's Hebrides Range, the DragonFire laser directed energy weapon (LDEW) system achieved the UK's first high-power firing of a laser weapon against aerial targets. The range of DragonFire is classified, but it is a line-of-sight weapon and can engage with any visible target.

DragonFire exploits UK technology developed by Dstl with UK industry partners MBDA, Leonardo and QinetiQ. It delivers a high power laser over long ranges and is so precise it is equivalent to hitting a £1 coin from a kilometre away.

After the successful trials it was announced that DragonFire would be the first system procured under the MOD's new Integrated Procurement Model and be on ships by 2027 – at least five years ahead of schedule.

This will be a new advanced capability for the UK Armed Forces. Laser-directed energy weapons can engage targets at the speed of light, and use an intense beam of light to cut through the target, leading to structural failure or more impactful results if the warhead is targeted.

It has the potential to be a long-term low-cost alternative to certain tasks missiles currently carry out. The cost of operating the laser is typically less than £10 per shot.

This milestone demonstrated the ability to engage aerial targets at relevant ranges and is a major step in bringing this technology into service.

Preparing for the future

2 / Performance analysis

Performance reporting

Dstl's performance is measured using a monthly Corporate Performance Report and is reviewed by the Dstl Executive Management Committee (EMC). This report is also discussed within the quarterly EMC Performance meetings and reported to the Dstl Board as part of their frequent reviews.

Dstl provides regular reports to the Dstl Board, where our performance, including our Key Performance Indicators (KPIs, below) is monitored. The approach to reporting takes into account both current and future performance and enables Dstl to take prompt action to ensure we meet our KPIs and strategic objectives.

Dstl continues to work closely with our Board and MOD sponsor to improve the reporting of Dstl performance.

Dstl's 2023/24 KPIs were identified, setting out stretching but realistic performance targets which have been detailed on page 25.

Our performance headlines

£1,102m
Operating income for the year

42.4%
Externally delivered work

86.5%
Customer satisfaction

Key Performance Indicators (KPIs)

	What we measure (KPI)	2023/24 Target	2023/24 Achieved
Are we delivering for our customers?	Delivered to agreed date of S&T programme outcomes benefiting defence and security from the baseline portfolio plan	>85%	**80.2%**
	Customer Satisfaction Ratings via survey (CSAT returns)	>90%	**86.5%**
Are we safe and secure?	Fewer than 140 RIDDOR injuries, per 100,000 employees	<140	**95.5**
	Completion of mandatory Health & Safety Training from Civil Service Learning	100%	**86.3%***
Are we a capable organisation?	Exploitation of our S&T into Intellectual Property (IP) Submissions	>200	**149**
	Level of Employee Engagement, through the completion of the People Survey	60%	**60%**
Are we an efficient organisation?	Average S&T delivered per Full Time Employee (at Dstl level)	£205k	**£208.9k**
	EMR (Extra Mural Research) spend (sub contract only), as a percentage of the Total Cost of Sales	>44%	**42.4%**
Are we a sustainable organisation?	Enabling Cost, as a percentage of the Overall Cost	<22%	**17.2%**
	Internal Portfolios Capital Plan key project/programme milestones, delivered to time	>70%	**58.3%**

*Due to system issues, this outturn of KPI represents data to AP10 (January 24)

Dstl works with our MOD sponsor, Board and DST to identify and agree the KPIs used by the organisation. In addition to the KPIs, a range of wider performance measures (PMs) are tracked regularly. Together the KPIs and PMs represent performance areas across all aspects of the organisation and utilise a comprehensive range of measures and indicators which are used to inform management decisions at all levels of the organisation.

Key Performance Messages 2023/24

Are we delivering for our customers?

Delivery of S&T Programme Outcomes benefiting defence and security from the baseline portfolio plan

This year, Dstl's reported S&T programme milestones out turned slightly below the 85% target of delivered to time, showing at 80.2%. Despite this slight variance, this is an excellent achievement, in a year which presented challenges in terms of re-scoping programmes, due to rapidly changing priorities during the year. Delivery issues towards the final quarter, which made an impact on the final delivery percentage, were focussed on a small number of programmes, which required significant re-planning due to this shift in priorities.

Customer Satisfaction Ratings via survey (CSAT returns)

The drop in FY2023/24 Customer Satisfaction has been primarily driven by the receipt of four dissatisfied responses (representing 2% of the overall returns) as opposed to none received in FY22/23. Each dissatisfied response triggered the established resolution process, with the respective delivery area investigating the issue and undertaking customer agreed mitigation actions to satisfactorily resolve the issue.

FY2023/24 was also the first full reporting period since the methodology/questionnaire was enhanced to add greater fidelity and more effectively consider negative feedback to invoke a greater response. This has resulted in the generation of a richer set of responses with a corresponding small downward impact on the CSAT figure, providing a more reliable view of customer perception in response to the products we deliver.

Are we safe and secure?

Fewer than 140 RIDDOR injuries, per 100k employees

There were a total of three Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) in FY2023/24, which were all due to differing and isolated events. These reported RIDDORS amounted to 58 per 100 thousand employees and is a positive reduction on prior year (dropping from 131.5 per 100 thousand employees (seven RIDDORS), representing a positive shift.

Health & Safety Training Completion

Due to the transfer of Health and Safety training data to new systems, the AP12 figures are yet to be established, but it is deemed to show a higher uptake than the metric currently shows. The estimated percentage is likely to show 90-95%, which is a significant increase of 43% on previous year's uptake.

Are we a capable organisation?

Intellectual Property (IP) Submissions

Dstl continues to innovate. In FY2023/24, there were a total of 149 IP submissions. This number was aligned to the previous year's output (168 submissions). While our Counter-Terrorism and Security Division continued to lead the laboratory in IP reporting (64 submissions), our Chemical and Biological Division nearly doubled its number of IP reports (32 submissions) from FY2022/23. Dstl obtained 41 granted patents in FY2023/24.

Level of Employee Engagement

The results from the annual People Survey during FY2023/24 saw the engagement index for Dstl remain at 60%, in line with our target for this year. There have been significant improvements in score in certain areas, such as "Pay and Benefits" and "Learning and Development".

Are we an efficient organisation?

Average S&T delivered per Full Time Employee (at Dstl level)

FY2023/24 was another year of significant delivery as a result of the additional funding received from the MOD Spending Review (SR), demanding a further increase in Dstl output. In order to deliver this continued growth, it was necessary for Dstl to collaborate further with our partners in industry and academia to leverage S&T innovation. Aligned to our strategy we have materially increased, year on year, the value of contracts placed with external partners to ensure delivery of the increasing demand.

As a result of the increased funding, this metric of delivery per FTE has grown over the last three years with a significant rise from FY22 (£180 thousand per FTE) to FY24 (£208.9 thousand per FTE). This positive trend continues to demonstrate Dstl's efficiencies.

The average S&T delivered per Full Time Employee for 2023/24 was **£208.9k** against a target of **£205k**.

EMR (Extra Mural Research) spend (sub contract only), as a percentage of the Total Cost of Sales

For Dstl to meet the increased delivery, it is essential that we work hard to grow the volume of work that can be delivered through our external partnerships, with this metric focussing on sub contracted research work only. EMR is a subset of the total External costs (EM) and does not include items such as materials.

This metric is essential to ensure we are partnering with a wide range of organisations primarily from academia and industry, and to ensure we are not just growing our own internal capability. Although the final percentage narrowly missed the target (44%), this is a large increase on previous year by ~2%.

Are We a Sustainable Organisation?

Enabling cost percentage of overall cost*

The Enabling costs percentage as a proportion of the overall Dstl total costs ended FY2023/24 on 17.2%, which was improved on the target by 0.6%. This percentage is the lowest this metric has been since the start of the FY and is a decrease compared to the end of FY2022/23, which was 18.2%

As with the "Sales per FTE" metric, this positive variance from target demonstrates further organisational efficiencies. This falling metric is consistent with the increasing economies of scale we would expect from increasing S&T delivery without significantly increasing the overall Dstl estates and Information Services footprint.

*Enabling costs = Discretionary costs, including salaries held within Enabling Areas

Overall Costs = All Dstl's discretionary costs, including salaries and external costs

Internal Portfolios Capital plan key project/programme milestones, delivered to time

During the year, Dstl experienced some delays in projects surrounding the Helios programme. As a result of this, the outturn of the Capital Milestones, delivered to time, fell short of the 70% target by 11.7% due to the setback in delivery, however this is an improvement of 22% from last year's outcome.

Excluding Helios milestones from this metric, 75% of the milestones were delivered to time and therefore would have exceeded target.

Type	FY2020/21 £ million	FY2021/22 £ million	FY2022/23 £ million	FY2023/24 £ million
EMR	£266	£354	£388	£461
EMR%*	37%	42%	40.5%	42.4%

*EMR as a percentage of total cost of sales

Impact #04

AI Research

Accessing £200 billion AI research for defence and security

Dstl has signed landmark agreements with both Google and Microsoft to access over £200 billion of Artificial Intelligence (AI) research.

The agreement with Google Cloud will accelerate the adoption of AI in the UK defence sector, broadening the supply chain, training and upskilling in-house and external staff, increasing cross-sector technology transfer and sharing innovative ways of working.

It will also support other ongoing initiatives by transforming Dstl itself into an ‘AI ready’ organisation.

Meanwhile with Microsoft, Dstl will collaborate to deliver at pace the safe, responsible and ethical adoption of AI, guided by MOD’s ethical principles.

Specifically, Microsoft will support the Defence AI Centre’s (DAIC) on its AI learning agenda. Microsoft will also provide early access to relevant software engineering roadmaps with a key focus on sharing emerging AI capabilities. Dstl and the DAIC have agreed to share their AI concept playbook with Microsoft to identify defence projects for Microsoft, Dstl and DAIC to collaborate on.

AI is one of the most transformative and widespread new technologies with enormous potential to transform societies.

These agreements give MOD access to the two biggest players globally in the research and development of AI while maintaining pace with its rapid technological evolution.

These collaborations will help defence advance key capabilities such as sensors, threat identification and communications.

Preparing for the future

Managing the impact of our activities

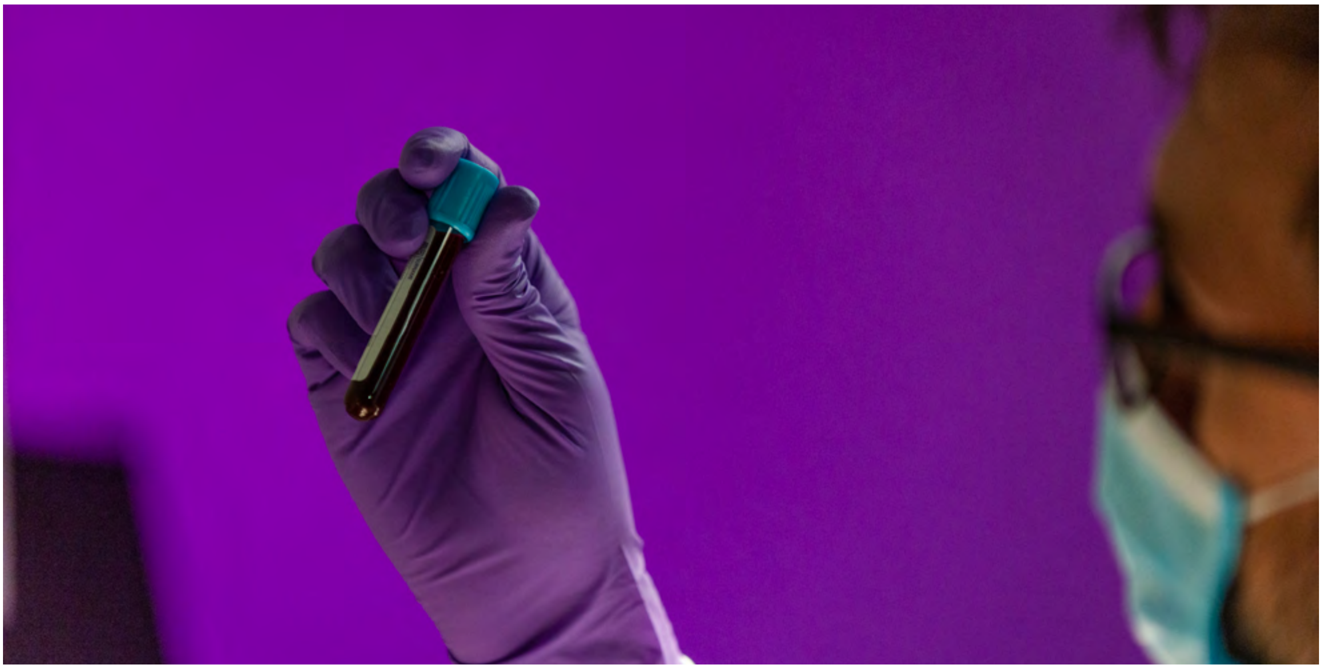
At Dstl, we are committed to building a sustainable future for our environment, each other, and our community.

Sustainability Strategic Direction

We moved forward with our sustainability agenda, within our business and in support of the UK Government and MOD's sustainability ambitions. Our sustainability goals continued to support the UK Government's Net Zero greenhouse gas emissions by 2050 (NZ50) mandate, and Greening Government Commitments (GGC).

We have focused on the United Nations 17 Sustainable Development Goals (SDGs) where we can make an impactful difference using our seven Areas of Action.

Area of Action	Sustainable Development Goals Supported by Activities in 2023/24					
Governance, Behaviour, Culture and Engagement	4 QUALITY EDUCATION	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Sustainable Use of Resources	2 ZERO HUNGER	12 RESPONSIBLE CONSUMPTION AND PRODUCTION				
Net Zero Carbon Estate and Climate Resilience	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION	
Science and Technology Research and Capability	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS				
Natural Capital	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS		
Sustainable Procurement and Improved Generation of Social Value	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	17 PARTNERSHIPS FOR THE GOALS		
Data and Management Information	16 PEACE, JUSTICE AND STRONG INSTITUTIONS					



Looking forward to the future

Our 'Dstl Sustainability Strategic Direction 2021-2026' sets the landscape for sustainability, and our Dstl Sustainability Policy provides direction on how we will manage our responsibilities.

The availability of sufficient funding and resources necessary to deliver our strategic direction and the GGC remains challenging. We continue to engage with MOD and the Defence Infrastructure Organisation (DIO) to endeavour to find a solution.

Task Force on Climate-related Financial Disclosure (TCFD): Compliance Statement

Our report on climate-related financial disclosures is consistent with His Majesty's Treasury's TCFD-aligned disclosure guidance.

Disclosure Governance (a) - Board's Oversight: To date, Dstl Board has not had specific oversight of climate-related issues. However, we commenced consideration on how climate-related issues could be included in appropriate governance, and in our strategies, polices, budgets and plans.

We form part of MOD's Principal Risk 'Climate and Environmental Risk Theme: The department's ability to maintain strategic advantage by addressing the broad and long-term impacts of climate change and the environment on capacity, resilience and cost'. The Risk Owner is the Second Permanent Under Secretary of State for Defence. We played an active role in MOD's Climate Change and Sustainability Risk Working Group.

Disclosure Governance (b) - Management's role: Our Sustainability Committee, with Executive representation, provides senior level governance, including on climate-related issues, and oversees progress against GGCs. Where relevant, issues are escalated to the Executive Management Committee and Dstl Board. Our Chief Operating Officer (COO) is senior sponsor for sustainability, climate-related issues, and environmental protection.

Our Investment Management Committee considers climate-related issues under sustainability. Our Audit and Risk Assurance Committee has focused on environmental legislation and compliance obligations.

Disclosure Metrics and Targets (b) - Emissions Reporting: Our reported greenhouse gas emissions (GHG) include:

- → Scope 1 - burning fuels such as mains gas, oils and liquid petroleum gas (LPG); pool cars usage; and fugitive gases
- → Scope 2 - purchased electricity
- → Scope 3 - National Grid transmission and distribution, business travel, water and wastewater and waste

Our GHG emissions are calculated in-line with the GHG Protocol methodology, using UK Government GHG conversion factors, or those provided by MOD.

In line with the UK Government's implementation timetable, we intend to make TCFD-aligned disclosures for Strategy, Risk Management, and Metrics and Targets in future reports.

Engagement

We have maintained collaboration and key stakeholder engagement with MOD and DIO.

Through staff awareness campaigns, we have communicated on environmental protection, air quality, energy, sustainable travel and transport, and waste management.

Staff and Trade Union representation has continued to be encouraged and has taken place via sustainability initiatives working groups.

Greening Government Commitment (GGC)

The report below provides our performance to date against the GGC 2021-2025.

GGC	2021-2025 Defence Targets	Defence Scope	Our position at 31 March 2024, compared to 2017/18 baseline	Status
A: Mitigating climate change: Working towards net zero by 2050				
Headline Targets	Reduce overall greenhouse gas emissions by 30% from a 2017/18 baseline	UK estate emissions from grid electricity, mains gas, oil, and LPG	33% Reduction	Achieved
	As part of overall target, reduce direct greenhouse gas emissions by 10% from a 2017/18 baseline	UK estate emissions from mains gas, oil and LPG	4% Reduction	At risk
	Reduce domestic travelling emissions by 30% from a 2017/18 baseline[1]	Domestic UK to UK travel emissions from commercial flights, rail, grey and white fleet	28% Reduction	On target
Sub-targets	Meet the Government Fleet Commitment for 25% Ultra-Low Emissions Vehicles[2] (cars) by 31 December 2022, and 100% of fleet to be fully zero emissions at the tailpipe by 31 December 2027	2022 target – leased and 6th day plus hire cars 2027 target – leased and 6th day plus hire cars, and N1 vans weighing under 3.5 tonnes	4% 3%	Not achieved (2022 target) At risk (2027 target)
	Reduce emissions from domestic business flights by 30% from a 2017/18 baseline	Domestic business flights between UK airports via commercial airlines	22% Increase	At risk
	Report distance travelled by international business flights, with a view to better understanding and reducing related emissions where possible[1]	International business flights via commercial airlines	34,078,264 pkm	Achieved (Reporting) On target (Understanding / reduction)
	Departments that already have policies in place to compensate for emissions are encouraged to report on their implementation	MOD does not have a policy in place to compensate for business travel emissions	Not Applicable	Not Applicable
	Update organisational travel policies so that they require rail travel to be considered first as an alternative to each planned flight	Dstl Travel Policy	Intend to update Travel Policy in next reporting year	On target

GGC	2021-2025 Defence Targets	Defence Scope	Our position at 31 March 2024, compared to 2017/18 baseline	Status
B: Minimising waste and promoting resource efficiency				
Headline Target	Reduce overall amount of (in-scope) waste generated by 15% from a 2017/18 baseline	UK mixed municipal waste streams	10% Increase	At risk
Sub-targets	Reduce amount of waste going to landfill to less than 5% of overall (in-scope) waste	UK mixed municipal waste streams	0%	Achieved
	Increase the proportion of waste which is recycled, composted or sent to anaerobic digestion to at least 70% of overall (in-scope) waste	Waste assigned for recycling, composting and anaerobic digestion	46%	At risk
	Remove Consumer Single Use Plastic (CSUP) from the central Government office estate	Dstl out of defence scope	Not applicable	Not applicable
	Measure and report on food waste by 2022.	UK Estate Baseline 2021/22 with Defence action plan to follow	3 tonnes	Achieved
	Report on introduction of reuse schemes		No new reuse schemes introduced	At risk
	Reduce Government's paper use by at least 50% from a 2017/18 baseline	MOD stationery supply contract	67% Reduction	Achieved
C: Reducing our water use				
Headline Target	Reduce water consumption by 8% from a 2017/18 baseline	Aquatrine supplied water consumption, excluding distribution system losses	67% Reduction	Achieved
Sub-targets	Ensure all water is measured	Aquatrine supplied water	Delivered through Aquatrine measurement methodology	Achieved (incoming supplies)
	Provide a qualitative assessment to show what is being done to encourage the efficient use of water		Intend to commence introduction of qualitative assessment in next reporting year	On target

GGC	2021-2025 Defence Targets	Defence Scope	Our position at 31 March 2024, compared to 2017/18 baseline	Status
D: Procuring sustainable products and services				
Headline Target	Continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society	MOD systems in place and the action taken to buy sustainably. DEFRA to issue reporting template on an annual basis	Aligned to MOD systems	On target
E: Nature recovery – making space for thriving plants and wildlife				
Headline Target	Develop and deliver Nature Recovery Plans for land, estates, development and operations	To be confirmed by MOD	To be developed by DIO on behalf of MOD	Not applicable
F: Adapting to climate change				
Headline Target	Develop an organisational Climate Change Adaptation Strategy across estates and operations. I. Climate Risk Assessments II. Climate Change Adaptation Action Plan		Climate Risk Assessments and Action plans completed Intend to commence development of Climate Change Adaptation Strategy in next reporting year	Achieved On target
G: Reducing environmental impacts from ICT and digital				
Headline Target	Report on the adoption of the Greening Government ICT and Digital Services Strategy and associated targets	Set strategy within the framework of the overarching Greening Government Commitment Strategy focusing on priority areas and delivering core data to support wider sustainability targets	Commenced enhancing Digital Services Strategy	On track

Notes:
LPG – liquid petroleum gas
N1 – small commercial vehicles designed for the carriage of goods and less than 3.5 tonnes
pkm – passenger kilometres
DEFRA – Department for Environment, Food and Rural Affairs
ICT – Information Communication and Technology
[1] MOD disaggregated target for Dstl
[2] 50 grams carbon dioxide/kilometre emissions at tailpipe

Environmental management

Our revised Environmental Management System (EMS) was put to the Executive Management Committee in March 2024. Sponsored by the COO, the EMS will be integrated into our broader Safety and Environmental Management System (SEMS). Once integrated, the EMS will be assured against Joint Services Publication (JSP) 816 Defence Environmental Management System Framework.

The Executive Health, Safety and Environment Committee has been introduced as the sub-committee to the Executive with responsibility for ensuring our strategic direction. It is supported by the Health, Safety and Environment Operational Committee chaired by the COO.

Mitigating climate change: Working towards Net Zero by 2050

Our sustainability goals have continued to support and closely align with the UK Government's NZ50 mandate.

Energy

We created our Energy Management and Decarbonisation Strategy, and implementation is intended to commence during the next reporting year

Dstl Gross Finite Resource Consumption: Energy[1]			Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24
Non-financial indicators (kWh)	**Gross Direct Consumption - Scope 1**						
	Energy consumption	Electricity – renewable	4,275[7]	5,140[7]	4,574[3 7]	10,198[7]	6,637[3]
		Mains Gas	46,047,589[2]	48,076,576[2,3]	51,393,419[2]	52,660,289[4]	53,326,540[4]
		LPG	432,481[2]	283,765[2]	455,952[4]	282,258[4]	695,752[4]
		Oil	12,557,256[2]	9,642,006[2]	16,989,941[2]	8,070,636[4]	7,619,215[8]
		Total direct consumption – Scope 1	**59,041,601**	**58,007,487**	**68,843,886**	**61,023,381**	**61,648,144**
	Gross Indirect Consumption – Scope 2						
	Energy consumption	Electricity – non-renewable	50,210,960[2]	55,644,789[2]	78,506,540[2]	51,739,468[4]	45,492,487[4]
	Total Gross Energy Consumption – Scopes 1 and 2						
	Total Gross Energy consumption – Scopes 1 and 2		109,252,561	113,652,276	147,350,426	112,762,849	107,140,631
	Normalisation						
	Normalisation gross energy consumption per FTE		29,041	25,783	31,338	22,307	20,323
	Normalisation gross energy consumption per NIFA		857	849	1,074	1,058	958
Financial indicators (£'000)	Electricity – renewable		0[7]	0[7]	0[7]	0[7]	0[7]
	Mains Gas		Note[5]	Note[5]	Note[5]	2,605[4]	2,956[4]
	LPG		Note[5]	Note[5]	Note[5]	17[4]	43[4]
	Oil		Note[5]	Note[5]	Note[5]	682[4]	555[4]
	Electricity – non-renewable		Note[5]	Note[5]	Note[5]	9,358[4]	10,438[4]
	Total energy expenditure[6]		**7,778[2]**	**8,569[2]**	**10,168[2,4]**	**12,662**	**13,992[4]**

Notes:
kWh – Kilowatt hour
FTE – Full time equivalent staff number. 2017/18 = 3,762, 2020/21 = 4,408, 2021/22 = 4,702, 2022/23 = 5,055, 2023/24 = 5,272
NIFA – Net internal floor area, as Valuation Office Agency's Code of Measuring Practice: Definition for Rating Purposes. 2017/18 = 127,506 m2, 2020/21 = 133,910 m2, 2021/22 = 137,204 m2, 2022/23 = 106,575 m2, 2023/24 = 111,837 m2
[1] Dstl consumption, including consumption of tenants and lodgers. This enables all consumption attributed to MOD energy contracts to be included in reporting
[2] Data source: MOD/DIO
[3] Estimated
[4] Data source: utility invoices
[5] Not available
[6] Dstl does not purchase accredited offsets therefore, no cost included
[7] Date source: Facilities Management Partner
[8] Date source utility invoices and fuel purchased off-site

Business travel

Our business travel is procured through the Crown Commercial Services Framework.

We reviewed our Travel Policy with the intention, in the next reporting year, to include the requirement for rail travel to be considered first as an alternative to each planned flight. We continued our car share scheme and Virtual Car Club, lessening the need to deliver and pick up vehicles by the provider, resulting in reduced supply chain emissions.

Although electric vehicle charging points are included as standard in the design of our new buildings, we remain unable to support additional electric vehicles in our Car Club fleet due to infrastructure restrictions.

We had an exceptional year with nearly 43 thousand total passenger numbers using our shuttle bus service, an increase of over 29% on the previous reporting year. In addition to this service, we offer staff a Dstl Cycle Scheme including Cycle to Work and Bike Rental, both of which are salary sacrifice schemes.

We have enhanced our business travel reporting by including data for business travel in staff owned vehicles, from baseline year onwards, and included hire cars and Dstl owned vehicles in Ultra Low Emissions Vehicle and Zero Emission Vehicle numbers.

