Department for Business & Trade

Annual report

and accounts

2023–24

HC 391

Department for Business and Trade

Annual Report and Accounts

2023-2024

Accounts presented to the House of Commons pursuant to section 6(4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of His Majesty

Ordered by the House of Commons to be printed on 30 January 2025.

HC 391

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

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at Department for Business and Trade, Finance and Business Services Directorate, Old Admiralty Building, London SW1A 2BL.

ISBN 978-1-5286-5283-4

E03238434   01/25

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office.

CORRECTION SLIP

Title: Department for Business and Trade, Annual Report and Accounts 2023-2024
Session: 2023-24
HC 391
ISBN: 978-1-5286-5283-4
Ordered by the House of Commons to be printed 30 January 2025

Correction one
Amend audit certificate for consistency with note 15 of accounts

Page 108, Matter giving rise to qualification

Text currently reads:
The Department has recognised a provision of £814m at 31 March 2024….

Text should read:
The Department has recognised a provision of £671m at 31 March 2024…

Correction two

Amend audit certificate for consistency with note 15 of accounts

Page 109, Matter giving rise to qualification

Text currently reads:

The Department has recognised a provision of £768m in respect of…

Text should read:

The Department has recognised a provision of £698m in respect of…

Correction three

Amend audit certificate for consistency with Statement of Outturn against Parliamentary Supply

Page 110, Basis for qualified opinion on regularity:

Text currently reads:

Parliament authorised a Resource Annually Managed Expenditure limit of £1,432m for the Department in 2023-24. Against this limit, the Department incurred an outturn of £1,640m, exceeding the authorised limit by £208m.

Text should read:

Parliament authorised a voted Resource Annually Managed Expenditure limit of £951m for the Department in 2023-24. Against this limit, the Department incurred an outturn of £1,170m, exceeding the authorised limit by £219m.

<u>Correction four</u>

<u>Correction to reference to note in accounts</u>

Page 116, key observations

Text currently reads:

However, I draw attention to the disclosures made in notes 1.28 and 14…

Text should read:

However, I draw attention to the disclosures made in notes 1.27 and 14…

<u>Correction five</u>

<u>Amend audit certificate for consistency with note 10 of accounts</u>

Page 119, Fair value measurement of Repayable Launch Investment assets

Text currently reads:

Refer to note 10 Investments and loans in the private sector – Group investment in funds as at 31 March 2024 £3.9 billion (2021-22: £3.7 billion)

Text should read:

Refer to note 10 Investments and loans in the private sector – Launch investments as at 31 March 2024 £457 million (31 March 2023: £433 million)

<u>Correction six</u>

<u>Amend audit certificate for consistency with note 15 of accounts</u>

Page 120, Provision measurement – Post Office Limited Overturned Conviction Compensation Scheme

Text currently reads:

Refer to Note 15 Provisions – Provision for Post Office Limited Overturned Conviction Compensation Scheme as at 31 March 2024: £121 million.

Text should read:

Refer to Note 15 Provisions – Provision for Post Office Limited Overturned Conviction Compensation Scheme as at 31 March 2024: £108 million.

<u>Correction seven</u>

<u>Amend audit certificate for consistency with primary statements in accounts</u>

Page 124, audit scope

Text currently reads:

The Department for Business and Trade has total group operating expenditure of £3.4bn, total assets of £11.0bn, and total liabilities of £12.4bn.

Text should read:

The Department for Business and Trade has total group operating expenditure of £3.4bn, total assets of £11.0bn, and total liabilities of £12.2bn.

Correction eight

Amend audit certificate for consistency with Statement of Outturn against Parliamentary Supply

Page 131, Control total breach – Excess Vote, paragraph 14

Text currently reads:

The outturn against Resource Annually Management Expenditure Budget was £1,640m but parliament had authorised a Resource Annually Managed Expenditure Budget of £1,432m for the Department in 2023-24. This means that the authorised limit was breached by £208m.

Text should read:

The outturn against the voted Resource Annually Managed Expenditure Budget was £1,170m but Parliament had authorised a voted Resource Annually Managed Expenditure Budget of £951m for the Department in 2023-24. This means that the authorised limit was breached by £219m.

Date of correction: 19 March 2025

Contents

Foreword of the Permanent Secretary

This is the first Annual Report and Accounts for the Department for Business and Trade following Machinery of Government changes in 2023 which merged the Department for International Trade and the Department for Business, Energy & Industrial Strategy.

First and foremost, we are a department for economic growth. Only through economic growth can a nation create more jobs, invest in public services, and bolster its economic security. From attracting inward investment and fostering innovation, to harnessing free trade and enhancing workers' rights, the Department for Business and Trade is the catalyst for these crucial elements.

The Department is delivering for British business both at home and abroad. We are responsible for the domestic business environment, ensuring that our workforce and homegrown sectors are supported to grow. But we are also opening up new markets overseas, helping small businesses to export their world class goods and services while opening the door to vital inward investment.

And it is thanks to our teams across the United Kingdom and around the world that we can do this. From new entrepreneurs to CEOs of the world's biggest companies, every day our teams are engaging with business, connecting exporters with new markets, and presenting investors with lucrative opportunities.

I am very proud of what we have achieved since this department was created, from progressing the UK's accession to the Comprehensive and Progressive Agreement for a Trans-Pacific Partnership (CPTPP), to securing billions of pounds in new investments and thousands of new jobs at the Global Investment Summit. We've worked with the private sector to achieve significant automotive investment, including Tata's new gigafactory in Somerset and Nissan's plant in Sunderland.

The Department is committed to making a real difference to businesses across the country. We have built the department based on our values – of being connected to businesses, collaborative across Whitehall, confident in our work, and committed to excellence in what we do.

The Department has been, and remains, committed to ensuring fair redress is made available to those impacted by the Post Office Horizon IT System. In 2023-24 more redress was committed to than was made available in the Department's estimate, however going forwards the Department has sufficient funding to ensure it can deliver redress to every affected claimant.

I would like to thank our teams for their hard work, dedication and impact since the Department was created. I am ambitious for what we can achieve building on this strong foundation.

Gareth Davies CB

Permanent Secretary,
Department for Business and Trade

Performance Report

Performance overview

The performance overview provides a summary of the annual report and accounts, and achievements delivered by the Department.

Our purpose and priorities in 2023-24

Purpose

We are the Department for economic growth – supporting businesses to create the jobs, opportunities and prosperity that changes lives for communities up and down the country.

In February 2023, the Department for International Trade joined with parts of the Department for Business, Energy and Industrial Strategy to form DBT. This is our first Annual Report and Accounts as DBT.

Priorities

Our priorities during the year were as follows:

1. Redraw our rules to ensure businesses thrive, markets are competitive, and consumers are protected.
2. Secure investment from UK and international businesses.
3. Advise, support, and promote British businesses to grow and export.
4. Open new markets for businesses by removing barriers and striking trade deals.
5. Promote free trade, economic security and resilient supply chains.

Our business model and environment

For our Departmental priorities, we underpin our work by four core values:

- **Excellence** – Our work matters. It makes a difference to people's lives across the country. We combine excellence with pace to maximise the impact we have.
- **Connected** – We actively partner with businesses across the UK and across the world. We are accessible and we help them navigate Government, using our strong relationships to get things done.
- **Confident** – We have a distinctive perspective, informed by our work with business. We make a compelling case for what we want to do, and do not let obstacles get in the way.
- **Collaborative** – We are one Department, bringing together teams from across the UK and across the world. We ensure everyone is supported and can see how their work makes a difference.

Organisational structure

The diagram below represents the structure of our organisation as at end March 2024, with each area headed by Director Generals.

- **Business Group**
- **Competition, Markets and Regulatory Reform**
- **Domestic and International Markets and Exports**
- **Economic Security and Trade Relations**
- **Corporate Services**
- **Strategy and Investment**
- **Trade Policy, Implementation and Negotiations**

Executive Agencies

- **Companies House[+]**
- **Insolvency Service[+]**

They are separate organisations but are part of the Department. They perform executive functions, rather than provide policy advice.

Non-Departmental Public Bodies

Advisory, Conciliation and Arbitration Service+	Financial Reporting Council+
British Hallmarking Council+	Low Pay Commission
Central Arbitration Committee	Regulatory Policy Committee
Competition Appeal Tribunal+	Small Business Commissioner+
Competition Service+	Trade Remedies Authority+

The Department sponsors NDPBs and usually sets their strategic framework. Each NDPB is a separate legal entity and operate at arm's length from ministers. However, a minister will be accountable to Parliament for them.

Statutory Office Holders

Groceries Code Adjudicator+	Pubs Code Adjudicator+
Certification Officer	Office of the Regulator of Community Interest Companies

Other central government bodies (not yet classified)

British Business Bank plc+

Wider Departmental group

Competition & Markets Authority*+	Post Office Limited**+

* Non-ministerial Department

** Public corporation classification, as defined by the ONS National Accounts

+ Partner Organisation that produces its own Annual Report and Accounts.

The following eight partner organisations are consolidated into the DBT group accounts: Companies House; the Insolvency Service; the Advisory, Conciliation and Arbitration Service (ACAS); the British Business Bank plc; the Competition Appeal Tribunal; the Competition Service; the Financial Reporting Council; and the Trade Remedies Authority. The Central Arbitration Committee and the Certification Officer are also consolidated entities though they are first consolidated in the ACAS group accounts.

The Low Pay Commission and the Regulatory Policy Committee do not produce accounts because their expenditure is included within the Core Department's and, similarly, the Office of the Regulator of Community Interest Companies does not produce accounts as its expenditure is included in that of the Companies House.

Due to the turnover and net assets being immaterial to the DBT group account as a whole, four partner organisations are not consolidated into the group account. These are: the British Hallmarking Council; the Small Business Commissioner; the Groceries Code Adjudicator; and the Pubs Code Adjudicator. The Competition & Markets Authority is a non-ministerial department and therefore is not consolidated into DBT accounts. The Post Office Limited is not consolidated into the Department's accounts as it is classified as a public corporation, though where the Department provides funding to the Post Office, such as with the Horizon compensation schemes, DBT does account for such liabilities (see note 15).