Dstl Gross Business Travel[1]				Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24
Non-financial indicators	Gross Business Travel (pkm)	Domestic business flights		968,469	77,012	466,473	995,501	1,032,378
		International business flights	Short haul international class unknown	0	0	0	553,203	9,070
			Short haul international economy class	2,184,828	12,318	542,095	2,473,653	2,517,445
			Short haul international business class	7,200	0	90,623	298,234	94,677
			Long haul international class unknown	0	0	0	0	0
			Long haul international economy class	4,400,903	41,400	435,735	2,312,390	3,430,258
			Long haul international premium economy class	10,350,252	0	1,372,041	6,797,213	6,930,587
			Long haul international business class	13,162,363	77,084	2,954,461	11,644,338	15,140,059
			Long haul international first class	15,237	0	0	57,783	0
			International non-UK class unknown	Note[2]	Note[2]	0	0	0
			International non-UK economy class	Note[2]	Note[2]	210,499	668,666	886,360
			International non-UK premium economy class	Note[2]	Note[2]	9,008	160,085	31,252
			International non-UK business class	Note[2]	Note[2]	217,336	3,491,180	5,038,556
			International non-UK first class	Note[2]	Note[2]	4,114	7,364	0
			Total International business flights	30,120,783	130,802	5,835,912	28,464,109	34,078,264
		National rail		2,427,415	Note[2]	667,733	1,542,631	2,121,008
		Eurostar rail		Note[2]	Note[2]	19,345	107,382	89,527
		Car		10,000,033	2,667,271	5,439,073	8,171,066	7,373,135
		Bus		Note[2]	Note[2]	0	0	0
		Taxi		Note[2]	Note[2]	54,359	207,241	286,427
		Total business travel		**43,516,700**	**2,875,085**	**12,482,895**	**39,487,930**	**44,980,739**
		Normalisation per FTE		11,567	652	2,564	7,811	8,532
	Gross Flights (No.)	Domestic business flights		1,070	112	875	1,912	1,946
		International business flights		Note[2]	Note[2]	1,525	7,308	8,076
		Total number business flights		**1,070[4]**	**112[4]**	**2,400**	**9,220**	**10,022**
Financial indicators (£'000)[1]	Flights			Note[2]	Note[2]	1,661	7,250	7,902
	Rail			Note[2]	Note[2]	227	530	721
	Car			Note[2]	Note[2]	585	1,847	2,473
	Bus			Note[2]	Note[2]	0	0	0
	Taxi			Note[2]	Note[2]	132	531	586
	Total cost business travel			**6,964**	**379**	**2,605**	**10,158**	**11,682**

Notes:
pkm: passenger kilometres
FTE – Full time equivalent staff number. 2017/18 = 3,762, 2020/21 = 4,408, 2021/22 = 4,702, 2022/23 = 5,055, 2023/24 = 5,272
[1] Data provided by Dstl Travel Partner
[2] Not recorded

Dstl Greening Government Commitment In-scope Business Travel Data[1]		Base-line year 2017/18	2020/21	2021/22	2022/23	2023/24		
Non-financial indicators (pkm)	In-scope international business flights	30,120,783	130,802	5,835,912	28,464,109	34,078,264		
Dstl Greening Government Commitment In-Scope ULEV and ZEV Data[1]		**Base-line year 2017/18**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**End Dec 2022 Target**	**End Dec 2027 Target**
Non-financial indicators (%)	In-scope vehicles as ULEV	Note[3]	Note[3]	8%[4]	10%[4]	4%[5]	25%	N/A
	In-scope vehicles as ZEV	Note[3]	Note[3]	Note[3]	Note[3]	3%[5]	N/A	100%

Notes:
pkm: passenger kilometres
ULEV – Ultra low emissions vehicle
ZEV – Zero emissions vehicle
[1] Data provided by Dstl Travel Partner
[2] Estimated
[3] Not recorded
[4] Includes pool cars
[5] Includes pool cars, hire cars, and Dstl owned vehicles

Greenhouse Gas Emissions

As the GGC targets have specific scope for GHG emissions, we have included two parts to our reporting data below: gross GHG data and in-scope GGC GHG data.

Dstl Gross GHG Emissions			Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24
Non-financial indicators (tCO2e)	**Gross Direct Emissions - Scope 1**						
	Energy[1]	Mains Gas	8,778[4]	8,840[4]	8,808[4]	9,645[11]	9,755[11]
		LPG	93[4]	61[4]	9[8]	61[11]	149[11]
		Oil	3,466[4]	2,475[4]	4,362[4]	1,942[11]	1,911[11]
		Fugitive gases	35[5]	1,257[7]	1,495[7,8]	3,860[7]	1,328[5,7]
	Business travel	Pool car	207	72	218	285[10]	286
		Dstl owned fleet vehicles – fuel purchased off-site	Note[3]	Note[3]	Note[3]	Note[3]	20
	Total gross direct emissions - Scope 1		**12,579**	**12,705**	**14,981**	**15,792[10]**	**13,449**
	Gross Indirect Emissions – Scope 2						
	Grid electricity[1]		19,302[4]	14,088[4]	18,144[4]	11,948[11]	9,420[11]
	Gross Other Indirect Emissions – Scope 3						
	Energy	National grid transmission and distribution[9]	1,650	1,116	964	915[11]	815[11]
	Business travel	Domestic business flights[2]	287	21	73	272[10]	316[10]
		International business flights[2]	10,316	45	1,200	10,054[10]	16,028[10]
		National rail[2]	131	Note[3]	29	69[10]	94[10]
		International rail[2]	Note[3]	Note[3]	1	1[10]	1[10]
		Hire Cars[2]	1,342	256	380	509[10]	622[10]
		Pool Cars ‘well to tank’	78	17	59	76[10]	81[10]
		Dstl owned fleet vehicles fuel purchased off-site ‘well to tank’	Note[3]	Note[3]	Note[3]	Note[3]	5
		Bus[2]	Note[3]	Note[3]	0	0[10]	0[10]
		Taxi[2]	Note[3]	Note[3]	11	41[10]	74[10]
		Staff owned vehicles[13]	765	202	491	789	471
	Water and wastewater		474[4]	426[4]	357[4]	279[4]	57[4]
	Waste		19	37	46	148[12]	20
	Total gross other indirect emissions - Scope 3		**15,062**	**2,120**	**3,611**	**13,153**	**18,584**
	Total gross direct, indirect and other indirect emissions – Scopes 1, 2 and 3		**46,943**	**28,913**	**36,736**	**40,893**	**41,453**
	Normalisation						
	Normalisation gross emissions per FTE		**12**	**7**	**8**	**8**	**8**
	Normalisation emissions per NIFA		**0.4**	**0.2**	**0.3**	**0.4**	**0.4**

Notes:
FTE – Full time equivalent staff number. 2017/18 = 3,762, 2020/21 = 4,408, 2021/22 = 4,702, 2022/23 = 5,055, 2023/24 = 5,272
NIFA – Net internal floor area, as Valuation Office Agency's Code of Measuring Practice: Definition for Rating Purposes. 2017/18 = 127,506 m2, 2020/21 = 133,910 m2, 2021/22 = 137,204 m2, 2022/23 = 106,575 m2, 2023/24 = 111,837 m2
[1] Emissions for Dstl consumption, including consumption of tenants and lodgers. This enables all emissions attributed to MOD energy contracts to be included in reporting
[2] Data includes radiative forcing (air travel only), and 'well to tank' emissions
[3] Data not available
[4] Data source MOD/DIO
[5] Dstl Science and Technology use
[6] Laboratory containment testing only
[7] Laboratory containment testing and fugitive emissions from mechanical plant
[8] Estimated
[9] Emissions associated with energy loss that occurs in getting electricity from the power plant to the organisation that purchases it
[10] Data source Dstl's Travel Partner, MOD and UK Government GHG conversion factors
[11] Data source utility invoices, UK Government GHG conversion factors
[12] Data source Dstl's Waste Management Contracts and UK Government GHG conversion factors
[13] Private vehicles owned by staff, based on business mileage travelled, new data line added

Dstl GGC In-scope GHG Emissions Data		Baseline year 2017/18[4]	2020/21[4]	2021/22[4]	2022/23	2023/24	End 2024/25 Target
Non-financial indicators (tCO2e)	In-scope overall GHG emissions[1]	31,640[4,8]	25,465[4,8]	31,412[4]	23,577[9]	21,235[9]	22,148 tCO2e -30%[6]
	In-scope direct GHG emissions[2]	12,337[4]	11,376[4]	13,268[4]	11,629[9]	11,815[9]	11,103 tCO2e -10%[6]
	In-scope GHG emissions from domestic travel[5,7]	2,032	451	1,005	1,526	1,467	1,422 tCO2e -30%[6]
	In-scope GHG emissions from domestic business flights[3,5]	136[4]	10	64[4]	129	166	96 tCO2e -30%[6]

Notes:
[1] GHG emissions from UK estate grid electricity, mains gas, oil and LPG
[2] GHG emissions from UK estate mains gas, oil and LPG
[3] GHG emissions from domestic business flights between UK airports on commercial airlines, excluding radiative forcing and 'well to tank' emissions
[4] Data source MOD (DIO)
[5] Data source Dstl's Travel Partner, MOD and UK Government GHG conversion factors, unless otherwise stated
[6] Against baseline year
[7] Emissions from domestic travel commercial flights, rail, grey and white fleet, including staff owned vehicles, taxi
[8] Dstl previously reported data included EDF specific emissions conversion factor, MOD data used Department for Business, Energy and Industrial Strategy (BEIS) general emissions conversion factor
[9] Data source utility invoices, UK Government GHG conversion factors

Waste management

We transitioned our waste service from the incumbent Facilities Management (FM) Supplier to the DIO Hestia contract in the reporting year. We provided bespoke staff waste management training, grew our pool of trained Waste Supervisors, and triaged all of our waste requests applying the waste hierarchy.

We continued to develop our Waste Management Strategy, commenced amalgamating waste processes to enhance customer experience, and took the initial steps to consider on-site in-vessel composting of green waste. Approximately 4,000 disposable cups were separated at source for recycling. The initiative is intended to be rolled out further during the next reporting year. Although we offer recycling schemes, such as for disposable cups and food, improving our recycling remains a challenge, this will be an area for our continuing focus.

Our embedded 'Steptoe' on-line reuse platform provides the opportunity to internally advertise items for sharing or exchange that would otherwise be disposed of. Following staff communications, use of the scheme increased substantially.

As the GGC scope is limited to specific non-hazardous municipal and commercial waste streams, we have included two parts to our waste reporting data below: gross waste data and in-scope GGC waste data.

Dstl Gross Waste			Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24
Non-financial indicators (tonnes)	Hazardous waste	On-site incineration	232	37	40	33	Note[5]
		Off-site disposal	163	169	78	59	Note[5]
		Incinerated (without energy recovery)	Note[5]	Note[5]	Note[5]	Note[5]	40
		Incinerated (with energy recovery)	Note[5]	Note[5]	Note[5]	Note[5]	5
		Recycled	Note[5]	Note[5]	Note[5]	Note[5]	31
		Landfill	Note[5]	Note[5]	Note[5]	Note[5]	34
	Total hazardous waste		**395**	**206**	**118**	**92**	**110**
	Non-hazardous waste	Incinerated (without energy recovery)	Note[1]	Note[1]	120	148	118
		Incinerated (with energy recovery)	165	417	363	368	228
		Recycled	265	1,093	852	1,354	524
		Composted	0	0	0	0	6
		Landfill	6	0	31	0	0
		Anaerobic Digestion	0	0	5	5	6
		ICT equipment	0	14	3	7	2
	Total non-hazardous waste		**436**	**1,524**	**1,374**	**1,882**	**884**
	Total waste		**831**	**1,730**	**1,492**	**1,974**	**994**
	Normalisation						
	Normalisation of waste per FTE		0.2	0.4	0.3	0.4	0.2
	Normalisation of waste per NIFA		0.007	0.01	0.01	0.02	0.009
Financial indicator (£'000)	Hazardous waste – disposal cost		129	403	350	504	379[8]
	Non-hazardous waste – disposal cost		64	453	778	844	1,133[6]
	Total disposal cost		**193**	**856**	**1,128**	**1,348**	**1,512[6]**

Dstl Gross Paper		Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24
Non-financial indicator (tonnes)	Paper	24	9	13[2]	14	8
Financial indicator (£'000)	**Total paper cost**	**39**	**12**	**12[2]**	**24**	**34**

Notes:
FTE – Full time equivalent staff number.
2017/18 = 3,762, 2020/21 = 4,408, 2021/22 = 4,702, 2022/23 = 5,055, 2023/24 = 5,272
NIFA – Net internal floor area, as Valuation Office Agency's Code of Measuring Practice: Definition for Rating Purposes.
2017/18 = 127,506 m2, 2020/21 = 133,910 m2, 2021/22 = 137,204 m2, 2022/23 = 106,575 m2, 2023/24 = 111,837 m2
Paper data source: Crown Commercial Services Framework contract
[1] Included in 'Incinerated with energy recovery' figures
[2] Estimated
[3] Source FM Partner Waste Management Contract and Dstl Incinerator
[4] Source Waste Management Services service provider and Dstl Incinerator
[5] Enhanced reporting amended format of data
[6] Source Dstl Finance, excludes Hestia core contract costs as unknown at time of reporting

Dstl GGC In-scope Waste Data			Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24	End 2024/25 Target
Non-financial indicators (tonnes)	In-scope waste[1]	Incinerated (without energy recovery)	8[2]	9	9	20	11	N/A
		Incinerated (with energy recovery)	197[2]	152	259	320	220	N/A
		Recycled (excluding food)	188[2]	238	153	484	191	N/A
		Composted	0[2]	0	0	0	6	N/A
		Landfill[5]	0[2]	0	0	0	0	5%
		Anaerobic Digestion – Food waste only	0[2]	0	1[4]	4[4]	3[4]	Report
Financial indicator (£'000)		**Total In-scope waste**	**393[3]**	**399**	**422**	**828**	**431**	**334 tonnes -15%**
		Total in-scope recycled/ composted/ anaerobic digestion waste	**48%[2]**	**60%**	**36%**	**59%**	**46%**	**70% (in year)**

Dstl GGC In-scope Paper Data		Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24	End 2024/25 Target
Non-financial indicator (tonnes)	In-scope paper	24	9	13[2]	14	8	12 tonnes -50%

Dstl GGC In-Scope ICT Waste Data			Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24	End 2024/25 Target
Non-financial indicator (tonnes)	In-scope ICT waste	Recycled	0	10[2]	2	7	0	N/A
		Incinerated (without energy recovery)	0	4[2]	1	0	2	N/A

Notes:
Waste data source - Dstl's Facilities Management Partner Waste Management Contract and Dstl Incinerator, unless otherwise noted
Paper data source – Crown Commercial Services Framework contract
[1] In-scope waste EWC Codes
- Paper and Cardboard 15 01 01 and 20 01 01
- Plastic 15 01 02 and 20 01 39
- Metallic packaging and metals 15 01 04 and 20 01 40
- Glass 15 01 07 and 20 01 02
- Residual waste 20 03 01
- Dry mixed recycling 20 03 01
- Food (biodegradable kitchen waste) 20 01 08

[2] Estimated
[3] Gross data provided by MOD/DIO. Weights per disposal stream proportioned
[4] Food waste trial period

Water

All our incoming water supplies and wastewater services at our core sites are provided and measured through our water contract.

With the MOD no longer exempt from requiring an abstracted water license, we successfully secured a license for Porton Down. The license conditions require us to reduce the amount of water abstracted by 27% by end of March 2036.

At Porton Down, the herringbone wastewater filtration system refurbishment concluded during the reporting year, and our Long-Term Water Resilience project progressed in accordance with the programme. Development of our water strategy progressed and is intended to be taken forward during the next reporting year. In addition, we plan to commence introduction of a qualitative assessment to encourage staff in the efficient use of water.

Our Helios Project to move capabilities and staff from Fort Halsted to our other sites has resulted in a substantial reduction in water consumption.

Dstl GGC (Gross) Water Data[3]		Baseline year 2017/18	2020/21	2021/22	2022/23	2023/24	End 2024/25 Target
Non-Financial Indicator (m3)	Scope 1 – abstracted	280,588[1]	273,682[1]	243,156[3]	153,176[1]	140,817	N/A
	Scope 2 – mains water supplies	185,851[1]	153,986[1]	118,994	129,861[1]	11,224	N/A
	Total water consumption	**466,439[1]**	**427,668[1]**	**362,150**	**283,037[1]**	**152,041**	429,1241 -8%
Dstl Gross Water Data		**Baseline year 2017/18**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**End 2024/25 Target**
Non-Financial Indicator (m3)	Normalisation of gross water consumption per FTE	124	97	77	56	29	N/A
	Normalisation of gross water consumption per NIFA	4	3	3	3	1	N/A
Financial indicators (£'000)	Water supply costs[2]	1,356	2,017[1]	1,662	1,916	1,074	N/A

Notes:
FTE – Full time equivalent staff number. 2017/18 = 3,762, 2020/21 = 4,408, 2021/22 = 4,702, 2022/23 = 5,055, 2023/24 = 5,272
NIFA – Net internal floor area, as Valuation Office Agency's Code of Measuring Practice: Definition for Rating Purposes. 2017/18 = 127,506 m2, 2020/21 = 133,910 m2, 2021/22 = 137,204 m2, 2022/23 = 106,575 m2, 2023/24 = 111,837 m2
Water data source – Water Supply Contract, unless otherwise noted.
Consumption figures include consumption by 3rd party tenants and lodgers. This enables all consumption attributed to MOD water contracts to be included in reporting
[1] Total consumption figures provided by MOD/DIO, pro-rata between abstracted and mains water supplies.
[2] Financial data taken from invoices, including licence costs
[3] Estimated

Rural Proofing

As we are not a Government policy maker, the Department for Energy, Food and Rural Affairs (DEFRA) Rural Proofing requirements do not specifically apply. However, we intend to consider the development of a process that considers the significant impact a new policy could have on rural communities.

Sustainable construction

We aim to achieve MOD policy of Defence Related Environmental Assessment Methodology (DREAM) ratings of 'Excellent' for new builds and 'Very Good' for major refurbishments. The MOD's Sustainability Environmental Assessment Tool (SEAT) is used for construction projects as required. Construction projects and programmes have gateway reviews to ensure sustainability commitments and requirements are included. Our Construction Design Management Process was reviewed to improve alignment with the Royal Institute of British Architects (RIBA) Stages and MOD Policy.

Areas of the estate have been identified as suitable locations for Biodiversity Net Gain for future planning needs.

Climate adaptation

Governance for climate change adaptation is provided by the Sustainability Committee. We comply with JSP 655 Investment Approvals providing programme and project gateways, and JSP 850 Infrastructure and Estate Policy.

We intend to commence production of a Climate Change Adaptation Strategy over the next reporting year.

Conservation and biodiversity

Our Porton Down Site of Special Scientific Interest (SSSI) comprises 1,519 hectares, constituting one of the largest uninterrupted tracts of semi-natural chalk grassland in Great Britain. The area supports nationally rare flora and fauna. We have continued with an intensive programme of scrub management and conservation in order to achieve 'Favourable Condition' status.

We marked 11 years of our in-house monitoring, and 10 years of predator exclusion fencing as part of our Stone-curlew Conservation Project, resulting in the five year estate productivity average continuing to increase, taking it over the 0.61 requirement for the fourth consecutive year.

Following restoration of Lake Hern Pond, a number of bird species were seen, including UK Birds of Conservation Concern Red List species of Skylarks, Linnets and Yellowhammers.

We commenced implementation of our Site Ecological Plan at Portsdown West. DIO will be developing Nature Recovery Plans and managing a Natural Capital Approach across the MOD estate, including at Dstl. A survey was conducted to assess woodlands at Porton Down to provide data for a Woodland Management Plan and carbon sequestration, the report is due in the next reporting year.

Conservation Commitment		2020/21	2021/22	2022/23	2023/24
Scrub clearance from chalk downland	Hectares of new scrub cleared[1]	9.0	5.0	2.2	4.25
	Hectares of scrub cleared[2]	Approx. 35 - 40	Approx. 25 - 30	60	50
Dstl Stone-curlew Conservation Project	Plots in total	17	17	17	15
	Plots fenced	13	13	16	14
	Breeding pairs	9	10	8	11
	Fledged young	8	8	6	12
	Productivity	0.89	0.80	0.75	1.09
	Pair average over five years	11	10	9	9
	Five year productivity average	0.64	0.67	0.79	0.94

Notes
[1] Scrub not cut for at least 20 years
[2] Scrub cleared that had been cut at least once before

Sustainable Information Communication and Technology (ICT)

We commenced consideration of incorporating sustainability into every strategic and operational Digital decision, including focus on the Greening Government: ICT & Digital Services Strategy. Our IT Strategy 2020-2025 aligns to the Defence Digital Strategy.

Due for launch in the next reporting year, we pushed on with M365 cloud functionality tooling to reduce our paper consumption.

Site occupancy has increased to pre-COVID-19 levels, although not consistently observed across the working week. Our ICT provision supports flexible working, and our use of thin clients, equipment that connects desktop peripherals to a server, and cloud based services helps to support a reduction in staff commuting and our electricity consumption.

Our data centre upgrades continued, with further energy efficient upgrades to uninterrupted power supplies (UPS) and chillers planned in the next reporting year.

Our main ICT supplier stood up a team focused on sustainability and improving working practises. We introduced digital contract management roles for enhancing sustainability from our suppliers.

We have updated and increased the effectiveness of our Virtual Teleconferencing Centre (VTC) rooms. Compared with the previous reporting year, although our use of Jabber communication reduced by 22%, use of Microsoft Teams increased by 21%, telepresence increased by 331%, and Media Bench increased by 339%. Our electronic communications assist in reducing business travel. However, we encourage face to face meetings to support staff well-being to assist in reducing feelings of isolation.

Compared to the previous reporting year, recycled ICT waste decreased from seven tonnes to zero, and ICT waste incinerated with energy recovery increased from zero to two tonnes. Zero digital waste was sent to landfill in the reporting year.

Sustainable procurement

We continued to deliver our procurements and contract management in line with UK Government and MOD policies, applying the MOD Sustainable Procurement Policy embedding the Government Buying Standards. The Policy incorporates directives such as the Timber Procurement Policy, Energy Efficiency, and Modern Slavery Act, and requires our Commercial Leads to confirm with Project Managers that Sustainable Procurement objectives in the specification comply with applicable legislation.

We transitioned into the MOD corporate solution for the delivery of Hard FM services. The contract incorporates a robust Sustainability Schedule, which requires the supplier to develop and deliver a Social Value (SV) Strategy, for which we created Key Performance Indicators (KPIs) to measure delivery. Our Hard FM supplier:

- Delivered recruitment fairs, signed the Care Leavers Covenant, and committed to the Real Living Wage
- Delivered ‘lunch and learn’ sessions to promote the personal and professional development of women in technology
- Committed to inclusion of apprentice roles in supplier project teams delivering to us

Application of the Cabinet Office SV Model continued and achieved a variety of commitments from other suppliers.

We continued to develop and apply our SV KPIs across a wider suite of contracts, and ensure Carbon Reduction Plans (CRPs) are requested from bidders in procurements >£5 million per annum, once awarded commitments are measured and reported.

Our Catering Soft FM services are procured through the DIO Hestia Contract. We continue to work with the Catering Soft FM supplier to identify opportunities to deliver greater improvement in this area. We continued to meet our target spend with Small to Medium Enterprises (SMEs) this reporting year. 29% of our external spend was with SMEs, 26% of our direct suppliers were SMEs, with 3% of our contract tasks placed indirectly with SMEs.

Community

Many of our employees continue to volunteer within the local communities surrounding our sites. We recognise that volunteering is a rewarding way to use our unique skills while making a big difference within our communities. Many of our people contribute to a wide variety of voluntary roles, from supporting sporting events, the MOD-sponsored Cadet and scouting and guiding organisations, to more formal voluntary roles such as volunteering with school governing bodies, the Red Cross, Royal National Lifeboat Institution (RNLI) and the Samaritans. We also support team members who are Armed Forces Reservists.

Volunteering activities also include work with schools, colleges and universities to encourage more young people to pursue further study and careers in STEM. Throughout 2023/24, Dstl employees have booked around 3,000 hours to volunteering activities.

Under the Dstl corporate charity approach, we ensure that our procedures and employment contracts are in line with the Civil Service Management Code, and that they reflect the fundamental principles of the Human Rights Act 2000. Our annual remembrance service in November ensures contributions to the Royal British Legion can be made by our community. Throughout 2023/24, we have also continued to support our employees who choose to take part in fundraising activities in their own time.

Dr Paul Hollinshead
Chief Executive

18 July 2024

Impact #05

Gaming Tech

Analysing and informing defence decisions with gaming technology

Dstl has harnessed the creative talents of the gaming industry to bolster strategic and high-level decision making by defence leaders.

Partnering with computer games company Slitherine, Dstl has shaped a new generation of professional wargames to inform the military's force structure, assess capability, and support operational and contingency planning.

This provides military leaders with better tools to make effective decisions – making the UK safer and more prosperous.

Traditional analytical tools are often not as user-friendly as commercial games and can require significant experience to operate, being mainly focused on the algorithms over usability and engagement.

This novel approach has generated a 50% reduction in analysis time and costs. It has successfully been used to support military contingency planning, help wargame the British Army's structure, as well as to analyse the potential of remote and autonomous systems and other novel technologies.

Slitherine/Matrix Pro Simulations, a UK-headquartered small and medium-sized enterprise based in Epsom, Surrey, has grown from 25 to 96 staff since its partnership with Dstl starting in 2019.

Its 300 recreational products include huge maps of simulated battlefield areas and modelling of modern and historic combat operations, vehicles and weapons.

Dstl has also worked with Slitherine to boost representation of ethnic and cultural diversity in its games to reflect not only the changing face of the workforce but of society at home and abroad.

Shaping the Defence and Security landscape

Accountability

Our Accountability Report presents information on Dstl's key accountability requirements to Parliament as the primary user of our Annual Report and Accounts.

Our Accountability Report contains three sections:

Corporate governance

Demonstrates that we have the right governance structure in place to meet our objectives, and that we are compliant with the activities and codes of good corporate governance. It includes information about our leadership, and details our comprehensive Governance Statement.

Statement of the Accounting Officer's responsibilities

Governance statement

Ensuring successful delivery

Remuneration and staff

Shows how we have complied with the key rules and requirements related to the remuneration of our directors and other staff, as well as demonstrating what it is like for our staff working at Dstl.

Remuneration policy

Senior management remuneration and pension entitlements

Our people

Parliamentary accountability and audit

Provides a summary of the main information relating to the resource and capital spending set by Parliament, as well as detailing the accountability and decision-making role of our organisation.

Statement of Parliamentary Supply

Regularity of expenditure

Remote contingent liabilities

Losses and special payments

Fees and charges

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

3 / Corporate governance

Our leadership

The Dstl Board and Executive Management Committee (for the financial year 2023/2024)

Our Board provides a forum for independent, non-executive support and challenge to our Chief Executive and our Executive Management Committee members. It provides assurance to MOD by monitoring Dstl's performance against its delivery objectives and ensuring that the organisation is compliant with the appropriate policies and standards.

→ **Adrian Belton**	Non-executive Chair
→ **Brian Bowsher**	Non-executive member
→ **Jeremy Monroe**	Non-executive member
→ **Tara Usher**	Non-executive member (MOD)
→ **Sarah Spurgeon**	Non-executive member
→ **David Tonkin**	Non-executive member
→ **Robert MacLeod**	Non-executive member (Started 19 February 2024)
→ **Paul Hollinshead**	Chief Executive
→ **Andy Bell**	Chief Science and Technology Officer
→ **David English**	Chief Finance Officer and interim Chief Operating Officer

The Dstl Executive Management Committee (for the financial year 2023/24)

Our Executive Management Committee ensures the effective and efficient strategic leadership and operational delivery of Dstl. It monitors business delivery and financial performance to ensure our strategic direction remains appropriate to our customers' needs. It also ensures that we operate safely and securely by reviewing performance and managing risks.

Further details of Dstl's Executive Management Committee can be found within our Governance statement

See page 58

Members of the Dstl Executive Management Committee (EMC) as at 31 March 2024	
Paul Hollinshead	Chief Executive Officer (CEO)
Andy Bell	Chief Science and Technology Officer (CSTO)
David English	Chief Finance Officer (CFO) and interim Chief Operating Officer (COO)
Robyn Wedderburn	Chief People Officer (CPO) (Departed 26 July 2023)
Teresa Stanley	interim CPO (Started 27 July 2023)
Matt Chinn[1]	interim Chief Delivery Officer (CDO) (Started 17 April 2023)

Note:
Following consultation in 2022/23, the Chief Executive implemented changes to the structure of the Executive Management Committee by removing the Division Heads as standing attendees.
[1] Matt Chinn continued to be a member of the Executive Management Committee as interim CDO. He had previously attended the meetings as Platforms Division Head.

Non-executive members of the Dstl Board (as at 31 March 2024)

Adrian Belton

Chair

Appointed as chair of the Board on 1 August 2019

Brian Bowsher

Non-executive member

Appointed to the Board on 1 September 2018

Robert MacLeod

Non-executive member

Appointed to the Board on 19 February 2024

Key strengths

Corporate governance, risk management, financial management, strategic leadership and stakeholder management at the interfaces of the public, private and academic sectors.

→ Experience

Adrian was Chief Executive of the Government's Food and Environment Research Agency (FERA) from 2009 to 2014, having established it from a four way merger including the Central Science Laboratory (CSL) and the UK Government Decontamination Service. He was Chief Executive of the CSL from 2008 to 2009. From 2014 to 2016, Adrian was Chief Executive of the Construction Industry Training Board (CITB) from where he stepped down from full-time executive work to pursue a non-executive career. His earlier career was with Barclays where he held a number of senior executive roles, followed by roles in local Government and in establishing a new Non Departmental Public Body in Defra.

→ Declarations of Interest in year

Non-executive Director of NHS Property Services Limited; Lay Member of the Council of the University of Sheffield (until July 2023); Chair St Luke's Hospice Sheffield; Director Gun Wharf RTM Company Ltd; and Independent Lead Reviewer for the Public Body Review of the UK Health Security Agency (Nov 2023- May 2024).

→ Key strengths

Strategic and change leadership; operational/assurance excellence; research and innovation (national and international); stakeholder engagement.

→ Experience

In 2018, Brian retired as the Chief Executive of the Science and Technology Facilities Council (STFC). He has also been a member of the governing bodies of CERN (the European Council for Nuclear Research), the Square Kilometre Array, and the Diamond Light Source. From 2009 to 2015, Brian was the managing director of the National Physical Laboratory (NPL) and before joining NPL, he was on the executive board of AWE initially as Director of Research and Applied Science and then as Director Systems Engineering. He is a Fellow of the Royal Society of Chemistry and the Institute of Physics, an Honorary Fellow of the Institute of Measurement and Control, and holds an Honorary Doctorate of Science from the University of Southampton.

→ Declarations of Interest in year

Member of Southampton University School of Chemistry Advisory Board; former Chief Executive of the Science and Technology Facilities Council (2016-18) and National Physical Laboratory (2009-15); and Independent Reviewer of Board Effectiveness for UK Space Agency (December 2023 – April 2024).

→ Key strengths

Accounting, Mergers & Acquisitions, finance, strategy, risk and governance requirements for large companies; strategic and corporate change; driving improvements in the management of health and safety.

→ Experience

Robert is an experienced business leader with more than 20 years' experience at Board level, as Chief Financial Officer and also as Chief Executive Officer. Robert has held senior general management and financial leadership roles in large, complex multi-site international industrial businesses. His last full-time role was as CEO of Johnson Matthey Plc, a global leader in sustainable technologies. Having stepped down from Johnson Matthey in March 2022, he now has a series of non-executive positions.

→ Declarations of Interest in year

Non-Executive Director of RELX Plc, Vesuvius Plc, Balfour Beatty Plc and the British Standards Institute.

Non-executive members of the Dstl Board (as at 31 March 2024)

Jeremy Monroe

Non-executive member, Chair of the Remuneration Committee

Appointed to the Board on 1 February 2017

Key strengths

Transformation and management of change; IT strategy; programme design; commercial experience; customer relationships.

→ Experience

Jeremy started in manufacturing with a physics degree and changed to management consultancy, in time becoming a partner in PricewaterhouseCoopers (PwC) and a member of its Supervisory Board. On the sale of PwC's consulting business, Jeremy became vice-president in IBM's public sector consulting and systems integration business. Latterly he designed, sold and led large public sector IT enabled transformational projects, particularly for the MOD and the Home Office, building organisational relationships that lasted many years. His final role at IBM was as Global Leader Defence and Intelligence, bringing people together across the globe.

→ Declarations of Interest in year

Chair of VSPM Ltd; shareholder of Melrose Industries; and relation of Sarah Munby, Permanent Secretary of the Department for Science, Innovation and Technology (DSIT).

Sarah Spurgeon

Non-executive member

Appointed to the Board on 1 July 2018

→ Key strengths

Engineer; research and innovation management; education and skills development; science and technology evaluation.

→ Experience

Sarah is Professor of Control Engineering, and Head of the Department of Electronic and Electrical Engineering at University College London; she is currently a Vice President of the IET as well as Vice President Publications of the International Federation of Automatic Control and was a past President of the Engineering Professors' Council and a past President of the Institute of Measurement and Control. In 2000, she was awarded the Institute of Electrical and Electronics Engineers millennium medal, and in 2010, she received the Honeywell international medal for distinguished contribution as a control and measurement technologist to developing the theory of control. Sarah is currently a member of the Police Science Council.

→ Declarations of Interest in year

Professor and Head of Department, University College London; Vice President of the Institute of Engineering and Technology and the International Federation of Automatic Control; and Board member of the Police Science Council.

David Tonkin

Non-executive member, chair of the Audit and Risk Assurance Committee

Appointed to the Board on 1 September 2017

→ Key strengths

Improving business performance; implementing and managing financial and organisational risk management frameworks; leading organisational change; process improvement; health and safety management.

→ Experience

David is a commercially focused business leader with more than 20 years' experience in strategic and operational leadership. He has held both senior general management and financial leadership roles in complex multi-site operations, internationally and across various industry sectors. His last full-time role was with Atkins Plc as UK and Europe Chief Executive, the UK's largest engineering consultancy. He now fulfils a series of non-executive positions and coaching roles.

→ Declarations of Interest in year

Chair and Director of the Railway Industry Association.

Non-executive members of the Dstl Board (as at 31 March 2024)

Tara Usher (MOD)

Non-executive member

Appointed to the Board on 1 October 2019

→ Key strengths

MOD civil servant and former City solicitor, banker and company secretary: governance, assurance and portfolio management. Conduit with MOD Head Office.

→ Experience

Tara leads the MOD Enabling Organisations Sponsorship Team. The Team performs the sponsorship function for several of the Department's Arm's Length Bodies, namely the UK Hydrographic Organisation (UKHO), the Oil and Pipelines Agency (OPA) and the Single Source Regulations Office (SSRO), in addition to Dstl. Tara joined MOD in 2018 after working for the Department for Transport, first as a legal adviser (maritime and aviation) and subsequently in policy and governance roles. Her work included creating a new governance and portfolio management framework for DfT's large-scale capital investments and later leading the sponsorship team for the newly created National Highways GovCo. Prior to joining the Civil Service Tara worked in the City, initially at the law firm, Freshfields, and latterly in investment banking. Tara is also the MOD Board representative for UKHO and SSRO.

→ Declarations of Interest in year

Head of Enabling Organisations Sponsorship at MOD; and Co-opted independent Member of the Audit and Transparency Committee of Kensington & Chelsea Council.

Executive Management Committee members on the Dstl Board (as at 31 March 2024)

Paul Hollinshead

Chief Executive

Appointed to the Board on 14 February 2022

→ Key strengths

Management of large complex projects and organisations; leading multi-disciplinary teams; and setting strategy and direction.

→ Experience

Paul joined Dstl as Chief Executive in February 2022, having led complex, large science and technology programmes in the defence and civil sector for more than 20 years.

His varied career has included policy and strategy work including involvement in several strategic defence reviews and national strategy development in the Prime Minister's Strategy Unit. He was Head of Wealth Creation at DERA, Science and Innovation Director in the Department of Energy and Climate Change, and led nuclear research collaboration with the USA.

Paul was most recently Operations Director for Defence Test and Evaluation and a Director in the Defence Nuclear Organisation. He was the Procurement Director and Senior Responsible Owner for a large portfolio of complex defence and energy programmes including submarines, strategic systems, nuclear infrastructure and green energy.

→ Declarations of Interest in year

Nothing significant to report.

Andy Bell

Chief Science and Technology Officer

Appointed to the Board on 22 October 2018

→ Key strengths

Strategic outlook; broad science and technology knowledge; leadership; cross-government experience; change programmes.

→ Experience

Following a degree (University of Oxford) and PhD in Chemistry, and three post-doctoral research posts (in Japan, France and the UK) Andy joined MOD in 1994 as a scientist researching chemical weapon detection technologies. He was seconded to the Home Office in 2005 as Chief Scientist for CBRN, returning to Dstl in 2007. Andy was the Dstl Chief Technical Officer from 2012 to 2015, when he left to head up the Centre for Applied Science and Technology (CAST) at the Home Office. Andy led the CAST integration to Dstl, returning to Dstl with CAST in 2018 and is now the Chief S&T Officer. Andy is a Non-Executive Member of the Ploughshare Innovation Ltd Board, Chair of the National Authority for Counter-Eavesdropping S&T Advisory Board and a Member of a Charitable Trust improving youth accessibility to music making.

→ Declarations of Interest in year

Non-Executive Member of Ploughshare Innovation's Board; and Visiting Chair and Honorary Fellow at the University of Southampton.

David English

Chief Finance Officer and interim Chief Operating Officer from 7 November 2022

Appointed Finance Director on 1 January 2016. He joined the Board on 30 May 2015 as the MOD non-executive director

→ Key strengths

Finance; government relations; governance.

→ Experience

Before joining Dstl, David was the Head of Business Strategy and Governance in MOD. He joined MOD in 1996 having achieved a first class honours degree in Avionic Systems Engineering at Bristol University and some hands-on engineering in industry. During his MOD career, David has worked in the Defence Evaluation and Research Agency, central MOD finance, Defence Equipment & Support, and has been a Private Secretary to the Defence Secretary. He has also completed an MBA with distinction at Imperial College and is a graduate of the Higher Command and Staff Course.

→ Declarations of Interest in year

Non-executive director (NED) of Ploughshare Innovations Ltd.

Total length of service by the Board's Non-executive members at 31 March 2024			
	Total length of service	Date of most recent appointment	Date of expiry
Adrian Belton	4 years, 7 months	1 February 2024	31 July 2025
Brian Bowsher	5 years, 6 months	1 September 2021	31 August 2024
Robert MacLeod	0 years, 1 month	19 February 2024	18 February 2027
Jeremy Monroe	7 years, 1 month	1 February 2023	31 July 2024
Sarah Spurgeon	5 years, 8 months	1 July 2021	30 June 2024
David Tonkin	6 years, 6 months	1 September 2023	30 August 2024
Tara Usher	4 years, 5 months	1 October 2022	30 September 2025

Impact #06

Munition

Analysis underpins MOD's 10-year plan to replenish UK munition stocks

Expert operational analysis by Dstl is behind MOD’s 10-year plan to bolster UK munition stockpiles.

The evidence generated over many years by Dstl has been fundamental to shaping the UK armed forces’ munitions requirements and identifying priorities for investment.

Dstl’s analysis calculated both the types and quantities of munitions that needed to be procured allowing MOD decision makers to make the right strategic choices for both immediate and long-term challenges.

The MOD’s 10-year munitions investment plan will focus on key high-tech capabilities, including air defence missiles and anti-armour munitions, in addition to continued investment in UK-built 155mm artillery ammunition.

Investment in 155mm artillery ammunition with BAE Systems, delivering an eight-fold increase in production capability, will allow BAE Systems to invest in new and expanded facilities at Glascoed in South Wales, and Washington in Tyne & Wear, creating more than 100 new jobs.

155mm shells are fired from heavy artillery systems such as Archer and AS90, and provide an effective mix of range and destructive power.

The UK and NATO nations have provided millions of rounds of ammunition and game-changing equipment to Ukrainian armed forces in their fight against Russia’s illegal invasion.

Shaping the Defence and Security landscape

Statement of the Accounting Officer's responsibilities

Under Sections 7(1), (2) and (5) of the Government Resources and Accounts Act 2000, His Majesty's (HM) Treasury has directed Dstl to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Dstl and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

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

The Accounting Officer of the Ministry of Defence, the MOD Permanent Secretary, has appointed the Chief Executive as Accounting Officer of Dstl. 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 Dstl's assets, are set out in Managing Public Money published by the HM Treasury, and in Dstl's Framework Document.

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 Dstl'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.

Governance statement

Scope of responsibility

As Accounting Officer for Dstl, it is my responsibility to ensure that there is a sound system of governance, risk management and internal control in place. In addition, I ensure that Dstl business is conducted in accordance with Managing Public Money so that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To demonstrate this, our Governance statement covers:

→ our corporate governance

→ our risk management

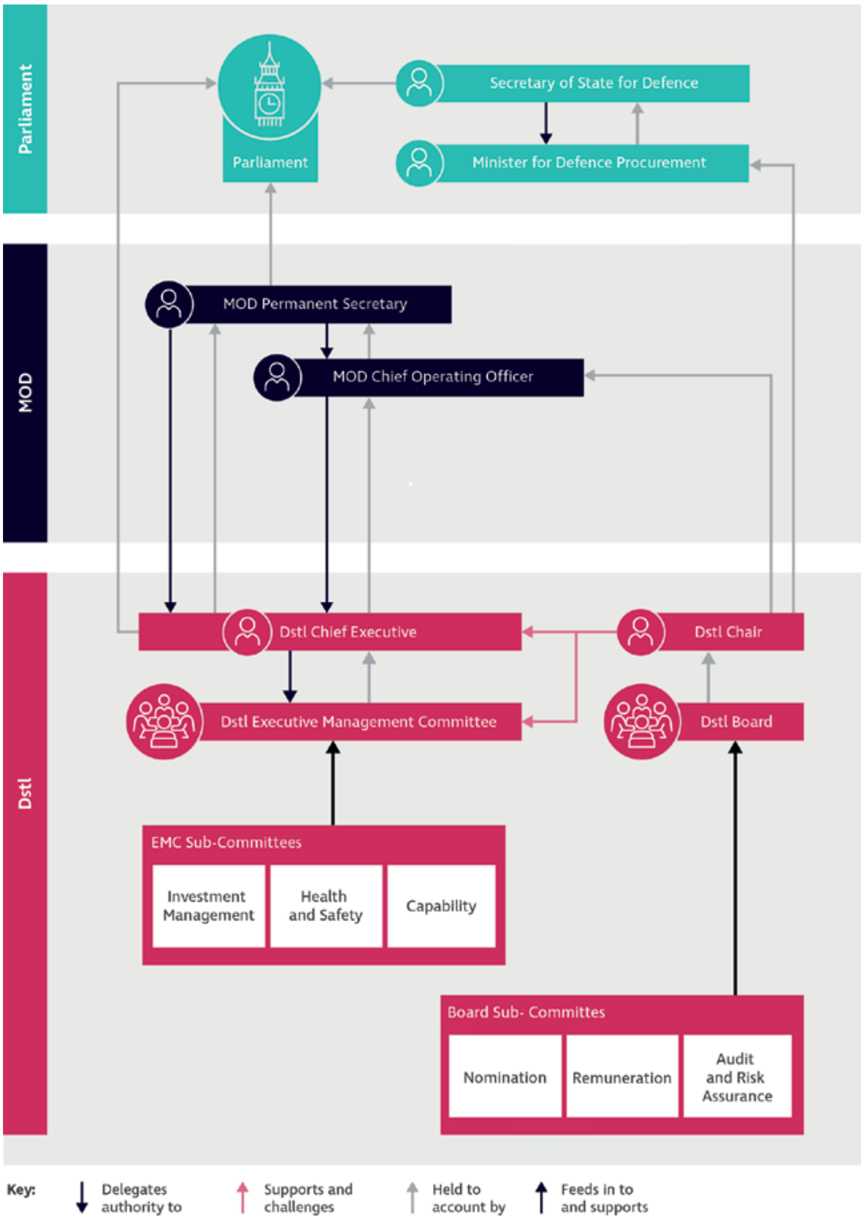
→ our control environment

→ our control activities

→ our performance reporting.

Our corporate governance

We comply with HM Treasury's Code of Good Practice on Corporate Governance in Central Government Departments (2017). As at 31 March 2024, our corporate governance framework is summarised in the diagram across.



The Dstl Board

The Dstl Board held four regular meetings during the year.

Membership

Dstl's non-executive Chair Adrian Belton was re-appointed for a further 18 month term from 1 February 2024. Non-Executive Member (NEM) David Tonkin was re-appointed for a further term of up to 12 months from 1 September 2023 to ensure an effective handover to Robert MacLeod, who was appointed to the Board on 19 February 2024 for a three year term, and who was formally appointed chair of the ARAC at the April 2024 meeting. NEM Jeremy Monroe had his term extended for a further six months from 1 February 2024, to provide further resilience and continuity during the handover of the Chair of the ARAC.

Paul Hollinshead as Chief Executive, and Andy Bell as Chief Science and Technology Officer, are both members of the Board. David English is a member of the Board as interim Chief Operating Officer, as well as being Dstl's Chief Finance Officer.

Robyn Wedderburn attended three meetings (by invitation) as Chief People Officer. Teresa Stanley has attended one meeting by invitation as interim Chief People Officer.

The Board is supported by an effective Secretariat.

Board member	Date started	Date ended	Number of meetings attended	Number of meetings that could have been attended
Adrian Belton (Chair)	-	-	4	4
Jeremy Monroe	-	-	4	4
David Tonkin	-	-	3	4
Sarah Spurgeon	-	-	4	4
Brian Bowsher	-	-	3	4
Tara Usher	-	-	4	4
Robert MacLeod[1]	19 February 2024	-	0	0
Paul Hollinshead	-	-	4	4
Andy Bell	-	-	3	4
David English	-	-	4	4

Notes:

[1] Robert MacLeod was appointed after the final Board meeting of 2023/24.

Business 2023/24

Following a light review of the role of the Board in Dstl's governance, it was agreed to reduce the number of meetings from eight to four. Two of these meetings also serve as Dstl's Performance and Risk Review, led by MOD's Chief Operating Officer. This reduction in meetings has saved a significant amount of overhead, simplified arrangements and has allowed Dstl's NEMs to individually engage more closely in strategically-important programmes.

The business taken at Board meetings reflects the responsibilities of the Dstl Board, in its advisory capacity to exercise strategic oversight of Dstl in the delivery of its objectives. Along with monitoring performance of Dstl's delivery, a strong focus of Board business this year has been on risk, as part of a refresh of Dstl's corporate risk register. The Board also continued to devote time to Dstl's safety arrangements, as well as oversight of overall transformation activity.

To provide assurance to the Board of the health of Dstl's Strategic Capabilities (SC), two External Review Colleges (ERC) were held and reported their results to the Board, providing some independent assessment of four of those capabilities. In addition, the Board also considered the findings of two Follow Up Reviews in the reporting period. These are held 12 months after each ERC, and the original ERC Panel return to review the progress made with recommendations arising from the original ERC. The ERC meshes with the internal Capability Health Assessment which examines the health of all S&T capabilities annually, also reported to the Board.

Standing items include an update from the Chief Executive, MOD NEM and from the Chair of the Audit and Risk Assurance Committee (ARAC) following the quarterly ARAC meetings.

Annual review of effectiveness

An independent assessment of Board effectiveness and performance was conducted by Azets Audit Services Limited, and reported in August 2023. The assessment comprised a survey completed by Board members and one-to-one interviews with Azets. The evaluation summarised that the Board is operating effectively in most key areas, with opportunities for continued improvement in some areas. There was appetite to use NEMs' experience in different ways; a key element to this is a reduced number of Board meetings in a year to enable NEMs to input directly to key programmes, drawing on specific experience.

Audit and Risk Assurance Committee

The ARAC met four times during 2023/24.

Membership

There are four NEMs who sit on this committee – David Tonkin (Chair), Brian Bowsher, Jeremy Monroe and MOD NEM Tara Usher. Following the appointment of Robert MacLeod to the Board, he took over as ARAC Chair when David Tonkin stepped down from the Board in April 2024. I attend by invitation, as do my Chief Finance Officer, Head of Risk, Assurance and Governance, and Head of Finance. Representatives from the National Audit Office and MOD Defence Internal Audit also attend by invitation.

The ARAC is supported by an effective Secretariat.

Attendance at Dstl Audit and Risk Assurance Committee for 2023/24

Board member	Role	Number of meetings attended	Number of meetings that could have been attended
David Tonkin	NEM (Chair)	**4**	4
Jeremy Monroe	NEM	3	4
Brian Bowsher	NEM	4	4
Tara Usher	MOD NEM	4	4
Robert MacLeod	NEM	**0**	1

Business 2023/24

The ARAC maintained a focus on reviewing Dstl's corporate risks, the outcome of internal and external assurance, Dstl's counter fraud activities, information risk and assurance, and health and safety. The ARAC also took a particular focus on Dstl's business continuity arrangements, reviewing individual business continuity plans and exercises undertaken to test their effectiveness.

Commenting on the work of the committee over the past year, the Chair of the ARAC David Tonkin said:

"As I step down as ARAC Chair, I would like to thank the non-executive members for their attention and diligence in supporting the ARAC, and the wider Dstl leadership for their engagement of the last six years. This is the second year that we have reported a Limited Assurance status for the organisation with a focus on a planned return to moderate assurance by this time next year. The growth of the organisation, the change of leadership and gaps in the leadership team has been a significant factor in the current assurance status. I encourage the MOD HQ to continue to support the resourcing of key leadership positions and to ensure, as far as is possible, clear directions for future cost saving targets and signals. The financial performance of the organisation continues positively.

The assurance framework has recently been reformatted to focus on the organisations key controls aligning it to Dstl's significant corporate and operational risks and those levers that are key to Dstl's control environment. During the year the quarterly assurance report has been fundamental in pulling together the corporate and operational risks with the associated four levels of assurance to be able to report, analyse and track Dstl's risk and control environment.

The main topics for this year have been reviewing the Business Continuity Plans from both divisional and functional areas, and supporting the roll out of a revised Health and Safety focus. In addition monitoring and reporting on key programme risks such as transition to new FM contracts; closing out a significant capital build; tracking the move from a single outsourced IT provision to an integrated best of breed approach. ARAC has continued to support the transition to a new CEO, encourage a change in the organisational model and continue to support the Board in providing the necessary understanding of the organisations risk and assurance status."

Annual review effectiveness

The annual review of effectiveness has been deferred to allow input from the new ARAC Chair. It will report to the June 2024 committee.

Executive Management Committee

The EMC has continued to be the key meeting for the Executive Team to ensure the effective and efficient strategic leadership and operational delivery of Dstl. Following the changes agreed in 2022/23, the Committee is now smaller and more focussed. The EMC met a total of 18 times in 2023/24, with one meeting per quarter focused on performance.

For information on the sub-committees of the Executive Management Committee

See page 63

Membership

The EMC is chaired by the Chief Executive, and comprises the Chief Operating Officer, Chief Delivery Officer, Chief Finance Officer, Chief Science and Technology Officer, and Chief People Officer. The Chief Safety Officer, Head of Risk, Assurance and Governance, and the Chief Executive's Chief of Staff each have a standing invitation to all meetings. The EMC is supported by a highly-effective Secretariat.

The Executive Management Committee membership as of March 2024

Paul Hollinshead
Chief Executive

Andy Bell
Chief Science and Technology Officer

Matt Chinn
Interim Chief Delivery Officer

David English
Chief Finance Officer / Interim Chief Operating Officer

Teresa Stanley
interim Chief People Officer

Business

The EMC has refined the business it takes through the year. It now operates with a clear forecast of business over the upcoming Financial Year, and in more detail for each coming quarter. This is based on the deliverables in the Dstl Business Plan, with additional quarterly sessions devoted to scrutinising each of Risk, Assurance, Performance, People and Transformation.

The EMC has devoted a significant effort to ensuring the safety of staff and the public. Every meeting begins with a safety and security-themed discussion, and the EMC have committed to a Safety Charter.

The EMC has also completed a number of development activities together, including externally-facilitated workshops on management of a quality system to ISO9001:2015, and leading a safety culture.

Dstl follows the principles laid out in Section 172 of the Companies Act 2006, and has met the requirements with specific items of business and by managing Corporate Risks as follows:

Section 172 requirement	EMC response	Corporate Risks
The likely consequences of any decision in the long term	EMC has developed a three-year Corporate Plan as part of the 2023-28 Strategic Direction. EMC has developed a ten year infrastructure plan aligned with Departmental priorities and the Dstl strategy. Each quarter EMC discharges its role as the sponsoring body for the Dstl Transformation Portfolio.	CR11, CR12, CR33, CR42
The interests of the company's employees	Every EMC meeting now begins with a discussion of Safety and Security matters. There is a quarterly EMC agenda item devoted to considering Dstl's People issues, including pay, recruitment, retention and fair treatment. The EMC has reviewed the results of the annual People Survey. EMC has heard, discussed and taken action on reports relating to the treatment of women in defence.	CR32, CR51
Fostering business relationships with suppliers, customers and others	A quarterly EMC Performance meeting, which includes attendance from all the S&T Delivery Heads and Head of Commercial.	CR12, CR62
Impact of operations on the community and the environment	This year the EMC has refreshed and agreed new Terms of Reference for its Health, Safety and Environmental Protection sub-committee and has endorsed a new Environmental Management Strategy.	CR31
Maintaining a reputation for high standards of business conduct	The EMC declares any potential conflicts of interest annually and at the start of each meeting. Investigations, audits and fraud risks are reported in the quarterly Assurance Report.	CR42, CR43
Acting fairly between members	EMC has developed and agreed a responsibility matrix which makes clear the respective responsibilities of its members and their interdependencies.	CR11

Executive Management Committee sub-committees

The efficiency of the EMC has been improved by the use of its formal sub-committees during the year, the purposes of which are outlined in the right-hand table. The Executive Health, Safety and Environmental Protection Committee, and the Capability Committee were created as EMC sub-committees in 2023/24.

For an overview of the business discussed at the Executive Management Committee

See page 61

Executive Management sub-committee	Purpose
Investment Management	To assist the Chief Executive in the execution of his financial delegations. The Investment Management Committee (IMC) ensures that expenditure proposals are subject to requirement and financial scrutiny. The IMC is responsible for considering all investment proposals (capital and significant revenue) above a defined threshold. The IMC is chaired by the Chief Finance Officer and is held monthly.
Executive Health, Safety and Environment Protection Committee	To review the measures taken to ensure the health and safety at work of Dstl staff and others affected by Dstl activities, and health, safety, welfare and the environment is managed as a key enabler to world-leading S&T. The sub-committee is chaired by the Chief Executive and is held every two months.
Capability Committee	To coordinate the response to Dstl's short and long term capability needs. This sub-committee is under development. It will be chaired by the Chief Science and Technology Officer and be held quarterly.

Changes to Dstl's Executive at the end of 2022/23 resulted in changes to the EMC sub-committees in 2023/24, with two committees no longer classed as EMC sub-committees but continuing to operate: the Delivery Committee for S&T (DCS&T), chaired by the Chief Science and Technology Officer[1]; and the Health and Safety Committee, chaired by the Chief Operating Officer. The purposes of these are outlined below.