A list of all consolidated entities is provided in Note 20 to the financial statements on page 462. The following entities in note 20 are consolidated into the Department and administered by British Business Bank PLC and therefore not shown separately in the graphic above: Cornwall and Isles of Scilly Investments Ltd, Fleetbank Funding Limited, Midlands Engine Investments Limited, Northern Powerhouse Investments Limited, and East Midlands Early Growth Fund Limited. The following entities in note 20 are included in the Department figures and therefore not shown separately in the graphic above: BIS (Postal Services Act 2011) Company Limited and Industrial Development Advisory Board. Postal Services Holding Company Limited is in liquidation and therefore not shown in the graphic above.

Key activities in 2023-24

April 2023

- The UK signed a Memorandum of Understanding with Oklahoma, the latest in state-level trade agreements in the US.

May 2023

- Japanese firms, including Marubeni Corporation and Sumitomo Electric Industries, committed to investing £17.7 billion in the UK focussed on net zero and green technology projects.

June 2023

- UK and Switzerland signed new agreement recognising professional qualifications.
- UK announced new tech and insurance support for companies helping Ukraine rebuild.

July 2023

- Tata Group announced that it will invest over £4 billion in a new UK gigafactory creating 4,000 new jobs.
- The UK signed the Protocol of Accession with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

July 2023 (cont.)

- The UK launched FTA negotiations with Switzerland, the Republic of Korea and Türkiye.

August 2023

- DBT consulted on the Product Safety Review on the safety of consumer goods.
- DBT announced continued recognition of the CE conformity assessment mark for a range of product regulations.

September 2023

- Initiated an extension review for the Steel Safeguard.
- Over £50 million of Government funding has been awarded to 30 cutting-edge manufacturing projects including rapid-charging motorcycles and self-driving cars.
- Over £1 billion delivered to scale up small businesses through the Government backed Start Up Loan scheme.

October 2023

- Delivered the Economic Crime and Corporate Transparency Act, which will help tackle fraud, money laundering and other forms of economic crime, by reforming the role of Companies House – the first powers took effect on 1 March 2024.

November 2023

- Delivered the Global Investment Summit where world leading investors announced that they are committed to investing £29.5 billion.
- Nissan announced a £2 billion investment to produce two new electric vehicle models in their Sunderland plant.
- A £2.5 billion in investment was committed from Microsoft in critical AI infrastructure.

December 2023

- Announced the creation of the Office of Trade Sanctions Implementation (OTSI).
- Introduced legislation to further sanction goods, technology, and sources of funding that could support Russia's war against Ukraine.

January 2024

- Implemented the Retained EU Law (Revocation and Reform) Act, paving the way for significant regulatory reforms and enabling the removal of REUL from the UK statute book.

January 2024 (cont.)

- DBT launched the Critical Imports and Supply Chains Strategy.
- The Post Office (Horizon System) Compensation Act received Royal Assent. It will provide for the payment of compensation for those affected by the Horizon system and in respect of other matters identified in legal proceedings relating to the Horizon system.

February 2024

- The UK signed an economic partnership document with Nigeria.
- The UK and Egypt signed a Memorandum of Understanding (MoU) to deepen cooperation in infrastructure development.

March 2024

- The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Act received Royal Assent.

Performance summary on priority outcomes

See the performance analysis section for more details, including metrics. For information on methodology see the statistics annex on page 498.

We set out our five Priority Outcomes shortly after the formation of the Department for Business and Trade in February 2023.

Priority Outcome 1: Redraw our rules to ensure businesses thrive, markets are competitive, and consumers are protected.

We have implemented reforms to help tackle fraud, money laundering and other forms of economic crime after the Economic Crime and Corporate Transparency Act received Royal Assent in October 2023.

We have raised the National Living Wage to two-thirds of median earnings by 2024. We have taken forward a package of legislation that will enhance workers' rights, help new parents, unpaid carers and hospitality workers, and give all employees easier access to flexible working.

We have worked to improve our regulatory environment through our Smarter Regulation programme.

Priority Outcome 2: Secure investment from UK and international businesses.

Nissan has announced an investment of £2 billion into its Sunderland plant for electric vehicle manufacturing. BMW Group also invested £600 million into its Oxford MINI plant for two new all-electric car models.

Tata Group has announced a £4 billion investment into a UK gigafactory. Siemens has announced a £200 million investment into the Siemens Mobility rail village in Goole.

Priority Outcome 3: Advise, support, and promote British businesses to grow and export.

DBT supported businesses to deliver over 5,200 Export Wins with a combined value of over £36 billion. This represents a 7% increase in the number of individual wins supported and an 85% increase in the total value of wins when compared to 2022-23.[1]

In the same period DBT supported £5.4 billion (2.7% decrease from 2022-23) of Outward Direct Investment (ODI) Wins.[2]

We launched the Advanced Manufacturing Plan to drive clean and digital manufacturing technologies, particularly in automotive and aerospace.

We have continued our support and cooperation with Ukraine, launching the UK-Ukraine TechBridge to help forge connections between our two tech eco-systems.

1 DBT Export Wins Service
2 DBT Export Wins Service

Priority Outcome 4: Open up new markets for businesses by removing barriers and striking trade deals.

The UK signed the Protocol of Accession with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in July 2023.

The UK secured an extension to the Rules of Origin for electric vehicles and batteries with the EU and Türkiye until 31 December 2026.

Priority Outcome 5: Promote free trade, economic security and resilient supply chains.

DBT published the UK's first Critical Imports and Supply Chains Strategy, this is the first-time Government has brought together existing work on supply chains, set out our priorities and outlined actions to enhance resilience further.

Principal risks and context

The key risks[3] faced by the Department in 2023-24 are summarised below. For further details on our risks, see the risk profile in the performance analysis.

Operating model effectiveness: Risk that we fail to implement an effective operating model that functions across our UK hubs, international network, and partner organisations, and allows us to deliver departmental priorities in line with the resources available.

Fragmentation of rules-based systems: Risk that the fragmentation of the international community undermines the effectiveness of multilateral institutions and the norms and rules that we rely on for the UK's prosperity.

Post Office redress: Risk of failure to deliver full, fair, and prompt redress leading to harm to those due redress as well as additional costs.

Acute economic shock: Risk that we are required to intervene on a critical sector/region, but either existing policies, measures and support mechanisms are too inflexible or we are unable to define or agree the criteria needed to urgently respond.

3 The key risks summarised here are those which are considered the most significant, and with a more direct significant impact on delivery objectives. The full list of risks on page 50 include those risks which are cross-cutting in nature, for example people related or cyber-attack.

Critical import shortage: Risk of a critical import shortage to the UK, caused by a supply chain shock.

Performance Analysis

Structure of the performance analysis

The performance analysis provides a detailed narrative of our performance and includes the following sections:

- Performance on priority outcomes.
- Risks affecting delivery of our priorities.
- Financial review.
- Sustainability report.
- Performance in other areas.

Priority Outcome 1

Redraw our rules to ensure businesses thrive, markets are competitive, and consumers are protected.

Corporate governance and company law

Through the Economic Crime and Corporate Transparency Act we have given Companies House new powers to deal with abuse of companies and other corporate vehicles. These new and enhanced powers came into force in March 2024, allowing Companies House to verify the identities of company directors, remove fraudulent organisations from the company register and share information with criminal investigation agencies.

Consumer and competition reforms

The Digital Markets, Competition and Consumers Bill was introduced in April 2023 and gained Royal Assent in May 2024. The Act gives the Competition and Markets Authority enhanced powers and establishes a new pro-competition regime for digital markets which will address the far-reaching market power of a small number of tech firms.

Product regulation reform to protect consumers and enable business

The Office for Product Safety and Standards (OPSS) activities included launching the Product Safety Review, taking enforcement action against dangerous e-bike batteries, and publishing information for consumers to raise awareness around the safe purchasing, use and charging of e-bikes and e-scooters.

Labour market policies

We raised the National Living Wage to two-thirds of median earnings with a cash increase of £1.02 per hour. The rates for younger workers and apprentices will also increase by between 14.8% and 21.2%.[4]

The Employment Rights (Amendment, Revocation and Transitional Provision) Regulations 2023 came into force on 1 January 2024 and (among other things) reformed employment law related to record keeping requirements under the Working Time Regulations 1998 (WTR) and simplified annual leave and holiday pay calculations under the WTR.

In 2023, we also supported a package of six Private Members' Bills to give all employees easier access to flexible working and a right to request a more predictable working pattern.

In February 2024, we published the updated draft statutory code of practice on dismissal and re-engagement as part of action to tackle fire and re-hire practices.

Improving our regulatory environment

We are working to enable the removal of Retained EU Law (REUL) from the UK statute book, with the first REUL report laid before Parliament in January 2024. At the end of December 2023, 2,229 pieces of REUL had been reformed, repealed or expired.[5]

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4 New rates came into effect on 1 April 2024.
5 https://www.gov.uk/government/publications/retained-eu-law-reul-parliamentary-report

We made progress on smarter regulation in 2023-24, including the launch of a reformed Better Regulation Framework in September 2023. The Statutory Instrument to extend the Growth Duty to Ofgem, Ofcom and Ofwat and the revised statutory guidance were both laid in Parliament in March 2024.

As part of work to ease business burdens, we announced continued recognition of the CE conformity assessment mark for a range of product regulations in August 2023.

Performance Metrics

For information on methodology see the statistics annex on page 498.

- National Living Wage as a % of median earnings, UK, 21+: **67.6%** (projected and up from 65.2% in April 2023)[6,7]
- % of UK Consumers reporting confidence that products sold in the UK are safe (late 2022): **52%**[8]
- % of businesses who see regulation as a barrier to success in 2022: **45%** (up from 37% in 2020)[9]

6 New rates came into effect on 1st April 2024
7 National Minimum Wage – Low Pay Commission Report 2023 (https://assets.publishing.service.gov.uk/media/65e0b1f93f6945001103601d/E03071356_NMW_LPC_Report_2023_Accessible.pdf)
8 https://www.gov.uk/government/publications/opss-product-safety-and-consumers-wave-5
9 https://www.gov.uk/government/publications/business-regulation-business-perceptions-survey-2022

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- % of SME employers that cite regulations/red tape as a major obstacle in 2023: **41%** (2 percentage point increase from 2022)[10]

Priority Outcome 2

Secure investment from UK and international businesses.

Identifying and promoting UK attractiveness and strategically important investment opportunities

Ensuring all regions of the UK feel the benefit of business investment is central to our programme of work. To deliver on this commitment, in November 2023 we hosted the Global Investment Summit which attracted £29.5 billion worth of commitments to new projects and capital, and the creation of more than 12,000 jobs across all regions of the UK. We also brought together hundreds of investors and delegates in Belfast for the Northern Ireland Investment Summit.

The new Expand Your Business tool, designed to offer a tailored service to foundational-level investors, initially launched into private beta in a handful of markets across North America and Europe in July 2023. The service has since rolled out fully in NA, Europe, EECAN and LATAC.

10 https://www.gov.uk/government/collections/small-business-survey-reports

Attracting and retaining high-value high-impact investment

By working with car manufacturers like Nissan, BMW, and Tata's Jaguar and Land Rover, we unlocked billions of pounds worth of investment and secured thousands of jobs across the UK, in locations such as Sunderland, Swindon, and Somerset. Cornwall also saw a £37 million investment, creating up to 100 jobs to develop the UK's largest lithium deposit. In addition to this, Crown Holdings Inc invested £320 million to build a new beverage can manufacturing facility in Peterborough.

This financial year, DBT has supported the British steel industry with a £1.25 billion green investment in Tata Steel's Port Talbot site. We also enabled the Hornsea 3 and Dogger Bank offshore windfarm investments, with both sites combined £10 billion of investment enabling enough future energy production to power a total seven million homes. This was supported by a further £18 billion of capital allocation and investment into the UK by Japanese companies funding UK projects including in green energy and renewables.

Google is investing $1 billion (£790 million) in a new UK data centre in Hertfordshire, estimated to create up to 100 direct jobs. Santander announced a £250 million investment into a Milton Keynes tech hub, which will create 500 new jobs. Plus, Lockheed Martin agreed to co-fund a £50 million investment into the UK space sector in the North-East, creating up to 350 jobs. Furthermore, a Fintech company, HRtech SideUp made a £35.5 million investment in London.

Enhancing the UK's investment environment

DBT has delivered a range of initiatives to maintain the UK's position as a leading location to start and grow a business. Initiatives such as the new British Industry Supercharger support energy-intensive industries such as steel, metals, chemicals and cement, by ensuring reduced energy costs. This will help UK firms remain globally competitive, representing savings of £320-£410 million by 2025 for around 370 businesses who employ 400,000 skilled workers.

DBT launched the Advanced Manufacturing Plan to support the future of manufacturing, opening markets, and removing obstacles for business.

As part of the Advanced Manufacturing Plan, we have announced £2 billion of capital and R&D funding to 2030, delivered via Auto2030, a new programme building on the works of the Advanced Propulsion Centre and the Automotive Transformation Fund, ensuring continuity in HMG support.

DBT supported His Majesty's Treasury (HMT) with the implementation of Full Expensing. This has provided more certainty to investors and will enable long-term investment decisions to be made.

DBT worked with the Department for Levelling Up, Housing and Communities on the announcement at the 2024 Spring Budget of a new Accelerated Planning Service, allowing businesses to pay for an improved planning service and guaranteed 10-week decision timelines, and fee refunds if this is not met.

DBT has also continued our engagement with DfE colleagues to provide business feedback with a view to supporting improvements to the skills system, we are working with employers and foreign investors to ensure they better understand available training and employment schemes.

Performance Metrics

For information on methodology see the statistics annex on page 498.

- UK inward FDI stock (2022): **£2.1 trillion** (6.5% increase from 2021)[11]
- Gross Value Added of supported FDI projects (2023-24): **£5.8 billion** (0.2% decrease from 2022-23)[12]

11 https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/foreigndirectinvestmentinvolvingukcompanies/previousReleases
12 https://www.gov.uk/government/statistics/dbt-inward-investment-results-2023-to-2024

- Value of DBT-supported Inward Capital Investment (2023-24): **£7.9 billion** (57.2% decrease from 2022-23 – and 40.7% increase from 2021-22)[13,14]
- Total Number of new FDI jobs supported by DBT (2023-24): **57,037** (14.4% decrease from 2022-23)[15]
  - Of which jobs outside of London and the South East: **33,262**[16,17]
- Number of net-zero FDI and non-FDI projects supported (2023-24): **205 projects** (2.8% decrease from 2022-23)[18]
- Business investment as a percentage of GDP (2023-24): **9.4%** (0.1 percentage point decrease from 2022-23)[19]

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13 https://www.gov.uk/government/statistics/dbt-inward-investment-results-2023-to-2024

14 Capital investment is the sum of Venture Capital and Large Capital investments supported by DBT. Some of this investment meets the criteria to be classified as FDI but some is either non-FDI capital investment or commitments to invest. The amount of capital expenditure related to each investment project varies considerably, with some outlier projects having a significant impact on aggregate figures. This can result in large and erratic percentage changes from year to year, such as seen in the spike in 2022-23.

15 https://www.gov.uk/government/statistics/dbt-inward-investment-results-2023-to-2024

16 https://www.gov.uk/government/statistics/dbt-inward-investment-results-2023-to-2024

17 Figure comprises single site projects plus multiple UK sited projects. Multiple site projects created 8,154 jobs in 2023-24. It has been possible to redistribute 2,966 of these jobs across the relevant regions, but 5,188 jobs are unallocated due to a lack of information relating to the distribution of the new jobs across locations.

18 https://www.gov.uk/government/statistics/dbt-inward-investment-results-2023-to-2024

19 https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/businessinvestment/previousReleases and| https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/realtimedatabaseforukgdpybha

Equity Deals (2023-24)[20]	Number of deals (% change from previous year)	Value of deals (% change from previous year)
Seed stage deals	975 (19.1% decrease)	£1.6 billion (19.7% decrease)
Venture stage deals	940 (12.0% decrease)	£4.1 billion (25.5% decrease)
Growth & Established stage deals	422 (10.4% decrease)	£8.9 billion (10.0% increase)

Priority Outcome 3

Advise, support, and promote British businesses to grow and export.

We have assisted businesses to grow and export by offering a range of business support programmes and initiatives. The British Business Bank's core programmes are supporting over £17.4 billion of finance to nearly 64,000 small and medium sized enterprises (SMEs) (as at end of March 2024).[21]

The UK Export Academy (UKEA) helps businesses to upskill and expand by hosting events covering topics such as: free trade agreements, border trade operating model and sector deep dives. 2023-24 saw UKEA service over

20 https://www.beauhurst.com/
21 BBB ARA 2023-24 – page 23 https://www.british-business-bank.co.uk/about/research-and-publications/annual-report-and-accounts-2024/

23,000 attendances from c.8,000 unique businesses at 455 events. Our network of International Trade Advisers in the UK support high export potential businesses to develop their export plans and connect them to networks and opportunities around the world.

Globally, DBT staff in our embassies and consulates help generate demand for high quality UK goods and services, identify opportunities for UK businesses and leverage their networks and market expertise to help UK companies succeed all over the world.

DBT has introduced a range of additional support services available for SMEs, such as UK Export Finance's November 2023 introduction of flexible fast-track financing.

Over £1 billion has been delivered to scale up over 100,000 small businesses through the Government backed Start Up Loan scheme. The scheme offers access to finance and expert advice to allow new SMEs to scale up and grow. Loans have supported businesses in every region across the UK, with 40% going to female-led firms, and 20% to business owners from ethnic minority backgrounds.

DBT has also continued to support the Women's International Networking Programme, and in March 2024 they completed their first trade mission to Indianapolis and Chicago. We launched a new Board of Trade in August 2023.

A new £1.6 million uplift in export funding was announced from the Music Export Growth Scheme. UK professional services such as architects, auditors, and accountants also received a £500,000 pledge from the Government in January 2024, to help export their services around the world. Grants of up to £75,000 will be awarded to UK regulators and professional bodies as part of the Recognition Arrangements Grant programme.

DBT has facilitated two important export deals in collaboration with Rolls Royce and Airbus. In December 2023 the two companies concluded a deal with Turkish Airlines worth billions. Airbus and Rolls Royce will provide 220 aircraft, representing a major win for UK manufacturing and the economy. The Advanced Manufacturing Plan and Battery Strategy will offer £50 million of newly allocated funding to deliver a globally competitive battery supply chain by 2030.

Performance Metrics

For information on methodology see the statistics annex on page 498.