Sub-Committee	Purpose
Health and Safety	To address cross-cutting health, safety and welfare (HS&W) issues, risks and organisational change, informed by assurance and performance data and emerging themes from incident reporting and investigation. The Health and Safety sub-committee was chaired by the Chief Operating Officer.
Delivery Committee for S&T (DCS&T)	To support the Chief Executive in governing and risk-assuring S&T planning, delivery and operation and ensures that Dstl develops and executes effective and integrated plans for stewarding S&T capability and delivering S&T impact. In addition, the DCS&T is responsible for approving, championing and assuring Dstl's S&T Portfolio and Strategic Engagement Plans. The DCS&T sub-committee was chaired by the Chief Technical Officer and held quarterly.

[1] The Chief Technical Officer was re-named the Chief Science and Technology Officer in 2023/24

Our risk management

Dstl's risk management framework is designed to ensure we counter or exploit the uncertainties faced by both Dstl and our delivery partners. We have embedded our risk management practices across the organisation, allowing us to consider tactical and operational risks as well as long-term strategic risks to the successful delivery of our objectives. Dstl's central risk management function defines, maintains and supports the correct application of our risk management approach. The function promotes a consistent approach and continual improvement, alongside their support to the Executive and Board to ensure risk management arrangements are proportionate and effective. This is achieved by Business Risk Partnering of Risk Managers and Business Managers. The Board and the ARAC regularly review our Corporate Risks. In addition, the Board and its ARAC undertake assurance of these risks to review the effectiveness of controls and mitigations and the progress of planned risk response actions, to ensure the level of risk carried by the organisation is within both its tolerance and delegation. In this year, Dstl has conducted a fundamental review of its Corporate Risk Register, to ensure its alignment with the Dstl Strategy 2023-28. Dstl's approach seeks to foster a risk-aware culture, in which decision making is informed by a shared understanding of risk, to enhance the operation of organisational activities, ultimately protecting and enhancing value.

Managing risk

Dstl's risk management approach complies with the directives and guidance of the MOD's JSP 892 – Risk Management, which in turn aligns with the principles of HM Treasury's Orange Book (Management of Risk – Principles and Concepts) https://assets.publishing.service.gov.uk/media/6453acadc33b460012f5e6b8/HMT_Orange_Book_May_2023.pdf. With the exception of Principle A (Governance and Leadership), our practices comply with the Orange Book principles. Principle A is not fully complied with. In 2024/25 we will make improvements to our Enterprise Risk Management Framework, operating model and organisational design, to promote and communicate our risk management culture and make effective use of risk information, insights and appetite in decision making.

Dstl's core process for risk management reflects the MOD's four step process of Risk Identification; Risk Assessment; Risk Response; and Risk Monitoring and Reporting. The process is iterative and supported by further activities such as assurance and escalation. The process relies on those in designated roles (including Risk Owners, Risk Managers, Control Owners and Action Owners) correctly and proactively carrying out their responsibilities. The identification process takes account of Dstl's operating context. Following the appropriate articulation of a risk, it is assessed, taking into account existing controls and mitigations, to give an indication of current likelihood and impact. Assessed risks are assigned an appropriate response.
The progress of implementing any further planned controls and mitigations is monitored, along with the ongoing effectiveness of existing controls, and other changes to the risk profile. Emerging or increasing risks are brought to the attention of areas of the business best-placed to manage them.

For further details of Dstl's Risk Management

See pages 16-18

Our control environment

We continue to promote a control environment that sets the tone for how our people engage in their day-to-day activities in line with behavioural and ethical standards. In addition, we also clearly clarify our people's responsibilities and the limits to their authority.

Our written policies and processes, standards of conduct and codes of ethics are available on Dstl's internal Business Management System "Themis".

Dstl processes

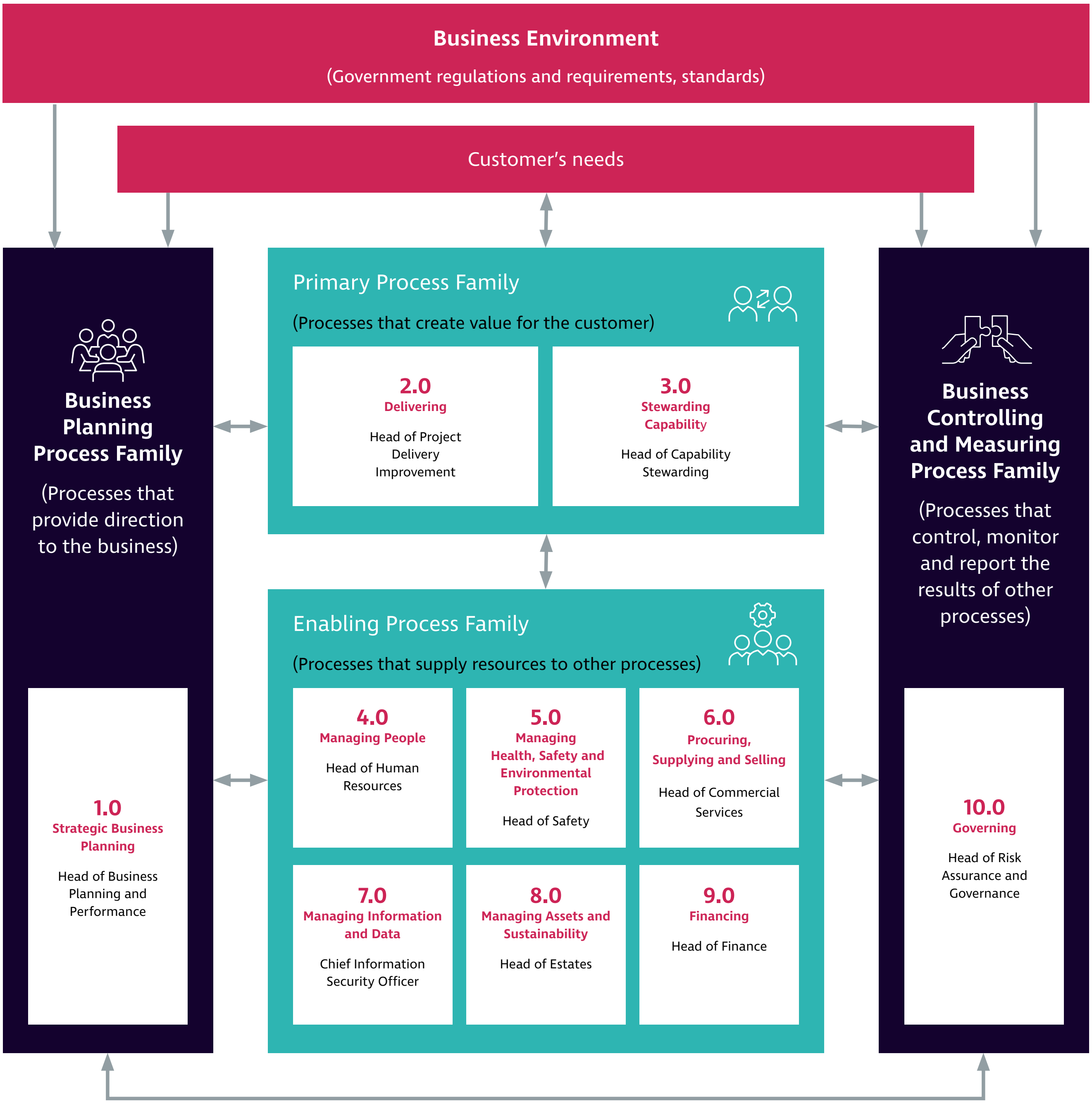
We operate a process hierarchy that gives strategic direction and intent to our business processes, sub-processes and process activities. These are aligned with our ten process families – the key sets of activities that Dstl performs in order to help manage corporate risks while achieving our purpose of delivering high-impact S&T.

We have continued to design, review and improve our business processes to ensure that they:

- → meet the needs of our staff, customers and other stakeholders;
- → continue to support delivery of our strategic intent;
- → mitigate risk to the operation of Dstl's business.

As part of our ongoing improvement activity, we have focused on process reviews to ensure that all processes and supporting information are within their three-year review cycle.

A diagram summarising our processes can be found below.



Our control activities

Our policies and processes form the basis of our control activities, mitigating risks to the achievement of our objectives, ensuring the effectiveness and efficiency of our operations, and ensuring compliance with applicable laws and regulations. This year we have developed an initial risk control framework to support the definition of our key controls and establishment of the appropriate assurance activities required to measure their effectiveness. Our assurance strategy has also undergone significant review and adaptation into an assurance framework based on principles aligned with the HM Treasury Orange Book, and while providing some flexibility in the delivery of assurance across the organisation, is clear on the priorities for assurance. The framework will ensure a common understanding of what is meant by assurance, its importance to the successful operation of our organisation, and the approach to assurance in Dstl, all predicated on The Three Lines of Defence Model.

Line of defence	Description	Dstl
1st line	Managers and employees who are responsible for identifying and managing risk as part of their accountability for achieving objectives.	All
2nd line	Functions who provide the policies, processes, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line.	Specialist functions who set the controls e.g. Finance, Security, Health and Safety
3rd line	Independent internal audit reporting to the Board/ Audit and Risk Assurance Committee	Government Internal Audit Agency MOD regulators

Incident investigations

We remain committed to learning from incidents in order to prevent reoccurrence and improve our business, thereby adding value to our stakeholders. Dstl's Safety Reset Programme has provided opportunity to focus on how we learn quicker and more effectively from incidents, how we make the reporting of incidents simpler, and how we improve our reporting culture. More active promotion of the benefit and value of reporting near misses and incidents, alongside our unrelenting advocacy of a "just culture", has seen a significant increase in reporting during the latter part of the year. We continue to assess incidents at our weekly corporate incident triage meeting, allowing us to ensure a proportionate response including, when appropriate, investigation of significant incidents based on the potential impact the incident could have in balance with the actual harm or damage caused.

Three of the safety incidents reported by Dstl in 2023/24 were reportable to the Health and Safety Executive (HSE) under RIDDOR. This equates to 58 per 100 thousand employees.

Whistleblowing

Our commitment to achieving the highest possible standards of service and ethics in public life is demonstrated by our whistleblowing process, written in line with the Public Interest Disclosure Act 1998, the Fraud Act 2006 and the Bribery Act 2010. This process is currently under review and will incorporate the latest Cabinet Office guidance. We always take any such incidents extremely seriously, undertaking an assessment of any concern followed by a corporate investigation if appropriate. This year three incidents were raised formally via our whistleblowing process and subsequently investigated. For two incidents (potential fraud and failure to comply with legal obligations) no wrong doing was found. The third incident remained ongoing.

Identifying and managing conflicts of interest

We place high value on exemplifying integrity and impartiality, which we achieve through our "Standards in Public Life" process. In line with the Civil Service Management Code, this requires all employees to declare any actual or potential conflict of interest arising between their personal and financial interests and their official dealings as a Civil Servant. This year we have updated and improved our process to simplify the way declarations are made, to provide greater clarity, and to increase prominence of the requirement. All declarations made, together with how potential or actual conflicts are being managed, are retained in a single location, allowing greater assurance of our compliance and increased scrutiny over and above that provided by line managers. Failure to declare such interests may be treated as misconduct. Declarations made by Senior Civil Servants in Dstl are reviewed by MOD. We publish interests declared by our Board members on pages 51-54.

Protected personal data incidents

In 2023/24, there were no reported breaches of personal information by Dstl declared to the Information Commissioners Office. Dstl has a comprehensive and effective security plan, assured by MOD's Directorate of Security and Resilience. Given the importance of protecting our critical national assets, I have determined that it is not in the public interest to reveal whether or not there has been any significant lapse in security. This statement should not be interpreted as meaning that there were, or were not, any such incidents.

We handled eight Data Subject Access Requests (DSAR) under the Data Protection Act (DPA) 18. There were also nine enquiries to the Porton Down Former Volunteers Helpline, all of which were handled in accordance with the DPA.

Fraud management

The inherent risk of fraud occurring remains increased, our highest likely risk of fraud being our procurement activity with potential exposure between £3 million to £29 milion, based on the Public Sector Fraud Authority's latest estimates of fraud and error across government (0.5% - 5%). Effectively managing this risk remains core to our Counter Fraud Policy and fraud controls, although we also focus on potential insider threats including theft and misuse or misappropriation of public funds by staff. We remain fully compliant with Cabinet Office's Government Functional Standard (GovS 013: Counter Fraud), aligned with the Defence Counter Fraud Strategy, and our fraud risk management maturity assessed at Level 3 (Business Enabled) by MOD Fraud Defence. This year we have raised a new operational risk, articulating the threat to Dstl's reputation and finances of not acknowledging and managing our overall risk of fraud, bribery and corruption. We have also collaborated with MOD Fraud Defence to establish a data analytics capability to aid detection and deliver an initial capability early in 2024/25.

During the reporting period, there have been eight reports of unusual activity from both internal and external sources. We used our investigation process to investigate the activities, seven of which have been satisfactorily resolved. One remaining incident remains under investigation but current evidence suggests that the allegation of fraud is unfounded.

Quality assurance of analytical models

A model is a way to appraise, assess, evaluate, plan or forecast future responses or outcomes by processing a variety of input data and assumptions. Our Modelling and Simulation Strategy Group manages the coherence and governance of our modelling. We declare our business critical models responding to information requests from the MOD Analysis Directorate. We continue to work with MOD and wider government to improve the quality and operation of analytical modelling through the mutual sharing of best practice.

Group Head of Government Internal Audit Agency's summary

In line with Public Sector Internal Audit Standards, the Group Head of Government Internal Audit Agency (GIAA) must provide a professional opinion on the adequacy and effectiveness of Dstl's arrangements for risk management, internal control and governance. I have used the following GIAA audit opinion to help me in the production of this year's Governance Statement; it summarises the results of GIAA's internal audit work relevant to our objectives from April 2023 to March 2024. Seven Dstl sponsored audits were delivered by GIAA. The Group Head GIAA has said:

"Overall, and based on the internal audit work delivered throughout FY2023/24, GIAA provide limited assurance over Dstl's systems of governance, risk management and internal control. Our key reviews of the assurance processes in place, both at a strategic level and safety specific, determined that considerable work was required to improve line 2 assurance in particular and to establish a robust framework that co-ordinated, cohered and centrally reported assurance outputs aligned to key risks and controls. Further, we identified that additional work was required to strengthen the control framework surrounding the single front door process to monitor and assure its compliance and to mature the management information available regarding the contract management of Bronze value contracts. Additionally, whilst improvements had been made, Business Continuity arrangements required further exercise and testing to ensure processes were embedded consistently across the organisation. The number of overdue management actions, particularly at Line 3, also indicated that additional work was required to enhance Dstl's corporate governance processes. Notwithstanding, it was recognised that adequate and effective controls were in place to manage Dstl's transition into the FDIS contract for hard FM services, and that the design of the strategic P3 lessons learnt process provided a satisfactory baseline for the exploitation of data from both core portfolios."

As Accounting Officer, I recognise the critical importance of having robust systems of governance, risk management and internal control. As well as ensuring that all remedial actions to address our limited assurance findings are addressed in 2023/24, we are also implementing a new assurance framework from April 2024. The framework will focus our assurance on the key controls that mitigate Dstl's significant risks, and provide improved coherence and reporting of assurance across the three lines of defence.

External certification

In July and October 2023 BSI Assurance UK Ltd audited Dstl, recommending continuation of Dstl's ISO 9001:2015 (Quality Management Systems) and TickITplus (software development) certifications.

Chief Executive's summary

Throughout the year, Dstl has made significant strides in improving its control environment and assurance. The changes made this year are allowing us to prioritise on those risks and issues that are most important to our strategy, customers and our sponsor, and to drive safe delivery.

These changes, starting with the renewed Executive leadership structure, and subsequent initiatives such as the new Assurance Framework and the 'My Impact' approach to setting and measuring individual goals, have set Dstl on the path to deliver future success in an environment that looks set to be more turbulent, more stretching and more demanding.

Impact #07

AUKUS

Advancing AI and autonomy with AUKUS allies

Dstl played a key role with the Australian, UK and US militaries to accelerate the adoption and understanding of AI and autonomous systems.

The AUKUS Trusted Operation of Robotic Vehicles in Contested Environments (TORVICE) trial aimed to identify and resolve vulnerabilities of robotic vehicles and sensors that affect autonomous systems. Understanding and mitigating the impact of such threats is critical to effective and reliable use of such systems on future operations.

The three allies are a step closer to the integration of AI and autonomous systems as a result of this trial.

During the trial, US and UK autonomous vehicles conducted a large number of missions, such as, route reconnaissance while subjected to a range of effects generated by Australia.

Outcomes will improve the resilience of AUKUS AI and autonomy systems when subjected to electronic warfare, laser and navigation attacks. This will also ensure systems reliably deliver capability in the testing environments of the modern battlefield.

AUKUS is a landmark defence and security partnership between Australia, the UK and the US that supports security and stability in the Indo-Pacific and around the world.

Our work to deepen cooperation on a range of cutting-edge military technologies, known as AUKUS Pillar 2, will help deliver enhanced military edge for the UK and its allies, making sure we have the capabilities needed to defend against rapidly evolving threats while adhering to international law and ensuring the safe and responsible use of AI.

Leveraging and influencing internationally

4 / Remuneration and People

Remuneration policy

During the financial year, four directors were members of the Senior Civil Service (SCS) and subject to SCS terms and conditions, including the remuneration policy. These directors were: Paul Hollinshead; Andy Bell; David English; and Robyn Wedderburn. As SCS, their pay is set through recommendations made by the Review Body on Senior Salaries (SSRB). The SSRB provides independent advice to the Prime Minister and to the Secretary of State for Defence on the remuneration of the SCS. Further information about the SSRB's work can be found at: https://www.gov.uk/government/organisations/review-body-on-senior-salaries

Their non-consolidated performance award arrangements fall under SCS rules rather than the Dstl performance-award system.

The non-executive members (NEMs) are not Dstl employees and, apart from one who is employed by MOD, are paid a fee for their services.

Performance conditions

Directors who are subject to SCS terms and conditions are also subject to the SCS performance conditions.

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 specifies the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments which are open-ended. Early termination, other than for cases of misconduct, would result in the individual receiving compensation as outlined in the Civil Service Compensation Scheme.

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

Fees paid to non-executive members of the Dstl Board for the financial year 2023/24

This information is subject to audit opinion	Fee 2023/24 £'000	Fee 2022/23 £'000
Adrian Belton	25-30	25-30
Brian Bowsher	15-20	15-20
Jeremy Monroe	15-20	15-20
Sarah Spurgeon	15-20	15-20
David Tonkin	15-20	15-20
Robert MacLeod[1]	0-5 *15-20*	-
Tara Usher[2]	-	-

Notes:
Figures in italics denote full-year equivalent fee
[1] Robert MacLeod joined Dstl on 19 February 2024.
[2] Tara Usher did not receive a fee in 2023/24; Tara is employed by MOD and represents MOD as a non-executive member (and receives a standard civil service salary from MOD). This is a related party with which Dstl has material transactions. Please see Related Party Note at Note 21. Tara began her tenure on 1 October 2019.

Senior management remuneration and pension entitlement

Remuneration paid to executive directors for the financial year 2023/24

	Salary band 2023/24 £'000	Salary band 2022/23 £'000	NCPA 2023/24 £'000	NCPA 2022/23 £'000	Pension benefits[1] 2023/24 Nearest £'000	Pension benefits 2022/23 £'000	Total[2] 2023/24 £'000	Total 2022/23 £'000
Andy Bell	105-110	95-100	0-5	5-10		-4	110-115	100-105
Matt Chinn	110-115	90-95	5-10	0-5		-25	115-120	70-75
David English	105-110	85-90	0-5	0-5		25	110-115	115-120
Paul Hollinshead	155-160	145-150	0	0		319[3]	155-160	465-470
Robyn Wedderbum	30-35 *100-105*	90-95	5-10	0		36	40-55 *100-105*	125-130
Teresa Stanley	80-85 *85-90*		0-5				85-90	

Notes:
Figures in italics denote full-year equivalent salary. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.
[1] 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 pensions remedy: www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension.
[2] The total for 2023/24 is minus any pension benefits as per note 1 above.
[3] Final salary pension benefit increase based on lifetime service record.

Executive Agency Board memberd' emoluments

We have shown the details of members' emoluments in the table above. They are summarised as follows:

Note: This information is subject to audit opinion	2024[1]	2023[2]	2022
Salaries, NCPAs and fees (£'000)	483.6	536.09	420.4

Notes:

[1] *Reduced from previous year as D Umbers post was not filled.*

[2] *Increased compared to last year due to P Hollinshead being in post for a full year, still lower than 2021 due to D English covering COO role following D Umbers departure and the post noting being filled as yet.*

Pension provision for executive directors for the financial year 2023/24

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 pensions remedy: www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension.

Note: This information is subject to audit opinion	Real Increase in pension [and related lump sum at pension age]	Total accrued Pension at pension age at 31/03/2024 [and related lump sum]	Cash Equivalent at 31/03/2024	Cash Equivalent at 31/03/2023	Real increase in Cash Equivalent as funded by employer
Andy Bell				898	
Matt Chin				765	
David English				624	
Paul Hollinshead				1775	
Robyn Wedderburn				66	

Notes:

Pension information is provided by MyCSP, the administrators of civil service pensions. All other directors belong to the classic, classic plus or alpha CSPSs. All schemes are part of the civil service pension arrangements. See pension information on page 81.

[1] *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 pensions remedy: www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension.*

[2] *The accrued pension value is based on the total employment period within the Civil Service.*

Fair Pay Disclosures (Relationship between the highest-paid director and the workforce median)

This information is subject to audit opinion

	2023/24		2022/23	
	Total Pay	Salary	Total Pay	Salary
Band of highest-paid director total remuneration	£155,000-£160,000	£155,000-£160,000	£145,000-£150,000	£145,000-£150,000
Median total pay	£44,198	£43,348	£39,816	£38,072
Median Pay Ratio	3.62	3.69	3.70	3.87
25th Percentile Pay	£34,088	£33,663	£30,228	£29,228
25th Percentile Pay Ratio	4.69	4.75	4.88	5.05
75th Percentile Pay	£54,083	£53,177	£48,757	£47,057
75th Percentile Pay Ratio	2.96	3.01	3.03	3.13

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

The banded remuneration of the highest-paid director in Dstl in the financial year 2023/24 was £155,000-£160,000 (2022/23: £145,000-£150,000). This was 3.62 times (2022/23: 3.70) the median remuneration of the workforce, which was £44,198 (2021/22: £39,816).

In 2023/24, remuneration ranged from £18,000 to £155,000-£160,000 (2022/23: £14,608 to £145,000-£150,000). Total remuneration includes salary, non-consolidated performance related pay. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The decrease in median total pay ratio is the cumulative effect of the 2022/23 and 2023/24 pay raises and the £1,500 cost of living allowances paid during the reporting period, which outpaced the pay rise of our highest paid director for the same period.

Percentage change in total salary and bonuses for the highest paid director and staff average

This information is subject to audit opinion

	2023/24		2022/23		2021/22	
	Total Salary & Allowances	Bonus Payments	Total Salary & Allowances	Bonus Payments	Total Salary & Allowances	Bonus Payments
Staff average	19%	-40%	9%	22%	4%	-8%
Highest Paid Director	3%	No Change	2.20%	No Change	1%	-100%

Notes:
There was no change in highest paid director bonus payments as none were received, the same as the prior year.
Increase in total salary and allowances is due to the Cost of Living one-off payment made in August 2024. The In Year Reward budget was utilised to pay this allowance.

Impact #08

Terrorist Attack

How crowds react in an emergency or terrorist attack

Research by Dstl has shown crowds behave in a cooperative and orderly manner during an emergency such as terror attacks, contrary to popular belief.

The six-year study found evidence that people are more likely to help each other rather than panic or act in an 'every person for themselves' manner.

Dstl behavioural scientists analysed CCTV footage, data from trials and simulations of emergency scenarios, conducted systematic literature reviews and table-top exercises.

As part of this research, Dstl has developed the first-of-its-kind behavioural matrix to represent and categorise behaviours in terms of their likelihood of being displayed during an emergency.

This work has generated a great deal of interest across government, industry and academia which has led to this research being used to inform the development of computational models that represent emergency scenarios. The use of this research helps to ensure these models represent valid human behaviours and are informed by sound scientific evidence. The evidence base generated by Dstl has proven pivotal in the development of operational plans which aim to optimise responses and minimise causalities during emergency incidents.

Dstl's research is being used to inform government planning to help maximise public safety and security during such events. The late Dr Sarah Knight was made Order of the British Empire (OBE) by His Majesty the King in recognition of her leadership of this work at Dstl.

National security

Our people

Dstl employs some of the world's brightest people. We recognise that a highly skilled, inquisitive and dedicated workforce is crucial to delivering our high-impact work.

Our people continue to make us proud and have received prestigious recognition throughout the year. We are delighted to share that a record eight Dstl awards were announced in the King's Birthday Honours List and Vice Chief of the Defence Staff (VCDS) Awards in 2023.

Within the King's Birthday 2023 Honours we had three Order of the British Empire (OBE) medals awarded. These were in recognition of services to defence including work on a number of prototype warfare projects which have required fast pace timelines to deliver battle winning technology. A separate award was presented for behavioural science insights which supported the detailed planning and safety of the funeral of Her Majesty Queen Elizabeth. And a further award was received for outstanding commitment and expertise working with UK and international seniors across the defence and security sector.

Five VCDS Commendations were also received by Dstl staff, both individually and as teams, in the 2023 Birthday Honours. These varied from a staff member's long standing service to defence prior to retirement, to a team awarded for developing S&T designed to protect UK assets. A further recognition of shining teamwork was our scientists and engineers who have developed and deployed a world-class capability, and a team who have been providing analytical advice in support of MOD's Security Policy and Operations. A final VCDS award was given to a team in recognition of their international work, and their ongoing and unswerving determination to create a positive collaboration.

In the New Year 2024 Honours, a British Empire Medal (BEM) was awarded in recognition for services to defence and inclusion, in particular in their role as a champion for people with impaired vision.

Two VCDS Commendations were also received by Dstl staff, both individually and as a group in the 2024 New Year honours. One for highly impactful scientific research and leadership that has made a significant contribution to both the UK and international defence and security for more than 30 years, and a group award that will allow MOD to be equipped with the evidence needed to inform military capability priority investment decisions, now and into the future. A Commendation was awarded in the New Year to an individual for their outstanding contribution to the defence and security of the UK, alongside exceptional scientific research output.

In addition to the awards mentioned previously, we are also incredibly proud to have had two members of staff shortlisted for the Women in Defence Awards 2023. The awards recognise the extraordinary contributions that individuals and teams make to defence, and aim to inspire others to step forward and challenge barriers. With both staff members, their contribution both inside and outside of work has made a huge difference to UK defence and those around them, and their nominations were well deserved.

Dstl also received awards at the annual CSA Awards in 2023. The awards recognise exceptional contributions made by individuals and teams working in science and engineering across the defence enterprise and Dstl received a significant number of awards across the various categories.

We are incredibly proud of our people, and for the well-deserved recognition of their work. Our engagement is measured through the annual People Survey and the overall score for this within Dstl is 60%, remaining unchanged from the previous year. This has achieved our KPI for engagement but we strive to continually improve this moving forwards.