- Rate of employment scale ups in 2022: **3.9%** (0.1 percentage point increase from 2021)[22]

22 https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/latest

- Percentage of SMEs that are happy to use external finance to help business growth (2023): **33%** (2 percentage point increase from 2022)[23]
- Percentage of SMEs giving an 8-10 impact score[24] in 2023 for access to finance as an obstacle to running their business as they would like in the next 12 months: **7%** (no change from 2022)[25]
- Stock of finance and number of SMEs supported by BBB programmes (excluding COVID-19 loans) in 2023-24: **£17.4 billion** (40.3% increase from previous year) & **64,000** (28.9% decrease from previous year)[26]
- Stock of finance and number of SMEs supported by Growth Guarantee Scheme (formerly Recovery Loan Scheme) in 2023-24: **£5.8 billion** (34.9% increase from 2022-23) & **29,200** (40.3% increase from 2022-23)[27,28]
- UK outward FDI stock in 2022: **£1.9 trillion** (10.2% increase from 2021)[29]

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23 SME Finance Monitor (Q4 2023) – p191 https://www.bva-bdrc.com/sme-finance-monitor/#reports
24 8-10 impact score corresponds to a 'major obstacle'
25 SME Finance Monitor (Q4 2023) – p318 https://www.bva-bdrc.com/sme-finance-monitor/#reports
26 BBB ARA 2023-24 – page 23 https://www.british-business-bank.co.uk/about/research-and-publications/annual-report-and-accounts-2024/
27 https://www.british-business-bank.co.uk/about/research-and-publications/recovery-loan-scheme-iterations-1-2-performance-data-31-march-2024 https://www.british-business-bank.co.uk/about/research-and-publications/recovery-loan-scheme-iteration-3-performance-data-31-march-2024
28 RLS 1 & 2 = £4.33 billion drawn down through 20,078 facilities. GGS (formerly RLS 3) = £1.15 billion drawn down through 7,063 facilities.
29 https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/foreigndirectinvestmentinvolvingukcompanies/previousReleases

- Value of supported Outward Direct Investment Wins (2023-24): **£5.4 billion** (2.7% decrease from 2022-23)[30]
- Total value of UK exports in the 12 months to March 2024: **£839.7 billion** (down 4.6% since 12 months to March 2023)[31]
- Export client survey 2022-23 Satisfaction rate with ITAs: **82%** (1 percentage point decrease from 2021-22)[32]
  - Total Service Deliveries 2022-23: **50,348** (16.9% increase from 2021-22)[33]
- Proportion of UK imports and exports utilising trade preferences for tariff reductions where available:
  - Preference Utilisation Rate (PUR) for goods imported into the UK in 2023: **88.1%**[34]
  - PUR for goods exported from Great Britian to the EU in 2023: **80.5%**[35]
- Percentage of businesses facing barriers to exporting (2022-23):[36]

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30 DBT Export Wins Service
31 https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/balanceofpayments/previousReleases
32 https://www.gov.uk/government/publications/trade-export-client-survey-ecs
33 https://www.gov.uk/government/publications/trade-export-client-survey-ecs
34 HMRC. Data excludes trade between Northern Ireland and the EU. HMRC: https://www.uktradeinfo.com/trade-data/latest-bulk-datasets/bulk-datasets-archive/#import-data-by-preference-2022-onwards
35 Eurostat. Data excludes trade between Northern Ireland and the EU. https://ec.europa.eu/eurostat/api/dissemination/files/?sort=1&dir=comext%2FCOMEXT_DATA%2FPREFERENCES
36 https://www.gov.uk/government/publications/trade-export-client-survey-ecs

- Cost **39%**
- Contacts **39%**
- Time **37%**

- Percentage of businesses that agreed using ITAs helped overcome at least one exporting barrier (2022-23): **68%**[37]
- Percentage of businesses with an annual turnover of £500,000 or more, that have exported or could export, that are aware of and utilise UK Government trade support services (2023): **77%** & **49%**[38]

Priority Outcome 4

Opening up new markets for businesses by removing barriers and striking trade deals.

In April 2023, the UK and the US state of Oklahoma signed a new Memorandum of Understanding.

In May 2023, Australian and New Zealand trade deals came into force and the UK launched negotiations for a modern, updated free trade agreement with Switzerland.

In June 2023, the UK and the United States announced an economic partnership, the 'Atlantic Declaration', across our economic, technological, commercial and trade relations. As part of the Declaration, we launched

37 https://www.gov.uk/government/publications/trade-export-client-survey-ecs
38 https://www.gov.uk/government/statistics/dbt-national-survey-of-registered-businesses-exporting-behaviours-attitudes-and-needs-2023

negotiations on a Critical Minerals Agreement to ensure this strategically important UK sector can better access the US market. The UK and the US state of Utah signed a new Memorandum of Understanding to boost trade and investment. The UK's Developing Countries Trading Scheme also entered into force in June and will benefit traders in 65 of the world's poorest countries.

In September 2023, the UK and the US state of Washington signed a new Memorandum of Understanding to boost trade and investment.

In October 2023, the UK secured a two-year extension to rules which help British companies to access lower or zero tariffs when selling goods to South Korea, and in November, the UK and South Korea launched negotiations on an upgraded, modern free trade agreement.

The UK signed an Enhanced Trade Partnership (ETP) Arrangement with Taiwan in November 2023, which sets out the UK and Taiwan's priorities for future ETP discussions.

In November 2023, the UK secured extension to the 'rules of origin' provisions ensuring that British goods remain eligible for reduced or zero tariffs to Mexico and the UK and Florida signed the seventh UK-US state level Memorandum of Understanding to boost trade and investment.

The UK and Japan finalised protection for almost 40 British food and drink products in February 2024. Protection means British businesses can export to Japan with the confidence that their products are protected against imitation.

In February 2024, the UK and Nigeria signed the Enhanced Trade and Investment Partnership (ETIP).

In March 2024, the UK and Texas signed a trade pact to boost investment and trade cooperation and the UK launched talks with Türkiye on a trade deal. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Act received Royal Assent.

On market access, during the financial year 2023-24, we have resolved 157 barriers.[39] These barriers are estimated to be worth more than £14.6bn to UK businesses over five years.

Performance Metrics

For information on methodology see the statistics annex on page 498.

- Number of Market Access Barriers on the Digital Market Access Service fully resolved in 2023-24: **135** (7 fewer than 2022-23)[40]

39 https://www.gov.uk/government/statistics/market-access-barrier-statistics-2023-to-2024
40 https://www.gov.uk/government/statistics/market-access-barrier-statistics-2023-to-2024

- Number of Market Access Barriers on the Digital Market Access Service resolved in part in 2023-24: **22** (2 fewer than 2022-23)[41]
- Number of Market Access Barriers reported on the Digital Market Access Service in 2023-24: **297** (30 fewer than 2022-23)[42]
- The valuation of these **157** resolved barriers is estimated to be worth more than **£14.6 billion** to UK businesses over five years
- UK trade with countries or territories with which the UK has secured a trade agreement as a % of total UK trade in 2023: **64.8%** (1.2 percentage point increase from 2022)[43]
- Estimated long run GDP impact of the UK-Australia FTA as per published impact assessment: **0.08%** or **£2.3 billion** compared to 2035 levels
    - Estimated long term annual tariff cost reductions on UK goods exports to Australia (if exports use all available preferences): **£116 million** (based on historic trade flows)[44]

41 https://www.gov.uk/government/statistics/market-access-barrier-statistics-2023-to-2024
42 https://www.gov.uk/government/statistics/market-access-barrier-statistics-2023-to-2024
43 https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/uktotaltradeallcountriesseasonallyadjusted (ONS UK total trade: all countries, seasonally adjusted: April to June 2024)
44 https://www.gov.uk/government/publications/uk-australia-fta-impact-assessment

- Estimated long run GDP impact of the UK-New Zealand FTA as per published impact assessment: **0.03%** or **£0.8 billion** compared to 2035 levels
  - Estimated long term annual tariff cost reductions on UK goods exports to New Zealand (if exports use all available preferences): **£17 million** (based on historic trade flows)[45]
- Estimated long run GDP impact of the UK's accession to CPTPP as per published impact assessment: **£2.0 billion** compared to 2040 levels
  - Estimated long term annual tariff cost reductions on UK goods exports to CPTPP (if exports use all available preferences, relative to existing bilateral trade relationships) : **£119 million** (based on historic trade flows)[46]

Priority Outcome 5

Promoting free trade, economic security and resilient supply chains.

We have continued to build the UK's reputation and role at WTO, strengthened our relationships with international partners and actively shaped and defended an open rules-based economic order in line with UK interests. We

45 https://www.gov.uk/government/publications/uk-new-zealand-fta-impact-assessment
46 https://www.gov.uk/government/publications/cptpp-impact-assessment

used key fora, such as the G7, G20 and OECD to build consensus for and underpin the work and role of the WTO in the global trading system.

On economic security, we complemented the launch of the Critical Imports and Supply Chains Strategy in January with an 18-point action plan. We also undertook significant international engagement with partner countries including Australia, France, Canada, the US, the Republic of Korea and the EU and championed multilateral collaboration on economic security and supply chain resilience at the G7 under Japan's presidency.

We continued in our efforts to promote and defend free and fair trade through our work on enhancing business intelligence on Market Distorting Practices, working with international partners to tackle Economic Coercion, challenging distortive practices at WTO sub-committees, coordinating the design and implementation of trade sanctions with the US, EU, Japan and other international partners.

On export controls, we completed reviews of emerging technologies and of the implementation of the enhanced Military End-Use Control.

To defend businesses from unfair international trading practices, we laid secondary legislation to give Ministers increased flexibility in their decision making when considering whether to apply trade remedies. We also expanded the Trade Remedies Authority's remit to include bilateral safeguard investigations.

Performance Metrics

For information on methodology see the statistics annex on page 498.

- Percentage of UK goods exports at risk due to harmful restrictive trade policies in 2023: **82.6%** (1.1 percentage point increase from 2022)[47]
- Percentage of UK goods exports at risk due to harmful subsidies in 2023: **52.4%** (1.6 percentage point increase from 2022)[48]
- Average time taken to complete trade remedies investigations (from initiation to publication) 2023-24: **17.7 months**
- Percentage of new trade remedies investigations completed within the WTO-stipulated timeframe (2023-24): **100%**

47 https://www.globaltradealert.org/reports/gta-31-report
48 https://www.globaltradealert.org/reports/gta-31-report

Contribution to Sustainable Development Goals[49]

	SDG Goal	Achievement
Priority Outcome 1	8	The Statutory Instrument to extend the Growth Duty to Ofgem, Ofcom and Ofwat and the revised statutory guidance were both laid in Parliament in March 2024.
	10	We have increased the National Living Wage for workers aged 21 years and over by 9.8% to £11.44 an hour. The rates for younger workers will increase between 14.8% and 21.2%.
Priority Outcome 2	5	The Women's Sport Investment Accelerator programme brings together top tier women's sports leagues, teams, and governing bodies to seek significant investment.
		At Business Connect, a new taskforce was announced to boost private investment in women-led businesses and make the UK the best place in the world to be a female founder.

49 More information on the Sustainable Development Goals is available at: https://sdgs.un.org/goals

	SDG Goal	Achievement
	9	The UK participated in the joint announcement of the Blue Dot Network, an initiative to certify the standards of quality and sustainability of infrastructure projects. The Blue Dot Network will attract investment into emerging markets to bridge the global infrastructure gap.
	12	DBT organised a sustainable fashion event where brands and investors converged to shape the future of sustainable fashion.
		BMW group have invested £600 million into their Oxford MINI plant. The investment will aid the Oxford plant to fully transition to an electric vehicle production plant by 2030.
		£2 billion investment from Nissan into their Sunderland plant for the manufacturing of two new electric vehicles. Supporting the use of eco-friendly electric cars.
		An agreement with the European commission on rules of origin on electric vehicles has avoided a 10% tariff on electric vehicle trade. This reduced cost will help incentivise the use of more eco-friendly vehicles.

	SDG Goal	Achievement
Priority Outcome 3	7	DBT led the first trade association workshop on the Australian-UK Government to Government arrangement to deliver an MOU on offshore oil and gas commissioning.
	8	The Export Support Service (ESS) and UK Export Academy (UKEA) continue to offer support to businesses, filtering clients through their respective systems to offer tailored support to British businesses.
	9	An infrastructure MOU has been signed with the Republic of South Africa to promote collaboration and the decarbonisation of economic activities.
	12	DBT enabled the signing of the UK-Egypt Sustainable Cities and Infrastructure MOU in Cairo. This will boost close cooperation between London and Cairo to work towards more sustainable cities.
Priority Outcome 4	8	DBT secured agreement with the EU to extend the Rules of Origin for electric vehicles and their batteries. The European Automobile Manufacturers' Association (ACEA) estimated that a 10 % tariff could cost the industry €4.3 billion between 2024 and 2026. The automotive sector employed 152,000 people in 2023 and the vast majority of these jobs are outside London and the South East.[50]
	10	In June 2023 the UK's Developing Countries Trading Scheme entered into force: this will benefit traders in 65 of the world's poorest countries.

50 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employeejobsbyindustryjobs03 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/selfemploymentjobsbyindustryjobs04

	SDG Goal	Achievement
Priority Outcome 5	8	We continued our work towards promoting sustained, inclusive and sustainable economic growth through our work in multilateral fora, including the G7, G20 and WTO, and will continue to collaborate with like-minded partners to make progress on complex trade areas such as WTO modernisation. We also continued work to counter Market Distorting Practices and Economic Coercion by engaging both bilaterally and multilaterally with international partners.
	12	The UK co-facilitated the WTO's Environmental Goods and Services (EGS) working group as part of the Trade and Environmental Sustainability Structured Discussions, allowing us to shape the programme of work in the lead-up to MC13 and beyond.

Risk profile

The following risks were managed in the period from 1 April 2023 to 31 March 2024. The formulation of these risks was based on potential events that could impact the delivery of DBT's departmental objectives.

Key			
Risk Rating	High	Medium	Low
Change in the year	Risk Increase	Risk Decrease	Stable

Risks identified in 2023-24

Risk and mitigating activities	Risk rating / In-Year Change
1. **Post Office Redress (DBT priority outcome* 3):** Risk of failure to deliver redress sufficiently swiftly, or is not perceived to be fair. • We introduced the Post Office (Horizon System) Compensation Act 2024 providing legal authority to distribute redress, including to those with convictions quashed by the Post Office (Horizon System) Offences Act.	

Risks identified in 2023-24

Risk and mitigating activities	Risk rating / In-Year Change
2. Operating Model Effectiveness (DBT priority outcome* 1-5): Risk that we fail to implement an effective operating model that functions across our UK hubs, international network, and partner organisations, and allows us to deliver departmental priorities following the creation of DBT in February 2023. • We provided Organisation Design and Change Management support and resources to deliver the initial implementation of the Machinery of Government change programme and will continue with the remaining workstreams.	
3. Fragmentation of Rules-Based Systems (DBT priority outcome* 1): Risk that the fragmentation of the international community undermines the effectiveness of multilateral institutions and the norms and rules that we rely on for the UK's prosperity. • We worked with Whitehall partners towards a modernised multilateral system through the clear articulation of our multilateral trade strategy.	

Risks identified in 2023-24	
Risk and mitigating activities	**Risk rating / In-Year Change**
4. Acute economic shock (DBT priority outcome* 1-5): Risk that DBT is required to intervene on a critical sector/region, but either existing policies, measures and support mechanisms are too inflexible, or we are unable to define or agree the criteria needed to urgently respond. • We have established an Emergency Response Co-Ordination team for DBT, and worked with HMT, UKGI and DLUHC colleagues to ensure preparedness for Day One Contingency actions to ensure the overall policy landscape in the UK supports business investment.	
5. Net-Zero Response (DBT priority outcome* 1-5): Risk that we fail to understand the economic changes from decarbonisation, and our action proves insufficient to meet Net Zero targets and/or fail to capitalise on opportunities in building the green economy. • We work closely with DESNZ to ensure DBT policy aligns with, and contributes to, delivery of the UK Government's decarbonisation commitments and the Net Zero Strategy. Through the Advanced Manufacturing Plan and Green Industries Growth Accelerator we support the market-led development of clean manufacturing technologies.	

Risks identified in 2023-24	
Risk and mitigating activities	**Risk rating / In-Year Change**
6. Critical Import Shortage (Supply Chain Shock) (DBT priority outcome* 1-5): Risk of a critical import shortage to the UK, caused by a supply chain shock. • We are implementing the actions in the Critical Imports and Supply Chains Strategy, and have built cross government coordination on supply chains via strong governance structures, leading to a more effective response from HMG to supply chain shocks.	● ⟷
7. DBT Cyber-Attack (DBT priority outcome* 1-5): Risk that a cyber-attack on DBT (directly or indirectly through an attack on critical suppliers) prevents the Department from operating or impacts its operational, regulatory or legislative duties e.g. preventing proper operation of the UK border for passage of goods. • We have developed the DDaT Business Continuity plan and underlying Disaster Recovery plans and enhanced our suite of Cyber Security policies to maintain a compliant and safe Security posture.	● ⟷

Risks identified in 2023-24	
Risk and mitigating activities	**Risk rating / In-Year Change**
8. Grant Management and Fraud (DBT priority outcome* 2,3): Scale of cross-departmental change programme required to professionalise business grants scheme design and delivery (together with risks posed by existing/legacy schemes and Departmental capability gaps) leaves DBT exposed during the transformation process, including to fraud/irregular payments. • We have established a centralised Grant Delivery Directorate, and formed a DBT Grant Delivery Board, chaired by the Chief Financial Officer, to monitor the delivery and performance of the full DBT grants portfolio.	● ⟷
9. Employee value proposition (DBT priority outcome* 1-5): Risk that the employee value proposition we offer does not attract and retain those with the skills and experience needed in DBT over the longer term. • We developed an interim People Plan to support our colleagues through the establishment of DBT, and launched our Culture, Vision and Mission to create shared ownership objectives and embed a culture for our people to flourish.	● ↓

Risks identified in 2023-24	
Risk and mitigating activities	**Risk rating / In-Year Change**
10. Economic challenges (DBT priority outcome* 1-5): DBT needs to deliver effective growth policy, in collaboration with wider Government and businesses. There are risks to this objective from significant, systemic and enduring challenges to economic growth and productivity. • Our range of policy interventions are addressing systemic enablers of growth through investment, trade and exports, innovation, management skills and access to capital. This is supported through rigorous analysis; business voice, insight and intelligence; and engagement with wider external expertise.	

Risks closed or de-escalated in 2023-24	
Risk and mitigating activities (during the year, before closure)	**Closure narrative**
11. Staff Capacity and Capability (DBT priority outcome* 1-5): DBT does not build the necessary capacity or capability (including specialist skills), causing sustained demand on our people & impacting delivery, wellbeing, morale & retention. • We have relaunched our centralised learning & development offer, and have implemented improved recruitment services to ensure we are attracting individuals with the right skills.	**Closed and re-articulated** to focus on People Proposition and the risks around recruitment and retention.
12. Free Trade Agreement Utilisation (DBT priority outcome* 3): Failure to see increase in trade from our FTAs and Market Access Barrier work and demonstrate contribution to the UK's prosperity. • We have focused DBT's activity on utilising the new FTA agreements through coordination of DBT's global network, and business engagement.	**De-escalated** and is now being managed at group level.
13. Financial Resources (DBT priority outcome* 1-5): DBT resources prove insufficient to meet delivery ambitions, or are impacted by crystallisation of known (Steel, Post Office) or emerging pressures, resulting in overspend, forced reprioritisation, constraints on wider delivery, or accounts qualification. • Funding requirements across DBT, including those on the Post Office redress scheme, were monitored and financial pressures mitigated with regular communication with HMT on our Supplementary Estimate requests.	Risk **closed** following laying of 2023-2024 accounts.

Risks closed or de-escalated in 2023-24	
Risk and mitigating activities (during the year, before closure)	**Closure narrative**
14. **Departmental Retained EU Law (DBT priority outcome* 1):** DBT are unable to effectively deliver on the objectives of its programme to reform Retained EU Law in the Department's remit in support of the Government's wider policy ambition; leading to reputational damage, unintended policy changes and/or an increase in risk of successful legal challenges. 15. **Cross-Government Retained EU Law Reform Programme:** DBT may be unable to effectively deliver on the objectives of the cross-Government programme to reform Retained EU Law by 31 December 2023, with legal, economic and reputational impacts. • During the passage of the Retained EU Law (Revocation and Reform) Act 2023, the legislation was amended to revoke specified measures at the end of 2023, substantially reducing the risk to the Department's programme.	Risk **closed** following effective mitigation.
16. **Osaka Expo (DBT priority outcome* 2,3):** Uncertainty on financial costs and resources and significant time constraints to deliver preparations for the Osaka UK Pavilion. • A Final Business Case approved by the Investment Committee has been submitted to HMT, with robust financial and commercial systems have been developed to control cost and hold suppliers to account.	**De-escalated** and is now being managed at group level.