Right size, right shape, right skills

We welcomed 806 new starters to Dstl this year and we inducted 91 apprentices onto our programmes, of which 56 are new recruits and 35 are developmental apprenticeships (compared to 65 last year of which 29 were developmental and 36 new recruits). We also had 21 inward rotations, seconded from across civil service and other organisations, into our organisation this financial year. We are in the process of reviewing our graduate intake and future recruitment pipeline to align with Dstl strategy and wider defence workforce planning.

We are continually seeking to improve at Dstl. To that end, our spend on consultancy services totalled £0.6 million for the year (2022/23: £nil). These consultancy services were used mainly to support the development of a Target Operating Model (TOM) with the aim of providing a more modern, efficient and integrated structure to focus on improving customer and staff experience (£0.4 million). Consultancy services have also been used to support organisational Transformation programmes (£0.2 million).

Exciting, innovative and supportive workplace

In 2023, we continued to work on our Diversity and Inclusion (D&I) Strategy to set out the D&I vision for the organisation for the next three years, and our three strategic D&I objectives:

- **Representation – Strategic Objective 1 Increase Diversity**: 'We will aim to increase the diversity of our workforce including at the most senior levels, to more closely reflect the society we represent and serve.'
- **Inclusion – Strategic Objective 2 Ensure Inclusion:** 'We will develop an open, collaborative and inclusive working environment where the principles of fairness and employee wellbeing are promoted and everyone is encouraged to reach their full potential and take account for their own development.'
- **Growth and Development – Strategic Objective 3 Maintain Equality:** 'We will continue to strive for best practice to be an equal opportunity employer and for every person to have access to opportunities, exploring how we can achieve this through data, science and technology, education, and celebrating our achievements.'

We continue to strive to create a more inclusive Dstl and to attract the widest range of candidates in an increasingly competitive pool to improve representation across Dstl. We set Levels of Ambition (LOA's) related to Gender, Disabilities, Ethnic Minorities and LGBTQ+. We achieved all of these with the exception of LGBTQ+ representation at Level 7-8, and disability. We will be looking to revisit and update our LOA's as part of the work in our future D&I strategy.

We are incredibly proud of the progress our Recruitment and Talent Acquisition teams have made over the last few years building on the integration of more inclusive ways of working, not only in the attraction and recruitment of new talent but how we also support our people throughout their employee lifecycle. Evidence of this was in our latest Graduate and Apprentice recruitment campaign, increasing the number of applicants from underrepresented and diverse backgrounds by enhancing their candidate experience with a range of webinars and information to support them through the recruitment process.

Our Employee Support Networks (ESN's) and Diversity and Inclusion Working Groups (DIWG's) continue to deliver support for our people and the organisation. Most notably the delivery of inclusive learning modules throughout 2023 inspired by the content of the Gender Equality Network (GEN) conference. We also continue to build our relationships with partner organisations to enhance our support for our people. This year we had colleagues attend the Women in Data Flagship Event and the Women in Defence Awards and look forward to developing both of these relationships. Internally Women in Wargaming continue to champion the Derby House Principles and expose wargaming to new audiences.

One of the ways our leaders listen is through our many active Employee Support Networks, which are run by our people and supported by our senior management teams and executive champions. These groups help us get honest feedback from our people, influence and facilitate change, help us develop our policies and culture, and provide support for individuals who may need it.

Our networks cover different protected characteristics and interests, including:

- sexual orientation and gender identity
- faith and culture
- parents and carers
- alternative working
- gender equality
- new starters
- people with visible and non-visible disabilities

Our people are civil servants and as such, the civil service governs our people policies. We ensure that our procedures and employment contracts are in line with the civil service management code and that they reflect the fundamental principles of the Human Rights Act 2000.

We have successfully implemented a multi-year pay agreement for the three years from 2022-2025. Not only will this make a significant improvement in our pay offering and associated challenges within our pay structure, it will set a platform for Dstl to consider pay and reward in the long-term beyond the expiry of the current deal in 2025. We will continue to look at how we can offer a flexible, fair and modern pay and reward offering for our staff now and in the future.

We offer exciting career opportunities and a range of flexible working options alongside a broad array of rewards and benefits, which are continually reviewed to ensure they are fair and attractive. We need to continue to be creative and flexible in our approach to rewarding our people for the skills they provide, in order to ensure we can attract and retain our workforce and deliver Dstl's strategy. Our staff turnover for 2023/24 was 6.9%, representing a reduction from the previous year.

The health and wellbeing of our employees is of upmost importance to us and we work closely with our onsite occupational health team and our Employee Assistance Programme provider to support our employees' wellbeing. We saw 2.35% of hours lost due to sickness absence this year, compared to 2.76% in 2022/23.

Our workforce

The average Full-Time Equivalent number of people (including members of the Board) employed during the year was:

Note: This information is subject to audit opinion	Permanent (UK) employment contract		Agency and short-term contract staff		Inward secondees		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Professional and technical staff	3,880	3,652	323	283	66	63	4,269	3,998
Administrative and industrial staff	886	834	52	46	0	0	938	880
Total	**4,766**	**4,486**	**375**	**329**	**66**	**63**	**5,207**	**4,878**

Staff costs

Staff costs incurred during the year comprise:

Note: This information is subject to audit opinion	2024 £m	2023 £m
Wages and salaries	243.0	209.9
Social security costs (including apprenticeship levy)	28.0	24.6
Other pension costs	60.8	54.1
Inward secondees	7.8	7.1
Agency and contract staff	27.7	25.1
Less recoveries in respect of outward secondments	(2.1)	(1.9)
Total	**365.2**	**318.9**

No staff costs were capitalised during the year (2022/23: £nil).

Our off-payroll engagements

Following the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to HM Treasury on 23 May 2012, Dstl must publish information on our highly paid and/or senior off-payroll engagements. To complement our committed employed workforce, and to cover temporary capacity or to deliver particular niche scientific expertise for which there is no permanent need, we engage a number of Contracted Temporary Workers (CTWs)/Contingent Labour.

Identified in the following tables are the numbers of our non-permanent staff (contractors) at Dstl whom we hire under contingent labour route – PSR (Public Sector Resourcing) framework RM3749. CTWs are not employees and nor are they off-payroll appointments to public office, for which there are none at Dstl.

All off-payroll engagements	
Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater	190
of which	
Number that have existed for less than one year at time of reporting	53
Number that have existed for between one and two years at time of reporting	46
Number that have existed for between two and three years at time of reporting	40
Number that have existed for between three and four years at time of reporting	15
Number that have existed for four or more years at time of reporting	36

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater	250[1]
of which	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	243
Subject to off-payroll legislation and determined as out-of-scope of IR35x	7
No. of engagements reassessed for compliance or assurance purposes during the year	0[2]
Of which: no. of engagements that saw a change to IR35 status following review	0

Notes
[1] Figure is total of those engaged at any point during the year ended 31 March 2024, and therefore doesn't show those whose contracts have ceased.
[2] Dstl does not undertake a reassessment for consistency/assurance purposes due to the small number of contracts falling outside of IR35. Dstl would only perform a consistency check where the scope and nature of a role changed mid-contract.

Off-payroll and on-payroll engagements of Board members and/or senior officials with significant financial responsibility	
Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility during the financial year	0
Total number 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	10

Exit packages

Redundancy and other departure costs were paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme, made under the Superannuation Act 1972. Exit costs are accounted for in-full in the year the departure is agreed. Where the Executive Agency has agreed early departures, the additional costs are met by the Agency, not the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table below.

Exit package cost band *Note: This information is subject to audit opinion*	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2024	2023	2024	2023	2024	2023
Less than £10,000	0	0	0	0	0	0
£10,000 - £25,000	0	0	0	1	0	1
£25,001 - £50,000	0	0	1	0	1	0
£50,001 - £100,000	0	0	0	2	0	2
£100,001 - £150,000	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
More than £200,000	0	0	0	0	0	0
Total number of exit packages	**0**	**0**	**1**	**3**	**1**	**3**
Total cost of exit packages (£)	**0**	**0**	**44,251**	**154,491**	**44,251**	**154,491**

There were no adjustments for differences between estimates and final settlements relating to previous years.

Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career-average basis with a normal pension age equal to the member's state pension age or 65 if higher.

From 1 April 2015, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three (classic, premium, classic plus) provide benefits on a final-salary basis with a normal pension age of 60, and one (nuvos) provides benefits on a whole-career basis with a normal pension age of 65.

Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 switched or switch into alpha sometime between 1 June 2015 and 1 February 2022. The 2015 Remedy (McCloud) legislation came into effect on 1 October 2023. Many members aren't affected by the 2015 Remedy and have benefits in alpha only. Members who are affected have been 'rolled back' into their Legacy scheme (Classic, Classic Plus, Premium or Nuvos) for the Remedy period (1 April 2015 to 31 March 2022). Members will be given the choice at retirement to take their benefits for the Remedy period in either a) their Legacy scheme, or b) in the alpha scheme. Members will receive a choice illustration document with supporting information to help them make that choice. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. As a result all members in the older schemes outlined above were moved into alpha with effect from the 1 April 2022. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

These multi-employer defined benefit schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha increase annually in line with Pensions Increase legislation. The Executive Agency is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022/23 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Details can be found in the resource accounts of the Cabinet Office:
www.civilservicepensionscheme.org.uk/about-us/resource-accounts

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha. For the year ending 31 March 2024, the Agency's employer contributions of £60.5 million were payable to MyCSP (2022/2023: £53.7 million) at one of four rates in the range 26.6% to 30.3% of pensionable earnings (2022/23: 26.6% to 30.3%), based on salary bands. More details on the classic, premium, classic plus, nuvos and alpha pension schemes, including information about benefits and contributions, are available at www.civilservicepensionscheme.org.uk.

Since October 2002, employees joining the Agency can opt for either the appropriate defined-benefit arrangement as above or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account). The Agency makes a basic contribution of between 8.0% and 14.75% (depending on the age of the member) into the stakeholder pension. 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). For the year ending 31 March 2024, employee contributions of £318,393 (2022/23: £319,594) were paid into partnership pension providers. 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). Contributions due to the partnership pension providers at 31 March 2024 were £11,271 (2022/23: £10,963). There were no prepaid contributions at that date.

This year, there were four individuals who retired on ill health grounds; for two of the individuals there was an accrued pension liabilities total of £5,821 due to an upper tier being applied. For the remaining two individuals there was no liability, because the enhancement was given due to a lower tier being applied. Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Our Staff Composition

As of 31 March 2024, the gender numbers for our non-executive members, senior leadership team members, senior civil service (SCS) and employees were:

	Male	Female	Total
Non-executive members[1]	5	2	7
Senior Leadership Team[2]	4[3]	1	5
Senior civil service[4]	0	1	1
Employees[5]	3,342	1,992	5,334
Totals	**3,351**	**1,996**	**5,347**

Notes

[1] The MOD non-executive member on the Dstl Board is senior civil service.

[2] The Chief Executive, Chief Finance Officer, Chief Operating Officer, Chief People Officer, and Chief Technical Officer roles are senior civil service.

[3] David English has held the roles of CFO and interim COO since Doug Umbers' departure on 06/11/2022.

[4] There is one other member of the SCS at Dstl who is not a member of the Dstl Senior Leadership Team.

[5] All the above figures are headcount. Employee numbers include our permanent staff, our apprentices, and our fixed-term appointments.

5 / Parliamentary Accountability and Audit

This section presents information about Dstl that is useful to readers for accountability and decision-making purposes.

As Accounting Officer, our Chief Executive is personally accountable to the MOD Permanent Secretary (who is directly accountable to Parliament) for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. Additionally, our Chief Executive is personally accountable to the MOD Chief Operating Officer for the performance and management of Dstl.

Our Chief Executive is designated as Dstl's Accounting Officer by the MOD Principal Accounting Officer (the MOD Permanent Secretary), and must operate in accordance with Managing Public Money. This designation is conveyed via an Accounting Officer letter of delegation from the MOD Permanent Secretary.

As the Dstl Accounting Officer, our Chief Executive may be called to account directly by Parliament. He is personally responsible for: safeguarding the public funds for which he has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and, for the day-to-day operations and management of Dstl.

The Dstl Accounting Officer's specific accountabilities to Parliament include:

- signing the Dstl Annual Report and Accounts ensuring that proper records are kept and that accounts are properly prepared;
- ensuring that effective procedures for handling complaints about Dstl are established and widely communicated;
- acting in accordance with: Managing Public Money; the Dstl Framework Document; and, other instructions and policy as issued by MOD, His Majesty's Treasury and the Cabinet Office;
- giving evidence, normally with the MOD's Principal Accounting Officer, when summoned before the Public Accounts Committee.

Our annual report and accounts is subject to audit by the Comptroller and Auditor General, who heads the National Audit Office and is responsible for scrutinising public spending and safeguarding the interests of taxpayers on behalf of Parliament. The Comptroller and Auditor General's audit certification of this report is on page 86.

More details on our governance, key roles and our accountabilities relating to the MOD ownership function of Dstl's governance are published. This is available to view at: https://www.gov.uk/government/publications/defence-science-and-technology-laboratory-framework-document

Statement of Outturn against Parliamentary Supply (subject to audit)

As an on-vote Executive Agency, we operate within MOD's control framework and are subject to delegated control totals for (net) resource and capital funding from within MOD's departmental allocation. We require net cash funding from MOD to cover the balance of expenditure that cannot be met from receipts paid directly to Dstl. We conduct our transactions within MOD on a non-cash basis via intra-departmental accounting and bookkeeping constructs. Our financial statements represent the result of transactions pertaining to our operations, set in the context of MOD's overall Statement of Outturn against Parliamentary Supply.

Regularity of expenditure (subject to audit)

Our internal controls identified no material breaches of regularity, and all expenditure has been applied to the purposes intended by Parliament.

Remote contingent liabilities (subject to audit)

In addition to any contingent liabilities reported in the Notes to the Accounts, we also disclose relevant material remote contingent liabilities. The likelihood of a transfer of economic benefit arising is too remote to meet the definition of a contingent liability in accounting standard IAS37 (provisions, contingent liabilities, and contingent assets).

Remote contingent liabilities are by nature uncertain and very unlikely, but we recognise that they could lead to further expenditure if certain conditions are met. They could materialise as a combination of unlikely and uncertain future conditions or events that are not wholly within the Agency's control.

Our research activities are clearly related to the activities, materials and equipment used in the defence and security context, and by inference we are therefore exposed to similar hazards and risks during the conduct of trials, experimentation and engineering development. The nature of the special and generic risks and indemnities arising from such activities are self-insured and long-term residual liabilities are underwritten by our parent department. Against those activities the Agency has identified the following two potential remote material liabilities:

Satellite collision (subject to audit)

The Agency invests in space operation capabilities, which includes a satellite ground station to task satellites for research purposes. Mitigations are in place against accidents but there remains a remote possibility of satellite collision through software or system failure, or by human error during the operation of a satellite. HM Treasury approval has been received for up to £500 million to cover this remote contingent liability for operations that commenced during October 2020. The contingent liability is estimated to expire by 31 December 2027.

Decommissioning of Fort Halstead

Up to the 31 March 2023 Dstl leased a site at Fort Halstead. As part of the lease exit agreement a decommissioning review was successfully completed by an independent body which cleared Dstl of immediate remediation liability. However, there remains an enduring risk of discovery of ordnance or depleted uranium at the site by future users. This liability is considered unquantifiable due to the uncertainty of the obligation crystallising which means it is not feasible to estimate values. Furthermore, objective evidence to support valuations of these liabilities is not available hence we cannot measure the liability with sufficient reliability.

Losses and special payments (subject to audit)

There were no individual losses of £300 thousand or more. Dstl recorded fruitless payments totalling £207 thousand. Interest payments totalling £160 thousand were made to HMRC associated with a contract framework management fee VAT error declared during the year. A further fruitless payment of £47 thousand was made relating to unused software service credits that expired during the year. A special severance payment to a member of staff of £80 thousand, was approved by HM Treasury and paid in year.

Fees and charges (subject to audit)

We charge for goods and services in accordance with the principles in Managing Public Money. Our core activity is to provide S&T services to MOD and wider Government. Please see pages 19-22 for details of these services. Operating income recognised in return for the provision of these services is disclosed in Note 3 to the financial statements on page 106. The cost of providing these services, purchase of direct goods and services, can be found in Note 4 on page 107.

Other operating income is derived from receipts relating to non-core activities.

Further details can be found in accounting policy Note 1 (u) to these financial statements on page 101.

Public spending and administration budgets

Our Chief Executive receives his letter of authority as Accounting Officer directly from the MOD Permanent Secretary. We recover our resource costs as an Executive Agency via charges to our customers; we do not classify these as administrative costs. All our operating expenditure is associated with delivery of our S&T outputs. See 'Our Performance Summary' for further detail, which can be found on page 19. Our capital costs are subject to a separate funding line within MOD's overall control framework. All of our capital expenditure is associated with the provision of equipment, facilities and infrastructure to enable the delivery of our S&T outputs.

Certificate and report of the Comptroller and Auditor General

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Defence Science and Technology Laboratory for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Defence Science and Technology Laboratory'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 financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Defence Science and Technology Laboratory's affairs as at 31 March 2024 and its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Defence Science and Technology Laboratory in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Defence Science and Technology Laboratory'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 Defence Science and Technology Laboratory'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 Defence Science and Technology Laboratory is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the 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 part of the Remuneration and Staff Report 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 Defence Science and Technology Laboratory and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Defence Science and Technology Laboratory 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 Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Defence Science and Technology Laboratory'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 Defence Science and Technology Laboratory's 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 Defence Science and Technology Laboratory 's accounting policies.
- inquired of management, Defence Science and Technology Laboratory's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Defence Science and Technology Laboratory's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Defence Science and Technology Laboratory's controls relating to the Defence Science and Technology Laboratory's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- inquired of management, Defence Science and Technology Laboratory's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

I considered:

- the results of analytical procedures designed to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviews of internal audit reports.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and 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; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I attended Audit and Risk Assurance Committee meetings and had regular communication with management and internal audit to identify any instances of fraud, non-compliance with laws and regulations, or irregular transactions.

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

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

Other auditor's responsibilities

I am required to obtain 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

Gareth Davies
Comptroller and Auditor General
National Audit Office,
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Victoria,
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23 July 2024

Dstl Annual Report and Accounts 2023/24

Our annual report and accounts is prepared in line with the Government Financial Reporting Manual (FReM), Managing Public Money and any applicable HM Treasury instructions. Dstl's Framework Document requires us to prepare our own annual report and accounts and present it to Parliament following certification by the Comptroller and Auditor General to the House of Commons (see page 86).

The Dstl Audit Risk and Assurance Committee endorsed this report on the 9 July 2024, and I, as Accounting Officer, signed the accounts on 18 July 2024.

I can confirm that our annual report and accounts gives a fair, balanced and understandable view of Dstl's activities for the year ended 31 March 2024 and of our financial position as at 31 March 2024. I also confirm that I am personally responsible for this annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

As required in the FReM, I have signed and dated our Performance Report on page 46, as well as signing the Accountability Report here, which meets Dstl's key accountability requirements to Parliament. I have also signed our Statement of Financial Position on page 93, as part of the fully audited Financial Statements that follow in the rest of this document.

I hope you find our annual report and accounts an interesting read and helpful in furthering your understanding of Dstl's business and performance over the past financial year.

P. Hollinshead

Paul Hollinshead
Chief Executive

18 July 2024

Financial Statements

Our Financial Statements Report contains five sub-sections:

Accounting Information

Statement of Comprehensive Net Expenditure (SoCNE)
Statement of Financial Position (SoFP)
Statement of Cash Flows (SoCFs)
Statement of Changes in Taxpayers' Equity (SoCiTE)
Notes to the accounts

6 / Financial Statements

Our financial statements and disclosure notes make up the final report in this year's annual report and accounts; they have been audited by the Comptroller and Auditor General.

We have prepared our accounts under International Financial Reporting Standards (IFRS), as adapted for the public sector in the Government Financial Reporting Manual (FReM), issued by His Majesty's Treasury.

We have outlined the new reporting standards and any changes to accounting policy that affect our financial statements in Note 1 on page 96.

Our desire to align with the policies of our parent department, MOD, where appropriate, drives these changes, subject to relevance and materiality considerations.

We have prepared our accounts under International Financial Reporting Standards (IFRS).

Statement of Comprehensive Net Expenditure (SoCNE)

For the year ended 31 March 2024

	Note	2024 £ million	2023 £ million
Operating income from contracts with customers	2	1,092.4	947.4
Other operating income		9.6	36.4
Total operating income	**3**	**1,102.0**	**983.8**
Staff costs		(365.2)	(318.9)
Purchase of direct goods and services		(562.4)	(487.0)
Depreciation, amortisation and impairment charges		(76.3)	(34.2)
Loss on transfer of non-current financial asset		(1.4)	0.0
Provision expense		2.8	(0.5)
Infrastructure running costs		(112.7)	(108.8)
Other operating expenditure		(37.8)	(44.3)
Total operating expenditure	**4, 5**	**(1,153.0)**	**(993.7)**
Net operating expenditure		**(51.0)**	**(9.9)**
Finance income	6	0.0	0.0
Finance expense	7	0.0	0.0
Net expenditure for the year		**(51.0)**	**(9.9)**
Other comprehensive net income			
Items which will not be reclassified to net operating income / (expenditure):			
Net surplus on revaluation of property, plant and equipment	SoCiTE	0.1	11.0
Net surplus on revaluation of intangible assets	SoCiTE	0.3	0.4
Total comprehensive net income for the year		**(50.6)**	**1.5**

View the notes which form an integral part of these accounts

See pages 96-128

Statement of Financial Position (SoFP)

as at 31 March 2024

	Note	2024 £ million	2023 £ million
Assets			
Non-current assets			
Property, plant and equipment	8	733.3	754.0
Financial assets	9	0.0	1.4
Intangible assets	10	21.6	14.5
Leases: Right of use assets	11	0.6	0.8
Receivables	14	3.6	3.5
Total non-current assets		**759.1**	**774.2**
Current assets			
Work in progress	13	0.0	0.0
Receivables	14	31.5	25.5
Cash and cash equivalents	15	12.6	24.9
Total current assets		**44.1**	**50.4**
Total assets		**803.2**	**824.6**
Current liabilities			
Trade payables and other liabilities	16	209.3	260.6
Short-term lease liabilities	17	0.2	0.4
Short-term provisions	18	1.0	6.5
Total current liabilities		**210.5**	**267.5**
Non-current assets less net current liabilities		**592.7**	**557.1**
Non-current liabilities			
Trade payables and other liabilities	16	3.9	1.8
Long-term lease liabilities	17	0.2	0.3
Long-term provisions	18	1.2	1.2
Total non-current liabilities		5.3	3.3
Assets less liabilities		**587.4**	**553.8**
Taxpayers' equity and other reserves			
Revaluation surplus	SoCiTE	234.1	233.7
General fund	SoCiTE	353.3	320.1
Total taxpayers' equity		**587.4**	**553.8**

The financial statements were signed on xx July 2024. The Accounts were authorised for issue on the date of certification by the Comptroller and Auditor General.

P. Hollinshead

Paul Hollinshead
Chief Executive
18 July 2024

View the notes which form an integral part of these accounts

See pages 96-128

Statement of Cash Flows (SoCFs)

for the year ended 31 March 2024

	Note	2024 £ million	2023 £ million
Cash flows from operating activities			
Net operating expenditure	SoCNE	(51.0)	(9.9)
Adjustments for non-cash transactions:			
Depreciation and impairment	4, 8	70.5	30.0
Loss on sale of property, plant and equipment	4	0.1	0.0
Loss on transfer of non-current financial asset investment	4, 9	1.4	0.0
IFRS16 first-time adoption capitalisation of prepaid rentals[1]	1(aa)	0.0	(0.2)
Amortisation and impairment	4, 10	5.8	4.0
Reclassification of previous year property, plant and equipment spend as revenue	8	6.1	2.3
Reclassification of previous year intangible asset spend as revenue	10	0.1	0.2
Notional audit fee	4	0.1	0.1
Impairment of non-current financial asset	4	0.0	0.2
Fair valuation of peppercorn lease	11	(0.2)	0.0
Provisions provided/ (decreased) in year	4	(0.1)	0.6
Provisions not required written-back	4	(2.7)	(0.1)
Net operating income before changes in working capital		**30.1**	**27.2**
Decrease in work in progress		0.0	0.1
(Increase) / decrease in trade receivables and other receivables		(6.1)	1.3
Increase / (decrease) in trade payables and other liabilities[2]		(47.4)	13.0
Use of provisions		(2.7)	(2.2)
Net cash inflow/(outflow) from operating activities		**(26.1)**	**39.4**
Cash flows from investing activities			
Purchases of property, plant and equipment[2]	8	(53.4)	(72.1)
Purchases of intangible assets[2]	10	(6.4)	(5.5)
Finance income		0.0	0.0
Net cash outflow from investing activities		**(59.8)**	**(77.6)**
Cash flows from financing activities			
Net funding received from MOD in-year[3]	SoCiTE	74.0	47.0
Repayment of loans from MOD		0.0	0.0
Repayment of lease liability principal	17	(0.4)	(0.3)
Right of use asset finance expense	17	0.0	0.0
Interest paid	7	0.0	0.0
Dividend paid		0.0	0.0
Net cash inflow from financing activities	**15.1**	**73.6**	**46.7**
Net financing			
Net increase / (decrease) in cash and cash equivalents		(12.3)	8.5
Brought forward cash and cash equivalents		24.9	16.4
Carried forward cash and cash equivalents	**15**	**12.6**	**24.9**

Notes:

[1] The Agency had prepaid lease rentals of £0.2 million at 31 March 2022 for lease agreements that transitioned to IFRS16 on 1 April 2022. The capitalisation of the prepayment as a right of use asset under the new standard is not an operating activity trade receivable and other receivables cash flow.

[2] Increase in cash inflows from trade payables and other liabilities is after taking account of £1.8 million decrease in non-cash movement for purchase of non-current assets (2022/23: £5.7 million increase). Property, plant and equipment additions of £51.5 million in Note 8 includes a decrease in non-cash trade payables and other liabilities, and provisions of £1.9 million.Intangible asset additions of £6.5 million in Note 10 includes an increase in non-cash trade payables and other liabilities of £0.1 million.