Risks closed or de-escalated in 2023-24	
Risk and mitigating activities (during the year, before closure)	**Closure narrative**
17. Steel Company Closures (DBT priority outcome* 3): Significant risk of one or more major steel companies closing with the loss of thousands of jobs in vulnerable areas, loss of steel making sovereignty and significant financial risk to clean up sites or manage insolvencies. • We engaged closely with UK steel producers to understand priorities for creating a fair and competitive landscape, agreeing a grant worth up to £500m as part of a joint £1.25 billion investment to transform Tata Steel's Port Talbot steelworks.	**Closed and re-articulated** to focus on DBT intervention in wider critical sector/region.

* See page 20 for description of priorities.

Financial review

The financial review analyses the Department's expenditure and financial position for the year. This analysis of expenditure is focused on the Statement of Outturn against Parliamentary Supply (SOPS), rather than the Statement of Comprehensive Net Expenditure (SoCNE) and Financial Statements. These are discussed further below.

The SOPS is specific to the public sector. It reports the Department's expenditure against the control limits that Parliament has voted on. The Department is held to account on its financial performance and use of taxpayers' funds based on these limits. Departmental spend included in SOPS totalled £3.35 billion.

The SoCNE and the Financial Statements are prepared on a similar basis to the rules used by private sector businesses. They are prepared in accordance with the Government Reporting Financial Manual (FReM). For DBT, the Departmental Group net expenditure under FReM totalled £2.69 billion.

We have shown a reconciliation between the FReM based financial statements and the SOPS positions on page 204.

Our Budget framework

Departmental budgets, known as Total Managed Expenditure (TME), are split into two categories: Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME).

- DEL: is for spending that is firm, planned and set for multi-year periods, such as grants, provision utilisation, staff pay and costs for running the Department. Spend is generally in DEL unless HM Treasury (HMT) has determined that it should be in AME.
- AME: is for spending that is demand-led and can be difficult to forecast during the financial year. For DBT, this would include expenditure relating to recognition of provisions and financial guarantee liabilities, and expenditure on the Insolvency Service Redundancy Payments Service.

We split budgets into two categories: resource and capital.

- Resource: this is current expenditure and is further split into programme and administration budgets. Programme budgets are for expenditure on front line activities, such as our assistance to energy intensive industries, subsidies for specific Post Office activities, and funding our international teams supporting UK exports and inward investment (note 4.1 in the accounts). Administration budgets capture any expenditure not included in programme including the administrative costs of running The Department.

- Capital: this is expenditure on buying or creating assets, where the benefits from the asset extend beyond the current financial year. Examples of this include new property, plant and equipment; investments; certain research and development expenditure; and grants intended to assist with transformation of strategic sectors such as the Automotive Transformation Fund to support the creation of an internationally competitive electric vehicle supply chain in the UK (note 4.1 in the accounts).

Variance of outturn to budget

	Outturn £m	Budget £m	Variance £m
Resource DEL	1,783	1,967	(184)
Capital DEL	1,068	1,397	(329)
Total DEL	**2,851**	**3,364**	**(513)**
Resource AME	1,170	950	220
Capital AME	(1,139)	(93)	(1,046)
Total AME	**31**	**857**	**(826)**

Explanations for the key variances from budget are as follows, split by budget line headings from the SOPS.

Total Managed Expenditure (TME)

The Department has successfully managed all budget types within Parliamentary control totals, whilst navigating the challenges of budgetary management arising from creating a new department during the year following the

Machinery of Government change, with the exception of Resource AME. As part of the regular annual cycle in central government, at the beginning of the calendar year departments are able to update their spend forecasts and request additional funding where required. This process is known as the supplementary estimate process. On 13 March 2024, after this process had been completed, the ministerial decision to introduce the option to provide a fixed sum of £75,000 to the Horizon Shortfall Scheme, a scheme open to current and former postmasters who believe they may have been affected by shortfalls related to previous versions of the Horizon system, was announced. This decision increased the estimated value of redress DBT would need to fund under this scheme, accounted for as a provision and budgeted for as Resource AME. Further details on the Department's provisions can be found in Note 15 to the accounts.

Due to this obligation arising after the supplementary estimate process, it was not possible for DBT to bid for sufficient budgetary funding for the scheme. As a result, DBT has reported an overspend against voted Resource AME of £219 million, as shown in the Statement of Parliamentary Supply on page 196. As an overspend against a Parliamentary voted control total, the Comptroller and Auditor General has reported an 'excess vote' qualified opinion. Details of the Comptroller and Auditor General's opinion can be found on page 232 of this Annual Report and Account.

Resource DEL

The Department's full year Resource DEL outturn was £1,783 million, an underspend of £184 million, against a budget of £1,967 million. This was primarily due to:

- **£82 million** of contingency set aside to manage uncertainties caused by the Machinery of Government change, that was not required;
- **£56 million** higher than expected recoveries of irregular payments relating to COVID-19 grant schemes; and
- **£48 million** for the Post Office, including relating to the timing of compensation payments.

Capital DEL

The Department's full year Capital DEL outturn was £1,068 million, an underspend of £329 million against a budget of £1,397 million. This was primarily due to:

- **£124 million** lower expenditure for the British Business Bank, relating to the timing of investment drawdowns and the level of realised income from investments;
- **£51 million** underspend from Aerospace Technology Institute programme due to the inherent challenges in forecasting the pace of innovation activity as well as external market and commercial factors, including prioritising supply chain challenges across the sector;
- **£72 million** of contingency set aside to manage uncertainties caused by the Machinery of Government change, that was not required.

Resource AME

The Department's full year Resource AME outturn was £1,170 million, an overspend of £219 million, against a budget of £950 million. Further details on this overspend are given on page 125 of the Governance Statement.

Capital AME

The Department's full year Capital AME outturn was £(1,139) million, an underspend of £1,046 million, against a budget of £(93) million which included a downward valuation in the provision for COVID-19 loan guarantees provided to commercial lenders. The underspend was primarily due to:

- **£452 million** higher reduction in the provision for COVID-19 loan guarantees, resulting from higher repayments than anticipated to commercial lenders as economic conditions improved; and
- **£581 million** underspend in the contingency held for working capital requirements of the Post Office.

Comparison of expenditure to previous years recognised in the SOPS

The Department for Business and Trade was formed on 7 February 2023 following the Machinery of Government. The prior year's SOPS shown below show indicative spending if the Department existed over the prior years:

	2024-25 Plans £m	2023-24 Outturn £m	2022-23 Outturn £m	2021-22 Outturn £m	2020-21 Outturn £m	2019-20 Outturn £m
Total DEL	**2,832**	**2,851**	**1,544**	**7,177**	**22,742**	**2,047**
Resource DEL	1,593	1,783	1,387	6,418	21,255	1,755
Capital DEL	1,239	1,068	157	759	1,487	292
Total AME	**1,268**	**31**	**1,727**	**(3,599)**	**9,323**	**406**
Resource AME	472	1,170	410	(1)	(10,395)	372
Capital AME	796	(1,139)	1,317	(3,598)	19,718	34

There was a significant increase in spending in 2020-21 in response to the COVID-19 pandemic. This was primarily because of funding provided to small and medium sized businesses through various grants, provisions for grants and loan guarantees. This funding continued through 2021-22 at a more limited rate, before reducing further in 2022-23. In 2021-22, Capital AME had a £(3,598) million income position due to downward revaluation of the COVID-19 loan guarantees following their inception in 2020-21. The movements in Capital AME in 2023-24 and projected 2024-25 are also as a result of movements in valuation of the COVID-19 loan guarantees. Resource AME had a one-off increase to provisions relating to the Post Office redress schemes. The increase in DEL spending in 2023-24 largely relates to the Post Office redress schemes and drawdowns and investments performance of financial commitments undertaken by the British Business Bank. The reduction in Resource DEL in the projected 2024-25 is driven by a reduction in the projected cost of the Energy Intensive Industry Scheme following the regulator reducing the price set for energy, which in turn reduces the level of grant DBT provides.

Financial position

Assets and liabilities

The table below shows the value of assets and liabilities for the Departmental group.

	31-Mar-24 £m	31-Mar-23 (restated) £m	31-Mar-22 (restated) £m
Assets	10,980	8,772	10,757
Liabilities	(12,232)	(13,842)	(19,259)
Net Assets/ Liabilities	**(1,252)**	**(5,070)**	**(8,502)**

As at 31 March 2024, the Department remains in a net liability position. The most significant balances impacting the Department's financial position include:

Assets

- Investments and loans – £7.2 billion (2022-23: £6.7 billion): This includes investments held by the Department and by British Business Bank to help deliver various programmes supporting access to finance for small and medium sized enterprises;
- Cash – £2.9 billion (2022-23: £1.2 billion).

Liabilities

- Loan guarantees – £6.4 billion (2022-23: £11.3 billion): This relates to the guarantees issued during the COVID-19 pandemic. The liabilities have reduced from prior year due to a net downward revaluation of £1.1 billion and £3.8 billion of guarantees paid out during the year;
- Provisions – £1.8 billion (2022-23: £0.7 billion): This has increased due to an increase in provisions for Post Office compensation schemes.
- Amounts due to Consolidated Fund – £2.4 billion (2022-23: £0.7 billion): Unspent cash at year end repayable to the Consolidated Fund.

Sustainability Report

The Department for Business and Trade (DBT) is subscribed to a number of targets including the mandatory Greening Government Commitments (GGCs) framework for reducing energy, water, paper, reducing travel and managing waste.

This report sets out the sustainability performance of the estate-based activities on areas such as waste production, energy and water consumption and paper use. The report also covers the Department's travel and procurement of goods and services including ICT and digital.

Governance, Reporting Scope & Data Validation

Sustainability performance reporting figures cover the core department and four[51] partner organisations within scope – as determined by the Department for Environment Food & Rural Affairs (Defra) criteria.[52] Combined these represent 36 sites covered within the sustainability reporting.

The years shown in this report represent DBT and relevant partner organisations' performance during the 2023-24 financial year, following the transfer of assets to DBT, against a 2017-18 adjusted DBT baseline. The

51 DBT GGC family comprises: 1) Advisory, Conciliation & Arbitration Service (ACAS), 2. Insolvency Service, 3. Companies House, 4. Competition and Markets Authority (CMA) and 5. Financial Reporting Council (FRC). FRC's figures will be published separately in their own Annual Report and Accounts.

52 Occupying above 500m^2 floor space and with more than 50 FTE staff.

sustainability reporting has not been externally validated; however data validation checks have been carried out by the Department's internal data analysis team.

To report the greenhouse gas emissions, activity data such as distance travelled, litres of fuel used or tonnes of waste disposed has been converted into carbon emissions. The Greenhouse gas conversion factors used in this report can be found in the Government environmental impact reporting requirements for business.[53]

Throughout 2023-24, the Government Property Agency (GPA) was responsible for managing and maintaining the DBT's property estate portfolio, however, overall accountability for sustainability remained with the DBT executive team.

The Department has recruited a dedicated Sustainability Engagement Manager to encourage action from colleagues across the Department to reduce consumption and improve sustainability, increase discussion and events, and enhance communication between sites and sustainability teams. The Department operates a Green Network that brings together colleagues to discuss environmental issues in meetings and staff awareness campaigns.

Governance frameworks, practices and arrangements are being established. The Department does not have a dedicated corporate environmental sustainability board,

53 Further details can be found at: https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

instead agreement is being sought for the DBT Place Programme Board to be the main forum to oversee our sustainability and Net Zero goals and objectives, and, when required, report sustainability metrics and targets to the Executive Committee (ExCo). The Department is planning to develop a Net Zero strategy and action plan in 2024-25, subject to transformation funding, to ensure we can establish an accurate baseline against which to set reduction targets, ultimately reaching net zero by 2050.

Greening Government Commitments & Mitigating Climate Change

The GGCs provide a framework for Government Departments to reduce their impacts on the environment. The Department's strategy for sustainability is to improve its performance against the GGC's. The current cycle, with a 2017-18 baseline, ends 31 March 2025.[54]

The Department is making progress towards being a Net Zero carbon organization by 2050. We have already reduced our overall greenhouse gas emissions (Scope 1, 2 and 3) by 56% in 2023-24 from our 2017-18 baseline (see Summary of Performance), exceeding the expected 48% reduction target by 2025. We have reduced our direct greenhouse gas emissions (Scope 1) from the estate and operations by 49% in 2023-24 from our 2017-18 baseline, exceeding the expected 20% reduction target by 2025.

54 Further details can be found at: https://www.gov.uk/Government/publications/greening-Government-commitments-2016-to-2020

DBT also benefits from GPA's key strategic objective to contribute to the achievement of Net Zero carbon by 2050 including contributing to meeting the Government commitment to a 50% reduction in carbon emissions across the Public Estate by 2032. To support this objective GPA has established a Net Zero Programme for the whole Government Office Portfolio.

Climate Change Adaptation

During 2023-24 GPA has completed a Climate Change Adaptation Risk Assessment and outline Climate Change Adaptation Action Plan. The work has followed the Office for Government Property Framework. A GPA strategy document setting out the outcomes from this work has been completed. With GPA managing the Department's property portfolio, the Department will be assessing, along with GPA, progress made throughout 2024-25 on climate change risks across the newly constituted estate. The Department will implement any actions highlighted in its climate change action plan and, as necessary, look to incorporate into business continuity plans for sites at risk of flooding and power outages.

We use our performance data on sustainability to assess climate-related risks and opportunities and follow the Greening Government Commitments (GGC) reporting methodology, verified by the Department for the Environment, Food and Rural Affairs. We don't currently consider climate to be a principal risk for the Department as environmental risks are not expected to critically impact our ability to deliver our strategic objectives. We have taken significant steps to rationalise our property and IT estates, transforming the Department into being more efficient and less carbon-intensive.

Nature Recovery and Biodiversity Plan

GPA has recently published a Nature Recovery and Biodiversity Annex[55] to the Workplace Design Guide. This annex includes a range of initiatives to enhance biodiversity and nature recovery, particularly in new constructions and when refurbishing outdoor areas.

Waste Production & Promoting Resource Efficiency

The Department continued to encourage colleagues to reduce the amount of waste produced. The Department is supported by GPA's commitment to reduce waste with a specific focus area on the circular economy. The Department's offices managed by GPA offer a range of waste bins to ensure segregation of waste and encourage recycling. During April 2024 a pilot waste awareness event was held at 23 Stephenson Street in Birmingham to encourage building users to consider the impact of their waste and the correct bins to use.

Water Use

DBT has achieved a 41% decrease in water consumption in 2023-24 from our 2017-18 baseline, exceeding the expected government-wide 8% reduction by 2025. Water

55 Further details can be found at: https://www.gov.uk/government/publications/the-government-workplace-design-guide/biodiversity-and-nature-recovery-annex

use continues to be monitored and measured where the utility is managed by GPA and data provided to clients. These utilities tend to have manual meters, so efforts are underway to move from manual meters to automated meters to gain more insight into water usage. Through GPA's Environmental Management System an audit on water management was undertaken at the London site, Old Admiralty Building, in May 2023 and the findings of this are being reviewed to further improve water efficiency and encourage the effective use of water.

Consumer-single use plastic and re-use schemes

The Department has eliminated a wide range of consumer single-use plastics, such as plastic cutlery and cups, and continues to seek plastic free alternatives. GPA also work with their supply chain to seek ways to reduce the use of single-use plastics.

Sustainable construction

During 2023-24 GPA have published an update to the Net Zero and Sustainability Annex[56] design guide. The Annex sets out the ambitions for both new buildings as well as major refurbishments undertaken for clients. The guide includes consideration of carbon emissions from construction and operation as well as Building Research Establishment Environmental Assessment Methodology (BREEAM) targets.

56 Further details can be found at: https://www.gov.uk/government/publications/the-government-workplace-design-guide/sustainability-and-net-zero-annex

Sustainable procurement

The majority of DBT's procurement is for services, which by their nature, had short supply chains with limited sustainability impacts. Those sectors where there was a potential for significant impact, such as information technology (except for laptops), catering, and other facilities, were procured on DBTs behalf by BEIS and the GPA.

DBT has an up to date sustainable procurement policy, which applied to spend over £10,000 and considers the Government Net Zero Strategy. DBT's sustainability policy required the use of the Prioritisation Tool in the development of category strategies and recommended the use of the Flexible Framework and tied together all sustainability commercial policies such as carbon reduction plans and social value.

The DBT Commercial team to complete the UK government approved CIPS ethical procurement training, which included content on sustainable procurement.

Reducing environmental impacts from ICT and digital

DBT's main information communications technology (ICT) provision was managed through a master shared services agreement with Integrated Corporate Services (ICS) based in the Department for Energy Security and Net Zero (DESNZ). DBT's commercial function provided oversight of this agreement to ensure ICS followed all government procurement policies including, but not limited to, the delivery of Social Value and GGCs. DBT also specified that for all hardware procurements, suppliers met the EU Green Public Procurement Criteria, ISO 14000 environmental standards criteria and obligations under the government's Greening government: ICT and digital services strategy 2020 to 2025.

The vast majority of DBT's cloud (hosted) spend was via Amazon Web Services (AWS). Amazon have published goal to power all AWS data centres with renewable energy by 2025. Amazon recently reported, all of the electricity consumed by Amazon's operations, including its AWS data centres, was matched with 100% renewable energy in 2023.[57] The remainder of the cloud spend was via the Google cloud platform, which is 100% renewable, and Microsoft Azure, who have committed to being 100% renewable by 2025. Office 365 is managed on DBT's behalf by ICS.

Travel

DBT has achieved a 31% decrease in domestic official business travel emissions (scope 3) from our 2017-18 baseline, meeting the expected government-wide 30% emissions reduction by 2025. We continue to monitor the distance travelled by domestic and international business flights, with a view to better understanding and reducing related emissions where possible. The DBT travel and expenses policy requires staff to consider sustainability (carbon impact) when booking travel.

57 https://www.aboutamazon.com/news/sustainability/amazon-renewable-energy-goal

Summary of performance

Below is a summary of performance against the GGC quantitative targets which relate to estate and travel activities across DBT and the four partner organisations within scope. The significant variation in building use and changes to DBT and partner organisation's estate portfolio following the creation and transfer of assets into DBT, means that comparisons of performance data with previous years is not applicable. Consequently, only financial and non-financial sustainability data for the financial years, 2023-24 and the adjusted DBT 2017-18 baseline, have been provided in this report.

As a newly established department following the Machinery of Government change in 2023, we have agreement from DEFRA to establish a new DBT 2017-18 baseline using former data from the Department for Business, Energy & Industrial Strategy (BEIS) and Department for International Trade (DIT), comprised of:

- 100% of DIT's 2017-18 baseline target (unless otherwise stated)
- 25% of former BEIS's 2017-18 baseline targets
- Eligible partner organisation's 2017-18 baseline targets.

Greenhouse Gas Emissions, Energy Consumption and Financial Costs

	Greenhouse gas (GHG) emissions	2017-18	2023-24
Non-financial indicators (tCO_2e)	Total Gross Scope 1 (Direct) GHG emissions	736	375
	Total Gross Scope 2 (Energy indirect) emissions	5,193	1,895
	Total Gross Scope 3 (Domestic official business travel) emissions	1,507	1,037
	Total emissions – Scope 1, 2 & 3	7,436	3,307
Non-financial indicators (kWh)	Electricity: non-renewable	13,967,623	7,721,804
	Electricity: renewable	474	0
	Gas	2,718,139	2,038,812
	Other energy sources	2,684,935	1,857,311
	Total Energy	19,371,171	11,617,927
Financial indicators (£000)	Expenditure on energy	793,000[58]	862,050
	Expenditure on official business travel excluding domestic air travel	9,214,000[59]	5,822,912.85
	Expenditure on domestic air travel	197,000[60]	165,786.70
	Expenditure on international air travel	N/A[61]	4,027,276.37

58 2017-18 baseline figure has been taken from DIT 2022-23 Annual Report and Accounts.
59 2017-18 baseline figure has been taken from DIT 2022-23 Annual Report and Accounts.
60 2017-18 baseline figure has been taken from DIT 2022-23 Annual Report and Accounts.
61 There is no available data for 2017-18 international air travel.