[3]	Note	2024 £ million	2023 £ million
Cash received from MOD		827.7	719.5
Bookkeeping adjustments for transactions with MOD		(753.7)	(672.5)
Net funding received from MOD in-year	**SoCiTE**	**74.0**	**47.0**

Statement of Changes in Taxpayers' Equity (SoCiTE)

For the year ended 31 March 2024

	Note	General Fund £ million	Revaluation Surplus £ million	Total Taxpayers' Equity £ million	Total Comprehensive Net Expenditure £ million
Balance at 1 April 2022		**276.3**	**222.3**	**498.6**	
Surplus on revaluation of property, plant and equipment	8		17.6	17.6	17.6
Surplus on revaluation of intangible assets	10		0.4	0.4	0.4
Transfer to general fund realised depreciation			(6.6)	(6.6)	(6.6)
Net gains and losses recognised in the Statement of Comprehensive Net Expenditure		**0.0**	**11.4**	**11.4**	**11.4**
Auditor's remuneration (notional)	4	0.1		0.1	
Net operating expenditure	SoCNE	(9.9)		(9.9)	(9.9)
Net finance income	6, 7	0.0		0.0	0.0
Transfer from revaluation surplus realised depreciation and amortisation		6.6		6.6	
Net equity investment received from MOD during the year		47.0		47.0	
Balance at 31 March 2023		**320.1**	**233.7**	**553.8**	**1.5**
Surplus on revaluation of property, plant and equipment	8		9.7	9.7	9.7
Surplus on revaluation of intangible assets	10		0.8	0.8	0.8
Transfer to general fund realised depreciation			(9.6)	(9.6)	(9.6)
Transfer to general fund realised amortisation			(0.5)	(0.5)	(0.5)
Net gains and losses recognised in the Statement of Comprehensive Net Expenditure		**0.0**	**0.4**	**0.4**	**0.4**
Auditor's remuneration (notional)	4	0.1		0.1	
Net operating expenditure	SoCNE	(51.0)		(51.0)	(51.0)
Net finance income	6, 7	0.0		0.0	0.0
Transfer from revaluation surplus realised depreciation and amortisation		10.1		10.1	
Net equity investment received from MOD during the year[1]	15.1	74.0		74.0	
Balance at 31 March 2024		**353.3**	**234.1**	**587.4**	**(50.6)**

Notes:
Net equity investment received from MOD

	Note	General Fund £ million
Balance at 31 March 2023		192.5
[1]Net equity investment received during the year	15.1	74.0
Balance at 31 March 2024		**266.5**

View the notes which form an integral part of these accounts

See pages 96-128

Notes to the accounts

1. Accounting policies

(a) Statement of accounting polices

The financial statements have been prepared in accordance with the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. The particular policies adopted by the Executive Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

(b) (i) Accounting convention

These accounts have been prepared under the historical cost convention, modified for the application of fair value where appropriate. The balances affected are property, plant and equipment (see Note 1(f) below), intangible assets (see Note 1(j) below), and non-current financial assets (see Note 1(d)(ii) below).

(ii) Going concern

The Executive Agency is dependent principally on its owning Department, MOD, as its main source of revenue. Demand for the Agency's services is enduring and there is no planned change to the Agency's status. The Agency's going concern assertion has not been affected by the on-going conflict in Ukraine.

(c) Consolidation with MOD

The Executive Agency is within the Accounting Boundary of MOD and its financial statements are consolidated within those of the Department.

(d) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Executive Agency's accounting policies, there are necessary judgements, estimates and assumptions made that affect the carrying amounts of certain assets and liabilities. Where information is not readily available, estimates and assumptions are made with reference to advice from management, technical experts, professional third parties, and from historical experience. The estimates and underlying assumptions are reviewed on an ongoing basis.

There have been no revisions of accounting judgement, or revisions to the application of estimation technique during the year. Revisions to accounting estimates are recognised during the period of revision, and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimates (see (ii) below), that the Executive Agency has made in the process of applying its accounting policies. These have had significant effects on the financial statements.

→ **Valuation of property**

The accounting policy for the valuation of freehold land and buildings is disclosed in Note 1(f), and the valuations are disclosed in Note 8. The Executive Agency has concluded that the most appropriate method of valuation provided by the Royal Institute of Chartered Surveyors (RICS) is Depreciated Replacement Cost (DRC). The market for the Agency's specialised laboratories and secure accommodation is extremely limited. The large size of the two main sites (Porton Down and Portsdown West) and their remote locations has a limiting effect on the number of alternative users.

The DRC estimation technique for the valuation of freehold land employs the Alternative Site Approach. This represents the lowest price the Agency would pay for an alternative plot of land that is in an appropriate location, and is appropriate for the Agency's operations.

→ **Consolidation of subsidiary undertaking**

Ploughshare Innovations Ltd (Ploughshare) was a wholly owned subsidiary that the Executive Agency had the power to control. The Agency did not consider Ploughshare to be material and had decided not to produce Group accounts. Consolidation would have required significant additional disclosure for minor adjustments and would not have improved readers' understanding of the Agency's financial performance. Ploughshare was transferred to MOD Defence Science and Technology (DST) during the year. See Note 9.

→ **Biological High Containment Facility**

This facility enables the Executive Agency to maintain the UK strategic sovereign capability for assessing hazards from current and emerging chemical and biological threats. It consists of several assets, including a building, operated together as a distinct facility.

As an Agency inside the Department boundary, there is a more integrated approach to strategic capability planning that includes the facility, particularly as it is used principally for MOD project work. MOD revalues the facility building asset on a DRC basis providing the Agency with further assurance that the Department intends to sustain this capability and strategic asset for the foreseeable future.

For these reasons, the Agency has concluded that going forward, the most appropriate valuation method is DRC for the building, with the application of indices provided by Defence Statistics between independent professional quinquennial valuations. For plant and equipment assets, appropriate indices provided by Defence Statistics are applied. This also aligns with MOD's valuation method. See Note 8.

→ **Leases**

The Agency has several lease contracts where it is the lessee. The main area of judgement is in determining whether the Agency is 'reasonably certain' to exercise an option to extend or terminate a contract. However, there are currently no leases that have remaining future options that enable the Agency to either extend the contract term, or to terminate the lease without significant penalty.

The Blackbarn Road control point modular building property lease was terminated during the year (resulting in an amendment to the expected term that brought forward the lease expiry accounting into the current year).

Considerations when determining whether the Agency is reasonably certain to exercise an extension option, or an option to terminate, include operational need, and where alternatives exist, value for money.

The cost model has been used as a proxy for current value in existing use, or fair value, to determine subsequent remeasurement of the Agency's right of use assets. The cost model is an appropriate proxy because the Agency has only six IFRS16 lease contracts at the SoFP date, their right of use values are not material, and their terms are relatively short.

The most significant lease is for a property that had a total remaining lease liability of less than £0.3 million at the start of the year. For this contract, lease payments are adjusted annually based on an inflation index resulting in a remeasurement of the lease liability and the right of use asset. This lease expires on 31 March 2025. The Agency's other lease contracts have much lower remaining lease liabilities. The next most significant lease had a total remaining lease liability of £0.1 million at the start of the year. It is a lease for plant and machinery and expires on 8 August 2027.

(ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next year.

→ **Accruals**

Accruals are estimated with reference to available documentation, advice from the relevant Project Manager, information provided by third parties, and from experience gained from previous years. Third-party verification is sought from suppliers of all sub-contracted research where the value of uninvoiced work is expected to be £100,000 or above. The total accrual relating to purchase of direct goods and services is £115.6 million (2022/23: £150.0 million).

Until this year, the holiday pay accrual had been an area of estimation uncertainty because it had not been calculated directly from a central management information system. Sample testing had been used to derive an estimate of 32% of all holiday to be outstanding at year end. This had been the basis of the accrual estimate. This year, reporting of staff holiday from the central management system has been developed which has removed the uncertainty to within minor tolerance. The holiday pay accrual has increased by 10.5% to £10.1 million. This increase reflects annual pay inflation and a 7.0% increase in average number of staff employed.

→ **Fair value of non-current financial assets**

The fair value of the Executive Agency's investment in Ploughshare was determined by taking the subsidiary's net assets, and adjusting for items already recognised in the Agency's Statement of Financial Position. A further adjustment had been made for non-current assets where it was considered difficult to realise any value. During the year, the Agency's investment in Ploughshare was transferred to MOD Defence Science and Technology (DST). Further information is provided in Note 9.

→ **Modified Historic Cost Accounting (MHCA)**

Non-current plant and equipment and non-current intangible assets are reported at fair value by applying various indices provided by Defence Statistics. Freehold land and buildings are subject to a rolling programme of quinquennial revaluation by an independent professional valuer. Indices provided by Defence Statistics are applied to land and building valuations in the years between independent professional valuations.

There are inherent valuation uncertainties. A professional's valuation will depend on the method applied (DRC) and judgement on factors such as functional obsolescence, age obsolescence, and the quality of surrounding infrastructure. Where indices are applied, the values are dependent on the particular index adopted. For consistency and comparability, the index used for each class of asset will be applied every year. Further information is provided in Note 1(f) and 1(j).

→ Depreciation and amortisation

Depreciation of property, plant and equipment, and amortisation of intangible assets, is based on the useful economic life of the asset. It is rare for any of the Executive Agency's assets to have a residual value. They are often very specialised assets that are used until obsolete. Remaining useful economic lives are reviewed at least annually. The basis for estimating a remaining useful economic life includes experience of similar assets, the condition and performance of the asset, and knowledge of technological advances and obsolescence. Remaining useful economic lives are revised, where appropriate, to reflect any change in these circumstances.

The net book value of the asset at the time of the revision, will be depreciated on a straight-line basis over the revised remaining useful economic life.

With respect to the depreciation of buildings, an independent professional evaluation of their remaining useful economic lives is performed during the quinquennial rolling revaluation programme. Further information is provided in Note 1(f) and 1(j).

→ Leases

With respect to lease liabilities, and right of use assets, the main area of estimation uncertainty is the rate used as the Agency's incremental cost of borrowing for discounting lease payment cash flows. The implicit interest rates used in lease contracts are not readily determined. HM Treasury rates, published for use as a proxy for government incremental cost of borrowing are used.

For unexpired lease contracts at 31 March 2024, the following is a comparison of the lease liability measurements at the relevant HM Treasury rate compared with what the measurement would have been if a cost of borrowing rate of 5.0% had been applied:

Unexpired lease contracts at 31 March 2024	HM Treasury rate %	Lease liability at 31 March 2024 £'000	Cost of borrowing rate %	Lease liability at 31 March 2024 £'000
Accommodation for the Farnborough evaluation facility	0.95	153.8	5.00	150.8
Accommodation for the Tempest facility	0.95	3.3	5.00	3.3
University of Newcastle office hub	0.95	13.1	5.00	13.0
Boscombe Down storage facility	3.51	81.6	5.00	79.0
Leonardo laser (peppercorn)	N/A	0.0	N/A	0.0
Telehandler	0.95	109.9	5.00	102.8
Total	-	**361.7**	-	**348.9**

The Agency's lease contracts are not material, and therefore the lease liability is not sensitive to the discount rate used as the incremental cost of borrowing.

→ **Provisions**

The measurement of early departure provisions is derived from information provided by the Cabinet Office (My Civil Service Pension). Variations between estimated values and the final cost on crystallisation of the liabilities are not considered material.

The measurement of the dilapidation provision is based on a third-party estimate provided during 2021. Provisions relating to disputes with suppliers are measured following assessment of a range of settlement values attributed to likely outcomes that mature as negotiations progress. For further details, see Note 18. Any change in expectations, or difference between expectation and the actual liability on crystallisation, is accounted in the period of determination.

→ **Contingent liabilities**

The agency measures contingent liabilities on a most likely outcome basis, for details of the contingent liabilities disclosed by the Agency, see Note 23

→ **Remote contingent liabilities**

The measurement of the satellite collision remote contingent liability has been derived on a worst case scenario by assessing the typical insurance cover held by commercial space companies for satellite loss and service disruption. For further details see page xx.

(e) Basis of consolidation

The Executive Agency did not consolidate its wholly owned subsidiary, Ploughshare, on grounds of materiality. Ploughshare was transferred to MOD Defence Science and Technology (DST) during the year. See Note 1(d)(i).

(f) Property, plant and equipment

The majority of the Executive Agency's property, plant and equipment is held on MOD's non-current asset register. The Agency classifies and measures its property, plant and equipment in accordance with IAS 16: Property, Plant and Equipment as adapted by the FReM.

Property, plant, machinery, transport, IT and communication equipment are capitalised where the cost of acquisition is £25,000 or greater.

All assets are independently inspected on a five-year rolling programme. Assets are carried at current value in existing use or fair value. The valuation methods for different classes of asset are as follows:

For land and buildings, where independent professional valuations are carried out, they are performed using RICS Red Book methods.

Land	DRC
Buildings	DRC
For land and buildings that have been declared surplus	Market Value
Plant, machinery, transport, and IT and communication equipment	MHCA

For land, the DRC is derived with reference to the lowest amount that a purchaser would pay to acquire an alternate site appropriate for its operations in a relevant location at the valuation date. This would not necessarily be the value that the Agency's land could be sold for.

Property is revalued in the years between professional independent valuations using indices provided by Defence Statistics. Plant, machinery, transport, IT and communication equipment assets are revalued using indices provided by Defence Statistics. For consistency, the Agency applies the same Defence Statistics indices to the balance of property, plant and equipment held on its own non-current asset register.

Depreciation is provided on a straight-line basis over the useful economic lives of the assets, which are as follows:

Buildings	5-50 years
Plant and machinery	5-30 years
Transport	3-20 years
IT and communication equipment	3-20 years

Land that has a useful economic life of more than one year is not depreciated.

Assets under construction are capitalised during the period of construction. On completion of the project, or on construction of an asset with phased deliveries, the costs are transferred to the asset register.

Details of property, plant and equipment values included within these financial statements are disclosed in Note 8.

(g) Grant-funded assets

Grants received or receivable for the acquisition or construction of property, plant or equipment are recognised as other operating income after the activity that creates the entitlement has been performed. They are not material and are therefore only separately disclosed within the property, plant and equipment note in the year of their acquisition.

(h) Donated assets

Property, plant, equipment and intangible assets donated to the Executive Agency for which no consideration is given or conditions are attached, are brought onto the Statement of Financial Position at their fair value and are revalued, and depreciated or amortised on the same basis as purchased assets. The fair value at initial recognition is credited to the Statement of Comprehensive Net Expenditure as other operating income. The assets are revalued, and depreciated or amortised on the same basis as other non-current assets of the same class. MOD funded assets are accounted for as donated assets where the Agency retains control of the asset

(i) Customer-funded assets

Where a customer has funded in part or in whole, the purchase or construction of an asset that meets the definition of a non-current asset, and the customer retains an interest in that asset, the asset is initially brought onto the Statement of Financial Position at cost. The asset is depreciated or amortised, and revalued on the same basis as other non-current assets of the same class. The customer funding is released to other operating income during the period that the customer has an interest in the asset.

(j) Intangible assets

Intangible assets are capitalised in accordance with IAS 38: Intangible Assets as adapted by the FReM.

Intangible assets comprise purchased software licences and the cost of software developed in-house where there is reliable cost information and the asset will give rise to future economic benefit. The minimum level for capitalisation of intangible assets is £25,000.

Amortisation is on a straight-line basis over the shorter of the licence term, or the software's useful economic life. Intangible assets are revalued annually by applying indices provided by Defence Statistics.

The majority of the Agency's intangible assets are held on MOD's non-current asset register where Defence Statistics indices are applied. For consistency, the Agency applies the same Defence Statistics indices to the balance of intangible assets held on its own non-current asset register. The useful economic lives of intangible assets are considered to fall within one to ten years.

(k) Right of use assets

The Agency applies the short-term lease recognition exemption to all contracts that contain a lease. The definition of a short-term lease is:

i. a contract for twelve months or less; or

ii. any option to extend beyond a term of twelve months is not reasonably certain to be exercised; or

iii. any lease contract for a term of more than twelve months where the Agency has an option to terminate the lease contract in twelve months or less, and is reasonably certain to exercise the option; or

iv. any lease where both the Agency and the lessor has the right to terminate the lease contract in twelve months or less.

Any lease contract that has an option to purchase the underlying asset at the end of the lease term cannot be a short-term lease regardless of whether or not the option is likely to be exercised. The election is across all underlying asset classes. Short-term lease rental payments are expensed on an accruals basis.

The Agency applies the recognition exemption to all contracts containing a lease whose underlying asset values, when new, are low. The Agency has lease contracts whose underlying asset values do not qualify as low-value, as defined by the standard, but the values are not material. The Agency applies the same materiality threshold, of £25,000 or more, to right of use assets that is applied to other categories of non-current assets. This is in line with the materiality objectives of IAS1: Presentation of financial statements. The election is across all lease contracts. Lease contracts whose underlying asset is low-value (or not material), are expensed on an accruals basis. Irrecoverable VAT is not included within the IFRS16 definition of 'lease payment' and is not capitalised.

The cost model has been used as a proxy for current value in existing use or fair value to determine subsequent remeasurement of the Agency's right of use assets. The cost model has been applied to all underlying asset classes. See Note 1(d)(i) above for further information.

Right of use assets are depreciated on a straight-line basis over the lower of expected lease term, and the useful economic life of the underlying asset. The expected lease term includes any options to extend the term that is reasonably certain to be exercised. Where the Agency has an option to terminate the lease contract, the expected term will not exceed the date of this termination option where it is reasonably certain that the option will be exercised.

(l) Impairment

The carrying value of the Executive Agency's non-current assets is reviewed during the year to determine whether there is any indication of impairment. An impairment may also arise following application of indices. See Note 12.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairments are first offset through other comprehensive net expenditure where sufficient revaluation surplus exists. If impairment is due to consumption of economic benefit, or there is insufficient revaluation surplus, it is expensed through profit or loss. Impairment losses will be reversed if there is an increase in the fair value or service potential of a previously impaired asset. The increased carrying amount attributable to a reversal of an impairment is first credited to profit or loss to the extent of any original impairment expensed to profit or loss. Any remaining balance, or the whole reversal (if impairment was fully offset through other comprehensive net expenditure), will be credited through other comprehensive net expenditure.

(m) Research and development

Research and development expenditure incurred during work on a contract for a customer is chargeable to the customer. Internally, funded research expenditure is charged to the Statement of Comprehensive Net Expenditure as incurred.

(n) Grant funding agreements

The terms and conditions of a grant agreement follow guidance provided by the Cabinet Office. Grant payments provided to academia bodies for eligible science and technology research are to cover expenditure incurred by the recipient for specified funded activities. The Agency will not pay the grant until it is satisfied that the grant recipient has paid for the funded activities in full and the funded activities have been delivered during the funding period. Eligible science and technology research may be funded by a single payment for specified performance criteria, or by a series of payments linked to multiple performance milestones. Where funding is provided to the Agency to design, put in place and project manage a grant agreement, the Agency is acting as a principal, and revenue and cost of sales are recognised as the performance criteria and deliverables specified in the agreement are met.

(o) Work in progress

Work in progress represents the value of partially completed milestones on firm-price contracts, and is stated at the lower of cost and net realisable value.

(p) Contract assets

Contract assets represent operating income recognised in excess of the values invoiced (net of VAT) on cost-plus contracts and include an appropriate amount of profit attributed to the contract. For firm-price contracts, contract assets are recognised where there is a timing difference between income recognition (such as on delivery of a milestone) and issuing an invoice to the customer

(q) Financial instruments

Financial assets and liabilities are recognised in the Executive Agency's Statement of Financial Position where the Agency has become a party to contractual terms of an instrument. With respect to the Agency's investment in Ploughshare, the method of accounting that had been adopted is fair value through profit or loss. Ploughshare was transferred to MOD Defence Science and Technology (DST) during the year.
See Note 9. For information on the Agency's exposure to risk and categories of financial instruments, see Note 21.

(r) Provisions

Provisions are made where the Executive Agency has a present legal or constructive obligation as a result of a past event, and where it is probable that a reliably measured economic outflow will result. Provisions are measured taking into account the risks and uncertainties surrounding the obligation. Where possible, information from third parties is used as a basis for deriving the estimated liability.

(s) Pensions

Past and present employees are covered by pension benefits provided through Civil Service pension arrangements that are unfunded multi-employer schemes providing benefits based on either final salary, indexed average lifetime salary, or a mixture of both. The Agency is unable to identify its share of the underlying assets and liabilities and therefore it accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the contributions paid and payable to the schemes in respect of the accounting period. Details of rates and amounts of contributions during the year are disclosed in Our People, starting on page 75.

(t) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities that are denominated in foreign currency are retranslated at the rates of exchange ruling at the Statement of Financial Position date. Gains and losses arising on retranslation are included in the Statement of Comprehensive Net Expenditure.

(u) Operating income

The amount of operating income recognised by the Executive Agency reflects the consideration due from the transfer of control for promised goods and services to customers. Control is when the customer has the ability to direct the use of, and obtain substantially all of the benefits of the goods or services. For cost-plus contracts, the transfer of control passes to the customer over time.

The customer simultaneously receives and consumes the benefit of the services. The services are specialised, have no alternative use, and the Agency has an enforceable right to payment for the completed performance to date. The recognition of operating income reflects the pattern of consumption of benefits by the customer, and includes the attributable contract profit rate. The total amount of operating income recognised is capped at the contract price limit. For firm-price contracts, the transfer of control passes to the customer at a point in time. Each point in time reflects the transfer of a performance obligation to the customer (a contract milestone), and each performance obligation has an attributed contract price. The recognition of operating income reflects the price of an achieved performance obligation that is accepted by the customer. Some firm-price contracts have a single performance obligation where there are no specified interim milestones.

Operating income is accrued as contract assets where there is a timing difference between income recognition and invoicing. Operating income is deferred as a contract liability where a contract allows amounts to be invoiced ahead of the trigger point for income recognition (such as before the completion of performance obligations). Losses are recognised as soon as they are foreseen. Pre-contract costs, which are not material, are expensed within other operating expenditure. 94% of the Agency's operating income from contracts with customers is from MOD. All contracts with MOD are charged at cost, with no profit. Under this arrangement, no formal invoicing takes place and therefore no trade receivable is recognised.

The Agency recognises income over time, which is simultaneously expensed by MOD using intra-Department bookkeeping. Other operating income is recognised for receipts relating to non-core activities that are not the supply of scientific and technical services. See Note 3 for further information. The Agency does not have any contracts where the period between the transfer of the promised goods and services to the customer and payment from the customer exceeds a year. Consequently, the Agency does not adjust the contract prices for the time value of money.

(v) Value Added Tax (VAT)

The Executive Agency's VAT falls within MOD's VAT registration. The Agency accounts for VAT and transfers the net value to MOD on a quarterly basis for inclusion within MOD's VAT return. Where the VAT is irrecoverable, it is charged to the relevant expense category, or if capital, to the relevant non-current asset class.

(w) Segmental reporting

The principal business activities of the Executive Agency are managed through Divisions, and the segmental analysis in Note 2 is presented according to the Agency's internal management reporting structure. The accounting policies of the operating segments are the same as those of the Agency.

Corporate overheads are allocated to operating segments on the basis of headcount with the exception of estates management charges, which are allocated on area of occupancy. Inter-segment trading is at cost.

(x) Reserves within taxpayers' equity

The revaluation surplus represents taxpayers' equity arising from increases in the value of the Executive Agency's non-current assets.

(y) General fund

Net funding received from the owning Department, MOD, is recorded as equity within the general fund. The Statement of Changes in Taxpayers' Equity discloses the movement in net funding received from MOD during the year. The Statement of Cash Flows discloses the cash funding received from MOD within cash flows from financing activities, and the associated footnote 3.

(z) IFRS, amendments and interpretations in issue but not yet effective or adopted

IAS8: Accounting Policies, Changes in Accounting Estimates and Errors requires disclosures in respect of new IFRS, amendments and interpretations that are or will be applicable after the reporting period.

The following new standard will be adopted by the Executive Agency as directed, interpreted or adapted by the FReM:

IFRS17: Insurance contracts
The standard was issued during May 2017 and will replace the previous standard for insurance contracts, IFRS4. The UK Endorsement Board has approved the adoption of the standard, effective from 1 January 2023. HM Treasury have interpreted and adapted the standard for the public sector context, with an adoption date for the reporting period beginning on 1 April 2025.

The objective of the standard is to ensure insurance contracts are accounted for on a consistent basis, measuring the liability at the present value of expected future cash flows, plus an adjustment for non-financial risk. It sets out clearer requirements with respect to recognition, classification, and measurement of assets and liabilities arising from insurance contracts.

The standard, together with HM Treasury's adaptions have been reviewed. Adoption is not expected to have a material impact on the financial statements. The contracts that will fall within the scope of IFRS17 are where non-financial risk is transferred to the Agency by means of indemnities provided to third parties. Indemnities are not routinely included within the Agency's contracts. Where they are, they would currently be reported as either a contingent liability or a remote contingent liability.

2. Statement of net expenditure by operating segment

All of the Executive Agency's business reporting segments are disclosed to enable users of these financial statements to evaluate the nature and financial effects of the Agency's business activities. The Agency's corporate support functions have been aggregated. All Divisions derive their revenues from the provision of specialist scientific and technical services. The Agency derives 94% of its operating revenues from MOD, and 99% of its revenues from wider government. More detailed disclosures can be found in Note 22, related-party transactions.

More than 99% of revenue is derived from UK sources. The chief decision-maker does not review the business on a geographical basis. A geographical analysis would not be necessary to aid users' understanding of these financial statements.

Operating segment analysis for the year ending 31 March 2024:

		Chemical, Biological and Radiological Division	Cyber and Information Systems Division	Counter-Terrorism and Security Division	Exploration Division	Platform Systems Division	Defence and Security Accelerator	Corporate	Internal Trading Adjustments	Total as per Financial Statements
	Note	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
MOD Chief Scientific Adviser		95.0	206.3	61.4	46.2	191.6	0.0	(3.1)		597.4
MOD other		44.1	59.1	77.4	11.9	192.2	45.5	0.2		430.4
Wider Government		13.1	0.5	36.8	1.0	0.1	0.3	0.0		51.8
Non-Exchequer income		5.5	1.4	2.1	0.0	0.6	0.1	3.1		12.8
Operating income from contracts with customers	3	157.7	267.3	177.7	59.1	384.5	45.9	0.2		1,092.4
Other operating income	3	1.2	3.4	2.7	0.3	0.7	0.0	1.3		9.6
Income from other operating segments[1]		14.1	21.2	18.3	13.4	28.8	0.2	9.6	(105.6)	0.0
Operating income (internal and external)		**173.0**	**291.9**	**198.7**	**72.8**	**414.0**	**46.1**	**11.1**	**(105.6)**	**1,102.0**
Underlying net operating income / (expenditure)		(7.3)	12.8	(6.3)	0.0	8.1	3.0	(21.7)		(11.4)
Significant non-recurring operating items	5	0.0	0.0	0.0	0.0	0.0	0.0	(39.6)		(39.6)
Net operating income / (expenditure)[2]		**(7.3)**	**12.8**	**(6.3)**	**0.0**	**8.1**	**3.0**	**(61.3)**		**(51.0)**
Finance income	6	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Finance expense	7	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Net income / (expenditure) for the year		**(7.3)**	**12.8**	**(6.3)**	**0.0**	**8.1**	**3.0**	**(61.3)**		**(51.0)**

Notes:

[1] Internal trading where staff and facility resource, owned by an operating segment, is utilised on an external customer project that is owned and managed by another operating segment. This represents recovery of the cost of providing these services to the recipient operating segment. Cost recovery is included in internal financial performance reporting.

[2] Within net operating income / (expenditure) are depreciation, amortisation, impairments, and loss on disposal expensed as follows.

	Note	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Depreciation and impairment of property, plant and equipment		0.0	0.0	0.0	0.0	0.0	0.0	70.0		70.0
Depreciation of right of use assets		0.0	0.0	0.0	0.0	0.0	0.0	0.5		0.5
Amortisation and impairment of intangible assets		0.0	0.0	0.0	0.0	0.0	0.0	5.8		5.8
Loss on disposal of property, plant and equipment		0.0	0.0	0.0	0.0	0.0	0.0	0.1		0.1
Loss on transfer of non-current financial asset		0.0	0.0	0.0	0.0	0.0	0.0	1.4		1.4
Total depreciation, amortisation, impairment, and loss on disposal	4	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**77.8**		**77.8**

The comparatives for the year ending 31 March 2023:

	Note	Chemical, Biological and Radiological Division	Cyber and Information Systems Division	Counter-Terrorism and Security Division	Exploration Division	Platform Systems Division	Defence and Security Accelerator	Corporate	Internal Trading Adjustments	Total as per Financial Statements
	Note	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
MOD Chief Scientific Adviser		74.8	163.3	58.3	38.3	150.0	1.4	10.5		496.6
MOD other		35.7	60.2	65.4	7.5	187.8	33.3	0.0		389.9
Wider Government		8.8	(0.1)	34.0	3.5	0.1	0.9	0.0		47.2
Non-Exchequer income		2.8	(0.1)	4.5	0.1	0.1	0.1	6.2		13.7
Operating income from contracts with customers	3	122.1	223.3	162.2	49.4	338.0	35.7	16.7		947.4
Other operating income	3	2.5	7.3	3.2	6.0	11.3	5.0	1.1		36.4
Income from other operating segments[1]		13.4	18.7	17.0	12.7	26.2	0.1	2.9	(91.0)	0.0
Operating income (internal and external)		**138.0**	**249.3**	**182.4**	**68.1**	**375.5**	**40.8**	**20.7**	**(91.0)**	**983.8**
Underlying net operating income / (expenditure)		(6.0)	16.0	(3.3)	2.4	21.7	2.6	(28.9)		4.5
Significant non-recurring operating items	5	0.0	0.0	0.0	0.0	0.0	0.0	(14.4)		(14.4)
Net operating income / (expenditure)[2]		**(6.0)**	**16.0**	**(3.3)**	**2.4**	**21.7**	**2.6**	**(43.3)**		**(9.9)**
Finance income	6	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Net income / (expenditure) for the year		**(6.0)**	**16.0**	**(3.3)**	**2.4**	**21.7**	**2.6**	**(43.3)**		**(9.9)**

Notes:
[1] Internal trading where staff and facility resource, owned by an operating segment, is utilised on an external customer project that is owned and managed by another operating segment. This represents recovery of the cost of providing these services to the recipient operating segment. Cost recovery is included in internal financial performance reporting.
[2] Within net operating income / (expenditure) are depreciation, amortisation and impairments expensed as follows:

	Note	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Depreciation and impairment of property, plant and equipment		0.0	0.0	0.0	0.0	0.0	0.0	29.6		29.6
Depreciation of right of use assets		0.0	0.0	0.0	0.0	0.0	0.0	0.4		0.4
Amortisation and impairment of intangible assets		0.0	0.0	0.0	0.0	0.0	0.0	4.0		4.0
Impairment of investment in non-current financial asset		0.0	0.0	0.0	0.0	0.0	0.0	0.2		0.2
Total depreciation, amortisation and impairment	4	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**34.2**		**34.2**

A summary of the business activities of the operating segments

→ Chemical, Biological and Radiological (CBR)

The CBR Division provides an integrated chemical, biological, radiological and medical sciences capability. The Division delivers longer-term research as well as short-term advice and consultancy, and supports both the Front Line Commands and wider government.

→ Cyber and Information Systems (CIS)

The CIS Division maintains and develops a range of capabilities that achieve the Division's vision of delivering transformational information superiority. Working with partners, the Division offers the capabilities that provide the skills, knowledge, expertise and facilities that underpin the outcomes needed to support Defence in Cyber, C4ISR and Space related areas - both now and in the future.

→ Counter-Terrorism and Security (CTS)

The CTS Division delivers innovative science and technology and solutions to support CTS operations, both for MOD and wider government. With in-house laboratories, workshops and other specialised facilities, the Division provides rapid response to operational demands. The Division maintains the Sovereign UK Energetics capability and provides a source of threat information throughout the Executive Agency.

- **Exploration (EXP)**
  The EXP Division identifies and accelerates the delivery of transformative technology, systems, concepts and strategy for Defence and Security.

- **Platform Systems (PLS)**
  The PLS Division provides a single focus for platform-based capability covering all mission and weapons systems, and the related integrated survivability capabilities. The Division is responsible for all advice and solutions to capability gaps that require platform based solutions. This Division primarily supports the Front Line Commands.

- **Defence and Security Accelerator (DASA)**
  DASA consists of personnel from Dstl, MOD including Defence Equipment and Support, and Home Office. Its remit is to provide funding and other support to wider government, private sector, and academia to help solve the UK's most pressing defence and security challenges, and to link the Executive Agency's partners together.

- **Corporate**
  Main functions and activities include:
  - corporate governance, and centralised functions such as finance and treasury management, human resources, and commercial contracting management
  - estate and facilities management
  - business information and communication systems
  - knowledge services, providing services to the Executive Agency’s internal knowledge base, MOD-funded reports and the wider scientific and technical literature, together with a range of information and analysis services
  - strategy portfolio and capability, the interface between scientific Divisions, key customers, and suppliers, to develop effective programmes and capability plans.

3. Operating income

The Executive Agency derives revenue from contracts with customers over time and at a point in time, analysed by major class of customer as follows:

	Timing of Income recognition	2024 £ million	2023 £ million
MOD		1,027.8	886.5
Chief Scientific Adviser	Over time	597.4	496.6
Other	Over time	430.4	389.9
Non-MOD		64.6	60.9
Wider Government	Over time	51.6	46.5
Wider Government	At a point in time	0.2	0.7
Non-Exchequer income	Over time	8.3	10.4
Non-Exchequer income	At a point in time	4.5	3.3
Total		**1,092.4**	**947.4**

Operating income from contracts with customers is categorised according to the main contracted customer. All revenue is from the sale of goods and services and relates to the same class of business, which is the supply of specialist scientific and technical services. This is conducted principally in the UK in sterling. No other geographical market has contributed significantly to operating income. See Note 2 for operating segment disclosures.

	2024 £ million	2023 £ million
Other operating income		
Transferred from deferred income for non-MOD customer-funded non-current assets	0.7	0.3
MOD donated non-current assets	7.1	23.7
MOD other operating income[1]	0.0	10.9
Other miscellaneous income	1.8	1.5
Total	**9.6**	**36.4**

Notes:
[1] During 2023/24, MOD Defence Innovation Unit (DIU) provided no other operating income (2022/23: £10.9 million).

The main items representing other miscellaneous income includes:
£0.3 million from Home Office (2022/23: £0.5 million) for the transitioning of former Centre for Applied Science and Technology staff and facilities into the Agency; £0.6 million recovery of non-salary costs for outward secondees (2022/23: £0.5 million); £0.1 million received from Ploughshare for the provision of patent protection services and reward to inventors (2022/23: £0.2 million); £0.2 million income for support to UK Health Security Agency (2022/23: £0.2 million); and £0.2 million income from the peppercorn lease of an asset from Leanardo UK (2022/23: £0.0 million).

Other operating income excludes recovery of salary costs for outward secondees which is treated as an offset against staff costs. See Our People on page 75.

4. Other expenditure

Material items expensed / (credited) before stating net operating expenditure:

	2024 £ million	2023 £ million
Staff costs[1]		
Wages and salaries	243.0	209.9
Social security costs (including apprenticeship levy)	28.0	24.6
Other pension costs	60.8	54.1
Other staff costs	33.4	30.3
	365.2	**318.9**
Other cash items		
Purchase of direct goods and services	562.4	487.0
Short-term rental expenses[2]:		
Property	0.0	3.2
Plant and equipment	0.1	0.1
Travel, subsistence and hospitality	3.8	3.6
Training	2.3	2.4
Professional services	1.9	5.1
Foreign exchange gains and losses	0.0	0.1
Purchase of other indirect goods and services	142.1	138.5
Total cash costs	**1,077.8**	**958.9**
Non-cash items		
Depreciation and impairment charge for year:	70.5	30.0
Depreciation of owned property, plant and equipment	25.0	20.7
Depreciation of right of use assets	0.5	0.4
Exceptional costs of impairment of property, plant and equipment	32.4	2.0
Exceptional costs of reversal of impairment of property, plant and equipment	(1.3)	(4.2)
Adjustment valuation of property, plant and equipment	13.9	11.1
Amortisation and impairment charge for the year:	5.8	4.0
Amortisation of intangible assets	4.5	3.8
Adjustment valuation of intangible assets	1.3	0.2
Loss on disposal of owned property, plant and equipment	0.1	0.0
Loss on transfer of non-current financial asset[3]	1.4	0.0
Impairment of non-current financial asset investment[4]	0.0	0.2
Auditor's remuneration and expenses[5]	0.1	0.1
Doubtful debt provision	0.1	0.0
Provisions provided / (decreased) in year	(0.1)	0.6
Provisions not required written-back	(2.7)	(0.1)
Total non-cash costs	**75.2**	**34.8**

Notes:
[1] Staff costs are disclosed in more detail in Our People on page 75.
[2] Short-term leases are where the term is assessed as 'reasonably certain' to be for twelve months or less. The Agency occupied a site at Fort Halstead under the terms of a property lease that terminated on 31 March 2023. The 2022/23 rentals for the year totalled £3.4 million which included an over-accrual reversal (credit) of £0.2 million.
[3] During the year, the Agency transferred ownership of Ploughshare to MOD Defence Science and Technoloy (DST). No proceeds were received.
[4] 2022/23 impairment of the carrying value of the Executive Agency's investment in Ploughshare. See Note 9.
[5] The notional audit fee is £122,000 (2022/23: £109,000). During the year, the Agency did not contract any non-audit services from its external auditor, the National Audit Office (NAO).

5. Significant non-recurring operating items

Significant non-recurring operating items are defined as operating income or operating expenses that are not routine to the core business and due to their size or incidence are material. They warrant supplementary disclosure to aid user understanding of the Executive Agency's underlying operating performance. They may occur as a single in-year item, or they can be part of a project that spans several years and whose continued disclosure enable users to assess the on-going impact on financial performance.

	2024 £ million	2023 £ million
Helios[1]	3.9	8.7
NISSS[2]	1.9	5.6
CHESS[3]	1.3	2.1
Impairment of property, plant and equipment[4]	32.4	2.0
Reversal of Impairment of property, plant and equipment[5]	(1.3)	(4.2)
Impairment of non-current financial asset[6]	0.0	0.2
Loss on transfer of investment in Ploughshare[7]	1.4	0.0

Notes:

[1] Costs of withdrawal from the Agency's site at Fort Halstead under the Helios Project. 2022/23 includes an increase in provision costs to be incurred due to redundancies at our strategic suppliers as a result of the withdrawal from the site.

[2] Costs incurred for the New Information Systems Service Solution (NISSS). The objective of the NISSS programme is the disaggregation of the Agency's IT services from the current prime contract into two new contracts by 2025 and establish a modern, secure and sustainable IT information system service aligned to government and industry best practice.

[3] Costs incurred for further development of the Cloud Hosted Enterprise Service Solution (CHESS), which went live during January 2022. This is a government cloud hosted solution that underpins the integrated management of the Agency's business processes.

[4] The impairment relates mainly to the professional valuation of eight recent buildings or building refurbishments at Porton Down (£31.8 million). Of these impairments:
a) One of the new Helios related buildings was valued for the first time which resulted in a £16.5 million impairment; and
b) There was a first-time valuation of two newly refurbished buildings to accommodate the former Centre for Applied Science and Technology staff and their facilities which resulted in a £9.2 million impairment.
The balance relates to the application of indices during the year. The 2022/23 impairment consists of:
a) Impairment of assets under construction relating to IT upgrades which did not deliver the enhancement anticipated (£0.1 million); and
b) impairment of assets under construction which were damaged in use (£1.9 million).

[5] Both the current year and previous year impairment reversal relates to the application of indices during the year (almost entirely to building assets).

[6] The 2022/23 assessment of the value of the Agency's investment in Ploughshare resulted in an impairment. The Agency values the non-current financial asset on a fair value through profit or loss basis taking the approach described in Note 1(d)(i).

[7] During the year, the Agency transferred its investment to MOD Defence Science and Technology (DST). No proceeds were received. See Note 9.

6. Finance income

	2024 £ million	2023 £ million
Interest received and receivable from bank accounts	0.0	0.0
Total	**0.0**	**0.0**

7. Finance expense

	2024 £ million	2023 £ million
Interest paid and payable on loans	0.0	0.0
Interest expense on right of use assets	0.0	0.0
Unwinding of provision discounting	0.0	0.0
Total	**0.0**	**0.0**

No payments were made under the Late Payments of Commercial Debts (Interest) Act 1998 (2022/23: £nil).

8. Property, plant and equipment

Property, plant and equipment movements during the year were:	Land	Buildings	Plant and Machinery	Transport	IT and Communication Equipment	Assets Under Construction	Total
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Valuations and gross modified historic cost							
Balance at 1 April 2022	101.0	377.4	76.7	2.7	46.2	195.5	799.5
Transfers between asset class	0.0	0.5	(0.5)	0.0	0.0	0.0	0.0
Additions	0.0	0.4	11.8	0.2	5.1	61.0	78.5
Transfers	0.0	23.2	5.1	0.0	1.3	(29.6)	0.0
Transfers from intangible assets under construction	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Transfers to intangible assets under construction	0.0	0.0	0.0	0.0	0.0	(1.2)	(1.2)
Reclassified as non-capital spend[1]	0.0	0.0	0.0	0.0	0.0	(2.3)	(2.3)
Disposals	0.0	0.0	(0.9)	(0.2)	(4.5)	0.0	(5.6)
Revaluations	(2.0)	16.5	9.0	0.0	2.6	0.0	26.1
Impairment	0.0	0.0	0.0	0.0	0.0	(2.0)	(2.0)
Impairment Reversal	0.0	4.5	0.0	0.1	0.0	0.0	4.6
Balance at 31 March 2023	**99.0**	**422.5**	**101.2**	**2.8**	**50.7**	**221.5**	**897.7**
Additions	0.0	0.0	15.8	1.9	4.0	29.8	51.5
Transfers	0.0	55.0	5.8	0.0	8.0	(68.8)	0.0
Transfers to intangible assets under construction	0.0	0.0	0.0	0.0	0.0	(5.7)	(5.7)
Reclassified as non-capital spend[1]	0.0	0.0	0.0	0.0	0.0	(6.1)	(6.1)
Disposals	0.0	(0.1)	(4.8)	0.0	(1.9)	0.0	(6.8)
Revaluations	(2.5)	9.1	5.9	0.0	1.5	0.0	14.0
Impairment	0.0	(32.1)	(0.8)	0.0	0.0	0.0	(32.9)
Impairment Reversal	0.0	1.5	0.0	0.0	0.0	0.0	1.5
Balance at 31 March 2024	**96.5**	**455.9**	**123.1**	**4.7**	**62.3**	**170.7**	**913.2**
Depreciation							
Balance at 1 April 2022	0.0	(57.3)	(28.5)	(1.1)	(21.7)	0.0	(108.6)
Charge for year:							
Historical	0.0	(6.1)	(9.0)	(0.6)	(5.0)	0.0	(20.7)
Supplementary	0.0	(5.2)	(1.7)	(0.2)	(4.0)	0.0	(11.1)
Impairment reversal	0.0	(0.4)	0.0	0.0	0.0	0.0	(0.4)
Disposals	0.0	0.0	0.9	0.2	4.5	0.0	5.6
Revaluations	0.0	(3.3)	(3.6)	0.0	(1.6)	0.0	(8.5)
Balance at 31 March 2023	**0.0**	**(72.3)**	**(41.9)**	**(1.7)**	**(27.8)**	**0.0**	**(143.7)**
Charge for year:							
Historical	0.0	(8.8)	(7.4)	(0.8)	(8.0)	0.0	(25.0)
Supplementary	0.0	(4.9)	(6.3)	(0.1)	(2.6)	0.0	(13.9)
Impairment	0.0	0.3	0.2	0.0	0.0	0.0	0.5
Impairment reversal	0.0	(0.2)	0.0	0.0	0.0	0.0	(0.2)
Disposals	0.0	0.1	4.8	0.0	1.8	0.0	6.7
Revaluations	0.0	(1.7)	(1.9)	0.0	(0.7)	0.0	(4.3)
Balance at 31 March 2024	**0.0**	**(87.5)**	**(52.5)**	**(2.6)**	**(37.3)**	**0.0**	**(179.9)**
Net modified historic cost:							
Balance at 31 March 2024	**96.5**	**368.4**	**70.6**	**2.1**	**25.0**	**170.7**	**733.3**
Balance at 1 April 2023	99.0	350.2	59.3	1.1	22.9	221.5	754.0

Notes:
[1] Within this balance are purchases of bulk items that individually do not meet the capitalisation criteria and consumables that had been erroneously included in assets under construction. Also Included within this reclassification is a value of £2.7 million representing the release of a capital provision not required and written back. This relates to a supplier dispute. See Note 18. During 2022/23 there were a number of assets totalling £2.3 million that had been classified as MOD donated assets. These assets had also been accounted for as assets under construction by the MOD customer. During 2023/24, these assets were reclassified as purchases of direct costs and services

Land and buildings are subject to a quinquennial revaluation by an independent, professional valuer in accordance with IAS16: Property, Plant and Equipment. Accounting Policy Notes 1(d) and 1(f) provide the basis of valuation.

The land and building assets at Portsdown West were valued by Valuation Office Agency (VOA), an Executive Agency of HM Revenue and Customs, as at 1 November 2019. The land and majority of building assets at Porton Down were valued by VOA as at 1 November 2021. During the year, eight relatively new buildings or building refurbishments at Porton Down were valued by VOA as at 1 November 2023.

Included within land and buildings are properties from which rental income is derived. They are not material and are not disclosed separately.

During the year there were acquisitions of plant and equipment that were funded by non-MOD customers. They are not material, and are not separately identified.

Included within property, plant and equipment and assets under construction are assets donated by MOD and wider government.

The following is a sub-set of the note relating to these donated assets:

Valuations and gross modified historic cost	Buildings	Plant and Machinery	Transport	IT and Communication Equipmentt	Assets Under Construction	Total
	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 31 March 2023	1.3	33.9	2.2	5.0	31.2	73.6
Additions	0.0	13.4	0.4	3.1	(6.8)	10.1
Transfers	0.0	1.7	0.0	0.1	(1.8)	0.0
Transferred from donated assets to non-donated Buildings	(1.3)	0.0	0.0	0.0	0.0	(1.3)
Transfers to intangible assets under construction	0.0	0.0	0.0	0.0	(0.6)	(0.6)
Reclassified as non-capital spend[1]	0.0	0.0	0.0	0.0	(3.3)	(3.3)
Disposals	0.0	0.0	0.0	(0.6)	0.0	(0.6)
Revaluations	0.0	2.6	0.1	0.3	0.0	3.0
Balance at 31 March 2024	**0.0**	**51.6**	**2.7**	**7.9**	**18.7**	**80.9**
Depreciation						
Balance at 31 March 2023	0.0	(10.7)	(1.5)	(2.4)	0.0	(14.6)
Charge for year:						
Historical	0.0	(6.7)	(0.7)	(0.6)	0.0	(8.0)
Supplementary	0.0	(1.0)	0.0	(0.7)	0.0	(1.7)
Disposals	0.0	0.0	0.0	0.6	0.0	0.6
Revaluations	0.0	(0.6)	0.0	(0.1)	0.0	(0.7)
Balance at 31 March 2024	**0.0**	**(19.0)**	**(2.2)**	**(3.2)**	**0.0**	**(24.4)**
Net modified historic cost:						
Balance at 31 March 2024	**0.0**	**32.6**	**0.5**	**4.7**	**18.7**	**56.5**
Balance at 1 April 2023	1.3	23.2	0.7	2.6	31.2	59.0

Notes:

[1] Within this balance are purchases of bulk items that individually do not meet the capitalisation criteria and consumables that had been erroneously included in assets under construction. During 2022/23 there were a number of assets totalling £2.3 million that had been classified as MOD donated assets. These had also been accounted for as assets under construction by the MOD customer. During 2023/24, these assets were re-classified as purchases of direct costs and services.

9. Non-current financial assets

	Note	Subsidiary Undertaking £ million
Valuation		
Balance at 1 April 2022		1.6
Impairment	11	(0.2)
Balance at 31 March 2023		**1.4**
Disposals		(1.4)
Balance at 31 March 2024		**0.0**

During the year, the Executive Agency transferred ownership of its wholly owned subsidiary, Ploughshare, to MOD Defence Science and Technology (DST). No proceeds were received, and a loss on transfer is recognised in the Statement of Comprehensive Net Expenditure.

The Agency had not consolidated Ploughshare on grounds of materiality. See Note 1(d)(i). The Agency did not re-assess the value of its investment in Ploughshare before the transfer. During 2022/23, the valuation of the Agency's investment in Ploughshare resulted in an impairment of £0.2 million. See Note 1(d)(ii) for details of the approach taken to calculate the recoverable amount. The method of accounting was fair value through profit or loss.

10. Intangible assets

Intangible asset movements during the year were:

	Purchased intangible assets £ million	Intangible assets under construction £ million	Total £ million
Gross modified historic cost			
Balance at 1 April 2022	14.4	3.2	17.6
Additions	1.6	3.2	4.8
Transfers	2.0	(2.0)	0.0
Transfers from property, plant and equipment assets under construction	0.0	1.2	1.2
Transfers to property, plant and equipment assets under construction	0.0	(0.1)	(0.1)
Reclassified as non-capital spend	0.0	(0.2)	(0.2)
Disposals	(0.3)	0.0	(0.3)
Revaluations	0.8	0.0	0.8
Balance at 31 March 2023	**18.5**	**5.3**	**23.8**
Additions	1.2	5.3	6.5
Transfers	9.7	(9.7)	0.0
Transfers from property, plant and equipment assets under construction	0.0	5.7	5.7
Reclassified as non-capital spend	0.0	(0.1)	(0.1)
Disposals	(1.0)	0.0	(1.0)
Revaluations	1.1	0.0	1.1
Balance at 31 March 2024	**29.5**	**6.5**	**36.0**
Amortisation			
Balance at 1 April 2022	(5.2)	0.0	(5.2)
Charge for year:			
Historical	(3.8)	0.0	(3.8)
Supplementary	(0.2)	0.0	(0.2)
Disposals	0.3	0.0	0.3
Revaluations	(0.4)	0.0	(0.4)
Balance at 31 March 2023	**(9.3)**	**0.0**	**(9.3)**
Charge for year:			
Historical	(4.5)	0.0	(4.5)
Supplementary	(1.3)	0.0	(1.3)
Disposals	1.0	0.0	1.0
Revaluations	(0.3)	0.0	(0.3)
Balance at 31 March 2024	**(14.4)**	**0.0**	**(14.4)**
Net modified historic cost:			
Balance at 31 March 2024	**15.1**	**6.5**	**21.6**
Balance at 1 April 2023	9.2	5.3	14.5

The following is a sub-set of the note relating to intangible assets donated by MOD:

	Purchased intangible assets £ million	Intangible assets under construction £ million	Total £ million
Gross modified historic cost			
Balance at 31 March 2023	2.2	0.0	2.2
Additions	0.3	0.1	0.4
Transfers	0.6	(0.6)	0.0
Transfers from property, plant and equipment	0.0	0.6	0.6
Disposals	(0.1)	0.0	(0.1)
Revaluations	0.1	0.0	0.1
Balance at 31 March 2024	**3.1**	**0.1**	**3.2**
Amortisation			
Balance at 31 March 2023	(0.9)	0.0	(0.9)
Charge for year:			
Historical	(0.5)	0.0	(0.5)
Supplementary	(0.1)	0.0	(0.1)
Balance at 31 March 2024	**(1.5)**	**0.0**	**(1.5)**
Net modified historic cost:			
Balance at 31 March 2024	**1.6**	**0.1**	**1.7**
Balance at 1 April 2023	1.3	0.0	1.3

11. Leases: right of use assets

Right of use asset movements during the year were:

	Property £ million	Plant and equipment £ million	Total £ million
Cost valuation[1]			
IFRS16 first-time adoption initial recognition at 1 April 2022	0.8	0.1	0.9
Additions	0.1	0.2	0.3
Balance at 31 March 2023	**0.9**	**0.3**	**1.2**
Additions	0.1	0.2	0.3
Variable lease payment adjustment[2]	0.1	0.0	0.1
Lease term modification adjustment[3]	(0.1)	0.0	(0.1)
Derecognition	(0.2)	(0.1)	(0.3)
Balance at 31 March 2024	**0.8**	**0.4**	**1.2**
Depreciation			
Balance at 31 March 2022	0.0	0.0	0.0
Charge for year	(0.3)	(0.1)	(0.4)
Balance at 31 March 2023	**(0.3)**	**(0.1)**	**(0.4)**
Charge for year	(0.4)	(0.1)	(0.5)
Derecognition	0.2	0.1	0.3
Balance at 31 March 2024	**(0.5)**	**(0.1)**	**(0.6)**
Net book value:			
Balance at 31 March 2024	**0.3**	**0.3**	**0.6**
Balance at 1 April 2023	0.6	0.2	0.8

Notes:

[1] The cost model has been used as a proxy for current value in existing use, or fair value, to determine subsequent remeasurement of the Agency's right of use assets. See Note 1(d)(i).

[2] Lease payments are revised annually based on an inflation index for three of the Agency's property lease contracts. The lease liabilities were remeasured and the right of use assets were adjusted by equivalent values. One of these lease contracts was terminated during the year without penalty. Another of these leases expired on 31 March 2024.

[3] During the year, a property lease contract term was reduced and the lease liability was remeasured. The right of use asset carrying value was reduced by the same value.

The Agency's right of use assets are:

	Nature of the lease	Rent (£)/ frequency excluding VAT	Payment terms	Remaining expected term from 1 April 2023 or from start date if later	Remaining options
Accommodation for the Farnborough evaluation facility	Part building	£51,504 per quarter[1]	In-advance	24	None
Accommodation for the Tempest facility	Part building	£13,750 per quarter[2]	In-advance	16	None
Harwich trials facility and storage	Building and store	£6,031 per month[3]	In-arrears	12	None
University of Newcastle office hub	Office	£6,540 per quarter[2]	In-advance	18	None
Blackbarn Road control point modular building	Building	£3,379 per month[4]	In-advance	7	None
Harwich trials facility and storage	Building	£6,031 per month[1]	In-arrears	12	None
Boscombe Down storage facility	Building	£10,433 six-monthly[5]	In-arrears	60	None
Leonardo laser - reverted to a peppercorn lease after 1 July 2023 (see below)	Plant and machinery	£9,691 per month[6]	All prepaid in advance	3	None
Leonardo laser	Plant and machinery	£nil, peppercorn lease[6]	N/A	60*	None
Telehandler	Plant and machinery	£2,773 per month[2]	In-arrears	52	None

Notes:
[1] There is an annual rental RPI indexation uplift from April.
[2] Rentals are fixed.
[3] Final rental RPI indexation uplift was from April 2023. Contract expired 31 March 2024. The Agency is currently negotiating a new short-term contract with the supplier.
[4] There was an annual rental uplift of Bank of England rate plus 3.0% from August. This lease was terminated on 17 October 2023.
[5] There are fixed annual rental uplifts.
[6] The lease expired 30 June 2023. The Agency has continued right of use of the asset for the remainder of its useful economic life without charge.
* Lease term began 1 July 2023.

There are no remaining options on any of the existing contracts. The Agency assesses value for money considerations such as whether the underlying asset is required for its entire useful economic life, or for a more limited period, when determining if a lease contract or a purchase contract is the best option. Another consideration is whether there is an active market for leasing the particular underlying asset.

The Agency's most significant lease, that has a right of use asset carrying value of £0.2 million, is for property at Farnborough to accommodate the Dstl Missile Evaluation Centre (DMEC) facility. Its location is at a property that used to be owned by a previous incarnation of the Agency. So far, it has not been practical or cost effective to relocate the facility. Lease payments for the property lease to accommodate the DMEC facility are revised annually for the effects of inflation. The contract contains a dilapidation clause. See Note 18 for further information.

Some of the other smaller lease contracts have similar arrangements. There are no restrictions, covenants, or novel arrangements that deviate from industry practice. Other smaller property leases, tend to be for offices that are used as hubs at strategic S&T locations. This is to help spread the Agency's geographical reach, harness talent from around the country, and enable the Agency to access new suppliers in a cost effective way.

Within plant and machinery is a peppercorn lease. A two-year lease of a laser came to an end on 30 June 2023 and the supplier has agreed that the Agency can continue the lease indefinitely with no rental payments. The initial fair value of the right of use asset is £200,000 based on the cost of building the asset, adjusted for the economic benefit consumed. The expected remaining useful economic life from 1 July 2023 is estimated to be five years. The carrying value of the peppercorn lease at 31 March 2024 is £0.2 million.

12. Impairments

Impairments occurring during the year were expensed either to profit or loss, or other comprehensive net expenditure as follows:

	2024 Profit or Loss £ million	2023 Profit or Loss £ million	2024 Other Comprehensive Net Expenditure £ million	2023 Other Comprehensive Net Expenditure £ million
Investment in non-current financial asset impairment[1]	0.0	0.2	0.0	0.0
Property, plant and equipment assets under construction[2]	0.0	2.0	0.0	0.0
Property, plant and equipment valuation[3]	32.4	0.0	3.5	2.0
Property, plant and equipment valuation impairment reversal[4]	(1.3)	(4.2)	0.0	0.0
Total	**31.1**	**(2.0)**	**3.5**	**2.0**

Notes:

[1] The Executive Agency assesses the value of its investment in Ploughshare by taking the approach described in Note 1(d)(i). During the year, the investment was transferred to MOD Defence Science and Technology (DST).

[2] The 2022/23 impairment relates to IT updates which did not deliver the enhancement anticipated (£0.1 million), and assets damaged in use (£1.9 million).

[3] The impairment relates to:

a) The professional valuation of eight recent new buildings or building refurbishments at Porton Down resulted in an impairment through profit and loss (£31.8 million), and an impairment though other comprehensive income (£0.8 million); and

b) The application of indices during the year resulted in an impairment through profit and loss (£0.6 million), and an impairment through other comprehensive income (£2.7 million). The 2022/23 impairment through other comprehensive net expenditure relates to the application of indices to land.

[4] Both the current year and previous year impairment reversal relates to the application of indices during the year (almost entirely to building assets).

[5] The impairment relates to the application of indices.

[6] The impairment reversal relates to the application of indices

13. Work in progress

	2024 £ million	2023 £ million
Total work in progress	**0.0**	**0.0**

14. Trade receivables and other assets

Amounts falling due within one year:

	2024 £ million	2023 £ million
Trade receivables	**6.7**	**7.1**
Central Government bodies	5.4	5.5
Non-public sector organisations	1.3	1.6
Contract assets	**9.3**	**5.8**
Central Government bodies	8.6	5.1
Non-public sector organisations	0.7	0.7
Deposits and advances – staff receivables	**0.1**	**0.1**
Other receivables	**0.1**	**0.3**
Central Government bodies	0.1	0.3
Prepayments and accrued income	**15.3**	**12.2**
Central Government bodies	1.5	1.4
Local authorities	0.8	0.4
Non-public sector organisations	13.0	10.4
Total	**31.5**	**25.5**

Amounts falling due after more than one year:

	2024 £ million	2023 £ million
Deposits and advances – staff receivables	**0.1**	**0.1**
Prepayments and accrued income	**3.5**	**3.4**
Central Government bodies	1.8	0.0
Non-public sector organisations	1.7	3.4
Total	**3.6**	**3.5**

Prepayments mainly consist of software licence agreements and software maintenance agreements at £11.7 million (2022/23: £11.7 million) of which £1.6 million (2022/23: £3.3 million) relates to periods beyond a year; and rentals, service charges and rates on property leases of £0.1 million (2022/23: £0.1 million).

15. Cash and cash equivalents

	2024 £ million	2023 £ million
Balance brought forward	**24.9**	**16.4**
Net change in cash and cash equivalent balances	(12.3)	8.5
Balance carried forward	**12.6**	**24.9**

The following balances were held at:		
Government Banking Service	10.9	23.8
Commercial banks	1.7	1.1
Balance carried forward	**12.6**	**24.9**

15.1 Reconciliation of cash flows arising from financing activities to Net Equity Investment

	Cash flows	Non-cash flow bookkeeping for transactions with MOD					
	Cash received from MOD £ million	VAT recoverable transferred to MOD £ million	Goods and services provided to MOD £ million	Goods and services provided by MOD £ million	Payroll financed by MOD £ million	Infrastructure facilities management soft services provided by MOD £ million	Total net cash inflow from MOD financing activitiess £ million
Balance at 31 March 2023	3,071.5	(268.3)	(4,130.7)	148.6	1,369.6	1.8	**192.5**
Net change in financing activities for the year	827.7	(96.2)	(1,037.1)	32.6	342.3	4.7	**74.0**
Balance at 31 March 2024	**3,899.2**	**(364.5)**	**(5,167.8)**	**181.2**	**1,711.9**	**6.5**	**266.5**

15.2 Reconciliation of cash flows arising from financing activities

	Total net cash inflow from MOD financing activities (Note 15.1)	Cash flows from lease financing		Total net cash inflow from financing activities
	£ million	Repayment of lease liability principal £ million	Lease liability finance expense £ million	£ million
Balance at 31 March 2023	192.5	(0.3)	0.0	192.2
Net change in financing activities for the year	74.0	(0.4)	0.0	73.6
Balance at 31 March 2024	**266.5**	**(0.7)**	**0.0**	**265.8**

16. Trade payables and other liabilities

Amounts falling due within one year:

	2024 £ million	2023 £ million
Other taxation and social security	**2.5**	**2.2**
Contract liabilities	**14.3**	**19.4**
Central Government bodies	12.1	12.6
Non-public sector organisations	2.2	6.8
Trade payables	**44.1**	**29.7**
Central Government bodies	0.7	0.2
Local authorities	3.1	1.9
Non-public sector organisations	40.3	27.6
Other payables	**3.0**	**5.2**
Central Government bodies	2.3	2.5
Non-public sector organisations	0.7	2.7
Pay and expenses – staff payables	**5.4**	**4.9**
Accruals and deferred income	**140.0**	**199.2**
Central Government bodies	7.5	11.5
Local authorities	13.8	14.6
Non-public sector organisations	116.9	162.1
Staff	1.8	11.0
Total	**209.3**	**260.6**

Amounts falling due after more than one year:

	2024 £ million	2023 £ million
Accruals and deferred income	**3.9**	**1.8**
Central Government bodies	3.8	1.7
Local authorities	0.1	0.1
Total	**3.9**	**1.8**

Long-term payables are held undiscounted. The effect of discounting is not material.

Other taxation and social security relates to the PAYE and national insurance associated with the holiday pay accrual.

Contract liabilities represents the balance of payments received on account from non-MOD customers.

Trade payables mainly relate to the purchase of direct goods and services £43.4 million (2022/23: £25.6 million) of which £39.7 million relates to subcontracted research (2022/23: £22.0 million).

Other payables mainly consist of the pension liability associated with holiday pay accrual £2.3 million (2022/23: £2.1 million).

Staff payables mainly consist of the net pay element of the holiday pay accrual £5.3 million (2022/23: £4.9 million).

Within accruals are purchases of direct goods and services £115.6 million (2022/23: £150.0 million) of which £106.1 million is subcontracted research (2022/23: £132.6 million). Capital accruals account for £6.8 million (2022/23: £13.7 million). Within 2022/23 accruals was a staff pay accrual of £9.3 million representing the pay deal that was settled during 2023/24.

Deferred income mainly relates to non-MOD customer funded assets where the customer has retained an interest in the asset of £4.8 million (2022/23: £2.1 million) of which £3.9 million falls due after more than one year (2022/23: £1.8 million.)

17. Lease liabilities

Lease liability movements during the year were:

	Property £ million	Plant and equipment £ million	Total £ million
Balance at 1 April 2023	**0.6**	**0.1**	**0.7**
Additions	0.1	0.0	0.1
Variable lease payment adjustment[1]	0.1	0.0	0.1
Lease term modification adjustment[2]	(0.1)	0.0	(0.1)
Lease payments	(0.4)	0.0	(0.4)
Balance at 31 March 2024	0.3	0.1	0.4

Notes:
[1] Lease payments are revised annually based on an inflation index for three of the Agency's property lease contracts. One of these lease contracts was terminated during the year without penalty. Another of these leases expired on 31 March 2024.
[2] During the year, a property lease contract term was reduced and the lease liability was remeasured. The right of use asset carrying vaue was reduced by the same value.

An analysis of expected timing of lease payment cash flows is as follows:

	Property £ million	Plant and equipment £ million	Total £ million
Not later than one year	0.2	0.0	0.2
Later than one year but not later than five years	0.1	0.1	0.2
Later than five years	0.0	0.0	0.0
Total undiscounted lease payment cash flows	0.3	0.1	0.4
Interest expense	0.0	0.0	0.0
Balance at 31 March 2024	**0.3**	**0.1**	**0.4**

Comparatives for the year ending 31 March 2023:

	Property £ million	Plant and equipment £ million	Total £ million
IFRS16 first-time adoption initial recognition at 1 April 2022	0.8	0.0	0.8
Additions	0.1	0.1	0.2
Lease payments	(0.3)	0.0	(0.3)
Interest expense	0.0	0.0	0.0
Balance at 31 March 2023	**0.6**	**0.1**	**0.7**

An analysis of expected timing of lease payment cash flows is as follows:

	Property £ million	Plant and equipment £ million	Total £ million
Not later than one year	0.4	0.0	0.4
Later than one year but not later than five years	0.2	0.1	0.3
Later than five years	0.0	0.0	0.0
Total undiscounted lease payment cash flows	0.6	0.1	0.7
Interest expense	0.0	0.0	0.0
Balance at 31 March 2023	**0.6**	**0.1**	**0.7**

18. Provisions for liabilities and charges

	Dilapidations and remediation £ million	Supplier claims £ million	Employment tribunals £ million	Early departure costs £ million	Total £ million
Balance at 1 April 2023	1.3	6.3	0.1	0.0	7.7
Provided/ (decreased) in the year	(0.1)	0.0	0.0	0.0	(0.1)
Provisions not required written-back	0.0	(2.7)	0.0	0.0	(2.7)
Provisions utilised in the year	0.0	(2.6)	(0.1)	0.0	(2.7)
Balance at 31 March 2024	**1.2**	**1.0**	**0.0**	**0.0**	**2.2**

Analysis of expected timing of cash flows:

	Dilapidations and remediation £ million	Supplier claims £ million	Employment tribunals £ million	Early departure costs £ million	Total £ million
Between 1 April 2024 and 31 March 2025	0.0	1.0	0.0	0.0	1.0
Between 1 April 2025 and 31 March 2026	1.2	0.0	0.0	0.0	1.2
Balance at 31 March 2024	**1.2**	**1.0**	**0.0**	**0.0**	**2.2**

No amounts are expected to be called after 31 March 2026 and therefore no further analysis is necessary for amounts after this date.

The provision that is expected to crystallise after more than a year has been discounted. The discount value is not material.

Dilapidations and remediation

A lease is in place for a facility (operated by the Executive Agency) remaining at the Farnborough site. This defers a dilapidation obligation under the terms of the lease to beyond a year. Utilisation of the provision will not be until beyond the expiry date of the current lease, 31 March 2025.

As part of the terms of the Agency's exit from the Fort Halstead site, and termination of the lease, the Agency had an obligation to make good any dilapidations and remediation of the site. During the year, the Agency released the £0.1 million provision of which approximately half was unutilised. There is a contingent liability for any further potential remediation - see Note 23.

Supplier claims

The Agency has some supplier disputes in relation to its contracts for goods and services. During the year, some of the disputes were settled resulting in a release of £5.3 million of which £2.7 million was unutilised. The remainder of the disputes are expected to be settled during 2024/25.

Employment tribunals

During the year, the outcome of an Employment Tribunal went against the Agency but the settlement resulted in most of the provision being released unutilised.

Early departure costs

The Executive Agency meets the additional cost of benefits beyond the normal Civil Service pension arrangements in respect of employees who depart early.

The Agency provides for this in full when the early departure agreement becomes binding. Payment values are established by My Civil Service Pension.

Comparatives for the year ending 31 March 2023:

	Dilapidations £ million	Facilities management provider redundancies £ million	Supplier claims £ million	Employment tribunals £ million	Early departure costs £ million	Total £ million
Balance at 1 April 2022	2.0	0.6	6.3	0.0	0.5	9.4
Provided in the year	0.0	0.3	0.0	0.1	0.2	0.6
Provisions not required written-back	0.0	(0.1)	0.0	0.0	0.0	(0.1)
Provisions utilised in the year	(0.7)	(0.8)	0.0	0.0	(0.7)	(2.2)
Balance at 31 March 2023	**1.3**	**0.0**	**6.3**	**0.1**	**0.0**	**7.7**

Analysis of expected timing of cash flows:

	Dilapidations £ million	Facilities management provider redundancies £ million	Supplier claims £ million	Employment tribunals £ million	Early departure costs £ million	Total £ million
Between 1 April 2023 and 31 March 2024	0.1	0.0	6.3	0.1	0.0	6.5
Between 1 April 2024 and 31 March 2025	0.0	0.0	0.0	0.0	0.0	0.0
Between 1 April 2025 and 31 March 2026	1.2	0.0	0.0	0.0	0.0	1.2
From 1 April 2026 thereafter	0.0	0.0	0.0	0.0	0.0	0.0
Balance at 31 March 2023	**1.3**	**0.0**	**6.3**	**0.1**	**0.0**	**7.7**

19. Capital commitments

Capital commitments have been made to:
- Support the maintenance, development, and enhancement of the Agency's S&T capabilities; and
- Support the delivery of the Agency's IS Vision – transformation to a modern, agile, and secure digital service; and
- Ensure the Agency's estate remains a compliant, safe, secure, and efficient place to work.

	2024 £ million	2023 £ million
Property, plant and equipment:		
Capital expenditure that has been contracted but has not been provided for in the accounts	8.5	8.8
Capital expenditure that has been authorised but has not been provided for in the accounts	44.8	44.6
Intangible assets:		
Capital expenditure that has been contracted but has not been provided for in the accounts	0.2	0.6
Capital expenditure that has been authorised but has not been provided for in the accounts	0.0	2.6

The main investments that had either been committed, or had been authorised for commitment at the year-end include:
- A managed CAD facility (£1.6 million committed).
- Modernisation of secure access controls (£0.8 million committed, with a further £0.3 million authorised but not committed).
- Replacement of the high voltage ring power supply at Porton Down (£1.0 million committed, with a further £0.1 million authorised but not committed).
- A programme of laptop replacement across the Agency (£1.2 million committed, with a further £0.1 million authorised but not committed).
- Development Environments for S&T (DEST) - upgrades and improvements to D-Cloud in particular, to make IS services more portable and reduce grey IT (£0.9 million committed, with a further £1.3 million authorised but not committed).
- A new build to relocate the Site Incident Management Centre at Porton Down (£nil committed, but £6.7 million authorised). Additionally, replacement of the IT architecture that allows site-wide CCTV, intruder detection, and access control systems (£nil committed, but £2.5 million authorised).
- Replacement of the three autoclaves within Building 003 at Porton Down (£nil committed, but £9.0 million authorised).

20. Other financial commitments

The Agency has entered into non-cancellable contracts other than capital, lease, or service concession arrangements, for supplies that include goods or services that are either directly attributable to S&T, or are to support the Agency's enabling infrastructure such as accommodation and IT services. The payments to which the Agency is committed are as follows:

	2024 £'000	2023[1] £'000
Not later than one year	3.3	2.0
Later than one year but not later than five years	0.6	0.7
Later than five years	0.0	0.0
Total	**3.9**	**2.7**

Notes

[1] The comparatives for 2022/23 totalling £354.7 million that was published in last year's financial statements have been restated following a change in approach. Only committed contract values that are non-cancellable are now disclosed. The values previously disclosed had included all committed contract values.

21. Financial instruments

The Executive Agency reviews its credit risk by applying the simplified approach of the expected credit loss model to trade receivables and contract assets. There is currently no expectation of current or future material loss.

The Agency's principal financial instruments comprise cash, current receivables and current payables.

Cash generated from sales, supplemented with funding provided by MOD, are the primary sources of finance for the Agency.

Trade receivables and trade payables arise directly from the Agency's operations. As the cash requirement of the Agency is met mainly from funding through its parent organisation, MOD, financial instruments play a limited role in the creation and management of risk when compared with a non-public sector body. 94% of the Agency's sales are with MOD. Consequently, the overall risk relating to financial instruments created by sales contracts is minimal. Other financial instruments relate to contracts to acquire non-financial items in line with the Agency's requirements for supply of external resource and services.

The Agency is not exposed to significant credit, liquidity, foreign currency or market risk. The Chief Financial Officer is responsible for the policies to manage these risks on behalf of the Board. These policies have remained unchanged throughout the year.

It has been the Agency's policy throughout the year that no trading in financial instruments for speculative purposes should be undertaken.

The Agency's customer profile leaves little exposure to credit risk. 99% of the Agency's operating income is derived from wider government. No customers have requested a payment holiday, and there is no evidence that the Ukraine conflict will result in a bad debt write-off or impairment of contract assets.

Categories of financial instruments

Trade and other receivables, and cash and cash equivalents, have been classified as loans and receivables. Trade and other payables have been classified as other financial liabilities. The fair value of these financial assets and financial liabilities approximates the carrying value due to the short-term nature of these financial instruments.

The Agency's investment in its wholly owned subsidiary, Ploughshare, was classified as a non-current financial asset and was accounted for using the fair value through profit or loss method. See Note 9. The category of financial instrument that has produced finance income received and receivable, and the category of financial instrument that has produced finance charges paid and payable, are disclosed in Notes 6 and 7.

No capital disclosures are necessary. A buffer for risk to creditors does not arise because public sector financing is tax based.

22. Related-party transactions

Dstl is an Executive Agency of MOD.

MOD

MOD is a related party and has non-executive representation on the Board. During the year, the Agency had various material transactions with MOD, all of which were carried out under contract terms and subject to the normal course of internal and external audit:

	2024 £'000	2023 £'000
Operating income	1,034,950.5	921,581.6
Purchases	32,116.2	37,294.5
Receivables	19.2	3.8
Prepayments	374.2	628.8
Trade payables and accruals	2,714.0	3,965.3

Ploughshare Innovations Ltd

Ploughshare was a wholly owned subsidiary undertaking of the Agency and during 2023/24, transferred to MOD Defence Science and Technology (DST). During the year, the following trading occurred, carried out under standard contract terms:

	2024 £'000	2023 £'000
Operating income	149.0	224.8
Purchases[1]	6,800.4	7,803.5
Receivables	42.2	52.7
Accruals	0.0	0.0

Notes

[1] The comparative for purchases has been restated. The value of irrecoverable VAT of £573.3 thousand had not been included in 2022/23.

Other public sector bodies

Other public sector bodies are regarded as related parties by virtue of being under the same common control. During the year, the Agency had various material transactions with certain public sector bodies. All transactions are carried out on standard contract terms and are subject to the normal course of internal and external audit.

	Operating Income		Purchases[1]		Trade Receivables[1]		Trade Payables[1]	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Cabinet Office (excluding My Civil Service Pension)	39.5	19.3	4,151.9	3,989.0	0.0	0.0	0.0	0.0
Department for Science, Innovation and Technology (formerly Department for Business, Energy and Industrial Strategy)	258.6	2,797.1	0.0	0.0	0.0	0.0	0.0	0.0
Department for the Environment, Food and Rural Affairs	3,783.6	2,506.5	3.1	0.0	0.0	0.0	0.0	0.0
Department for Transport	7,019.5	6,883.3	0.0	0.0	199.8	0.0	0.0	0.0
Department of Health and Social Care	0.0	(4.5)	0.0	123.0	0.0	0.0	0.0	0.0
Engineering and Physical Sciences Research Council	0.0	0.0	2,135.6	430.7	0.0	0.0	417.3	25.4
Foreign and Commonwealth Office	538.3	210.8	2.6	187.5	310.7	41.5	0.0	0.0
Government Office for Science	0.0	95.5	0.0	0.0	0.0	0.0	0.0	0.0
Government Communications Bureau	3,128.0	1,924.3	0.0	0.0	1,079.2	460.8	0.0	0.0
Government Communications Centre	3,876.0	1,730.6	1,678.7	1,820.2	1,151.1	1,425.5	0.0	0.0
Government Communcations Planning Directorate	1,695.2	1,468.6	1,502.2	2,707.3	652.7	723.1	0.0	0.0
Government Legal Department	0.0	0.0	185.4	408.1	0.0	0.0	0.0	0.0
Health and Safety Executive	(2.1)	212.4	127.1	166.3	0.0	251.2	0.0	0.0
HM Prison Service	246.0	289.3	0.0	0.0	50.2	16.2	0.0	0.0
Home Office[2]	26,324.2	25,493.0	572.7	542.9	468.5	996.2	0.0	0.0
Innovate UK[2]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Medical Research Council	774.2	423.6	750.0	0.0	193.1	111.1	0.0	0.0
Meteorological Office	27.8	43.0	119.9	18.0	0.0	0.0	0.0	0.0
Metropolitan Police	256.2	3.3	0.0	0.0	0.0	25.6	0.0	0.0
Ministry of Justice	69.8	71.5	0.0	0.0	10.2	19.5	0.0	0.0
National Counter Terrorism Security Office	0.0	319.5	0.0	0.0	0.0	0.0	0.0	0.0
National Crime Agency	222.9	292.0	0.0	0.0	185.0	104.1	0.0	0.0
National Protective Security Authority (formerly Centre for Protection of National Infrastructure)	2,935.4	1,621.6	0.0	0.0	477.0	533.7	0.0	0.0
Natural Environment Research Council	0.0	0.0	209.3	0.0	0.0	0.0	0.0	0.0
Nuclear Decommissioning Agency	572.9	1,390.0	0.0	0.0	0.0	0.0	0.0	0.0
Porton Biopharma	652.3	603.8	0.0	0.0	248.5	188.8	0.0	0.0
Science and Technology Facilities Council	0.0	0.0	581.6	813.5	0.0	0.0	0.0	14.7
Scottish Government	0.0	0.0	144.2	123.6	0.0	0.0	11.2	0.0
The Mayor's office for Policing & Crime	95.2	131.0	470.4	385.6	28.9	32.8	21.0	0.0
UK Health Security Agency	1,758.5	1,211.8	798.3	577.9	468.9	123.2	6.0	0.0
UK Space Agency	210.8	(103.0)	0.0	0.0	9.2	39.3	0.0	0.0

Notes:

[1] Purchases are represented by invoices processed through the purchase ledger during the year. No account of movements in accruals is taken. Only trade receivables and trade payables recorded through the sales and purchase ledgers are disclosed. This more simplified approach focuses on invoices processed through primary ledgers and is considered more meaningful and comparable with the Agency's related parties.

[2] The comparative for purchases has been restated. The value for Home Office had been stated as £nil and the value for Innovate UK had been stated as £542.9 thousand.

No Minister, Board member, key manager or other related parties has undertaken any material transactions with the Agency during the year. Any compensation paid to senior management is disclosed in the Remuneration Report on page 70.

Tax and pension payments are made by MOD on behalf of the Agency.

23. Contingent liabilities

As at the 31 March 2024, the Agency is aware of two outstanding employment tribunal cases raised against them which are expected to be concluded during 2024/25. The assessed potential liability is less than £0.1 million. One of these tribunal cases was settled during June 2024.

The Agency has other potential liabilities relating to operating its estate. The worst outcome has been assessed as settlements totalling less than £0.1 million.

For remote contingent liabilities, see page 84.

24. Events after the reporting period

The accounts were authorised for issue on the date of certification by the Comptroller and Auditor General.

There have been no significant events since the end of the financial year that affect the results for the year, or the year-end financial position.

7 / Glossary

AI	Artificial Intelligence
ARAC	Audit and Risk Assurance Committee
BEM	British Empire Medal
CAST	Centre for Applied Science and Technology
CRP	Carbon Reduction Plans
CRR	Corporate Risk Register
CSA	Chief Scientific Adviser
CSAT	Customer Satisfaction Survey
CTW	Contracted Temporary Worker
DAIC	Defence AI's Centre
DASA	Defence and Security Accelerator
DCPR23	Defence Command Paper Refresh 2023
DCS&T	Delivery Committee for S&T
DE&S	Defence Equipment and Support
DEFRA	Defence Related Environmental Assessment Methodology
DEST	Development Environments for S&T
DIO	Defence Infrastructure Organisation
DIWG	Diversity and Inclusion Working Groups
DPA	Data Protection Act
DRC	Depreciated Replacement Cost
DSAR	Data Subject Access Request
DST	Defence Science and Technology
D&I	Diversity and Inclusion
ERC	External Review Colleges
EM	External costs
EMC	Executive Management Committee
EMS	Environmental Management System
ESN	Employee Support Networks
FM	Facilities Management
FReM	Financial Reporting Manual
FTE	Full-time Equivalent
FY	Financial Year
GEN	Gender Equality Network
GGC	Greening Government Commitment
GHG	Greenhouse Gas
GIAA	Government Internal Audit Agency
HS&W	Health, Safety and Welfare
IFRS	International Financial Reporting Standards
IP	Intellectual Property
ICT	Information Communication and Technology
JSP	Joint Services Publication
KPI	Key Performance Indicators
LDEW	Laser Directed Energy Weapon

LOA	Levels of Ambition
MHCA	Modified Historic Cost Accounting
MOD	Ministry of Defence
MyCSP	My Civil Service Pension
NCPA	Non-Consolidated Performance Award
NEM	Non-Executive Member
NZ50	Net Zero Greenhouse Gas Emissions by 2050
OBE	Order of the British Empire
PCSPS	Principal Civil Service Pension Scheme
PM	Performance Measure
RIBA	Royal Institute of British Architects
RICS	Royal Institute of Chartered Surveyors
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
RNLI	Royal National Lifeboat Institution
S&T	Science and Technology
SC	Strategic Capability
SCS	Senior Civil Service
SDG	Sustainable Development Goals
SEAT	Sustainability Environmental Assessment Tool
SEMS	Safety Environmental Management System
SME	Small and medium-sized enterprise
SR	Spending Review
SSRB	Review Body on Senior Salaries
SSSI	Site of Special Scientific Interest
STEM	Science, Technology, Engineering and Mathematics
SV	Social Value
TCFD	Task Force on Climate-related Financial Disclosure
TOM	Target Operating Model
TORVICE	Trusted Operation of Robotic Vehicles in Contested Environments
UPS	Uninterrupted Power Supplies
VAT	Value Added Tax
VCDS	Vice Chief of Defence Staff
VOA	Valuation Office Agency
VTC	Virtual Teleconferencing Centre
2PUS	Second Permanent Under Secretary of State

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