Travel[62,63]

Air		2017-18	2023-24
km	**UK domestic – start and end in the UK**	1,380,422	1,207,922
	International – short haul[64] – international, start or end in the UK		
	unknown	32,294	3,788
	economy	3,037,709	2,685,738
	business	421,000	277,678
	International – long haul[65] – international, start or end in the UK		
	economy	6,971,211	6,697,906
	premium economy	3,128,483	3,788,568
	business	6,491,956	6,993,214
	International[66] – wholly international, start and end overseas		
	economy	-	1,830,313
	premium economy	-	91,447
	business	-	3,503,066
Rail			
km	UK domestic	8,794,394	11,106,996
	international (Eurostar)	575,850	304,634
Total kms		**30,833,319**	**38,491,270**

62 The business travel information in the above tables relates to flights and business travel booked by core department UK based staff and through the Department's contracted travel management provider only. It excludes any flights or business travel that has been arranged by overseas posts, booked through other third parties, purchased using a Government Procurement Card or reimbursed through personal expenses.

63 DBT and Partner Organisations do not own, hire or lease any car fleet vehicles.

64 Reliable DIT data on international short haul flights for 2017-18 is not available, therefore 2022-23 DIT flight data has been incorporated into the 2017-18 baseline as comparable data to 2023-24 activity.

65 Reliable DIT data on international long haul flights for 2017-18 is not available, therefore 2022-23 DIT flight data has been incorporated into the 2017-18 baseline as comparable data to 2023-24 activity.

66 International flights were not recorded under the 2017-18 baseline.

Waste Production

			2017-18	2023-24
Non-financial indicators (tonnes)	Hazardous waste		0	0
	Non-hazardous waste	Landfill	442	12
		Reused/ recycled	620	328
		Composted	12	14
	Incinerated with energy from waste		136	151
	Incinerated without energy recovery		0	10
	Total waste		1,210	515
Financial indicators (£000)	Expenditure on waste disposal[67]		N/A	N/A

Consumer Single Use Plastics (SCUPs) 2023-24[68]	Number of items
	19,750

Paper Use

		2017-18	2023-24
Non-financial indicators	A4 Reams Equivalent	29,240	9,169

Water Consumption and Financial Costs

		2017-18	2023-24
Non-financial indicators	Total consumption (m^3)	56,239	32,958
Financial indicators	Total supply costs (£000)	37,000[69]	14,425

67 The GPA were unable to provide a breakdown for expenditure on waste disposal.
68 Consumer single-use plastics were not recorded under the 2017-18 baseline.
69 2017-18 baseline figure has been taken from DIT 2022-23 Annual Report and Accounts.

Task Force on Climate-related Financial Disclosures Compliance Statement

The Department welcomes the Task Force on Climate-related Financial Disclosures (TCFD) initiative and has engaged with related initiatives such as the Greening Government Commitments.

As detailed in the Governance statement, throughout the year the Department has focussed on establishing orange book compliant risk management practices.

This included the addition of Net Zero to the Strategic Risk Register resulting in the Department's ARAC receiving updates on this. Currently, climate-related risks are subjected to the same Governance structures as all risks facing the Department. Risk management is the responsibility of the Executive Committee, supported by its sub-committees, ARAC and an established central Risk Management Team.

All staff are responsible for highlighting risks that could impact the deliverability of the Department's objectives. DBT has a 'bottom up' and 'top down' approach to identifying risks.

Management teams, heads of units, project/programme managers, and other managers should identify risks to their objectives when carrying out delivery planning or managing a project. When monitoring delivery of objectives and performance, risk registers should be reviewed regularly, and consideration given to whether any new risks have emerged. Reporting has been on an ‘exceptions basis’ throughout 2023-24 and we will look to build on this compliant approach through more proactive measures in 2024-25, together with complying with the additional requirements of TCFD in respect of risk management and metrics and targets.

The Department has reported on climate-related financial disclosures consistent with HMT’s TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. DBT considers climate to be a principal risk, and has therefore complied with the TCFD recommendations and recommendations for Phase 1 disclosures around Governance.

The Department plans to provide recommended disclosures for all areas in-scope of future reporting periods in line with the central government implementation timetable.

Performance in other areas

For information on methodology see the statistics annex on page 498.

Post Office

The Department has provided an additional £103 million of funding across 2023-24 and 2024-25 to support the Post Office in the development of a replacement to the Horizon IT System and to allow necessary investment into the current system whilst that replacement is developed.

DBT also agreed to provide further funding in 2023-24 and 2024-25 (£190 million) to ensure that the company can continue to deliver compensation schemes and fully input into the Post Office Horizon IT Inquiry.

The Department has taken action to ensure that fair redress is made available to postmasters impacted by the Horizon scandal:

- Introduced an upfront offer of £600k redress for all postmasters whose convictions are overturned which has helped increase the number of full and final settlements reached.

- Introduced an upfront offer of £75k redress for GLO claimants, which had secured prompt redress for 132 people by 31st March 2024.[70]
- Working with GLO claimants' solicitors to reduce the level of expert evidence required to substantiate a claim.
- Commissioning regular reports on the progress of the GLO scheme from the independent case managers.
- Publishing monthly transparency data on GOV.UK on the progress of claims across all schemes.

This action has resulted in many claims being settled. As of 31st March 2024:

- Approximately £190 million has been paid to over 2,800 claimants across the three Post Office Horizon schemes.[71]
- For the Group Litigation Order Scheme 153 claims had been submitted and 132 of them had been settled. Initial offers are already made in respect of 90% of claims within 40 working days: most are dealt with much more quickly.[72]

70 https://www.gov.uk/government/publications/post-office-horizon-compensation-data-for-2024
71 https://www.gov.uk/government/publications/post-office-horizon-compensation-data-for-2024
72 https://www.gov.uk/government/publications/post-office-horizon-compensation-data-for-2024

- In most cases of Overturned Convictions redress, interim payments of up to £163,000 have been made to postmasters with overturned convictions within 28 days, except in complex cases. Progress has been slower in reaching full and final settlements, but the £600,000 fixed offer has been successful in boosting the number of full and final settlements with 37 of 49 full claims received and settled by 31st March 2024.[73]
- 74% of the 2,973 claims received for the Horizon Shortfall Scheme have been settled and paid.

Fraud detection, prevention, and estimates

The Department continued to develop our strategic response to fraud and the ability to prevent, detect and pursue fraud wherever it arises.

We regularly submit fraud and error data to the Public Sector Fraud Authority (PSFA), and the data for 2022-23 and 2023-24 will be published in the Annual Fraud Landscape Report.

COVID-19 Bounce Back Loan Scheme

The COVID-19 Bounce Back Loan schemes closed in 2021. In 2023–24, our focus on the Bounce Back Loan Scheme (BBLS) has continued to be to detect fraud through our data and analytics programme, and to tackle fraud through lenders and enforcement partners. For the

73 https://www.gov.uk/government/publications/post-office-horizon-compensation-data-for-2024

other loan schemes – Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) and Recovery Loans Scheme (RLS) – the Department’s judgement remains that there is a normal level of fraud and error. Estimates of fraud and error for BBLS are provided in the regularity section in the accountability report.

DBT works with several agencies including the National Investigation Service (NATIS) who investigate serious cases of fraud, and the Insolvency service (INSS) tackle misconduct linked with directors of companies and those in bankruptcy. We also work with the PSFA, the British Business Bank, and Companies House to take action against fraudsters, and lenders take appropriate action to minimise exposure to financial crime.

BBLS recoveries, arrests, and investigations by NATIS

All BBLS funds recovered are presently returned to the lender, regardless of whether there has been a claim under the government guarantee. Where funds are paid back to the lender this will either be returned to government (where a guarantee claim has been paid out) or kept by the lender (where the guarantee has not been paid).

During 2023-24 there have been £8.6 million in recoveries made from the BBLS, of which £8.2 million was returned directly to lenders, and £0.4 million returned to HM Government.

The number of ongoing investigations during the year stands at 212 cases, of which 156 are currently open, and 56 now closed. The progress on investigations and increase in recoveries reflects the work of the Disruption Unit supporting further opportunities for recovery. The trend on the number of arrests has continued to reduce to 16 during the period, as investigations move beyond the initial operational phase.

BBLS civil enforcement outcomes by INSS

There were 1,162 Insolvent Disqualifications in 2023-24, of which 831 (72%) related to allegations of COVID-19 financial support scheme abuse (predominantly BBLS).[74]

Of the 134 Bankruptcy and Debt Relief Restrictions Orders and Undertakings, 93 (69%) related to COVID-19 financial support scheme abuse (predominantly BBLS).[75]

BBLS criminal prosecutions by INSS

In 2023-24, 22 defendants were convicted of COVID-19 related misconduct of which 14 were sentenced to a term of imprisonment.[76]

74 https://www.gov.uk/government/publications/insolvency-service-enforcement-outcomes-management-information/insolvency-service-enforcement-outcomes-2023-24
75 https://www.gov.uk/government/publications/insolvency-service-enforcement-outcomes-management-information/insolvency-service-enforcement-outcomes-2023-24
76 https://www.gov.uk/government/publications/insolvency-service-annual-report-and-accounts-2023-2024/insolvency-service-annual-report-and-accounts-2023-2024

COVID-19 Business Support Irregular Payments

The Department continues its efforts to identify further cases through ongoing engagement with Local Authorities. In financial year 2024-25, the Department is undertaking a Pathfinder project to retest the statistical estimate and consider further ways of checking and identifying irregular payments. Irregular payments are those made due to error, non-compliance or due to fraud.

The 2022-23 BEIS Annual Report and Accounts highlighted an estimated potential loss of £1.03 billion in irregular payments awarded by Local Authorities across the eight schemes. Of this estimated loss, we have identified irregular payments of £56.15 million (as at 31st March 2024), comprising of the following:

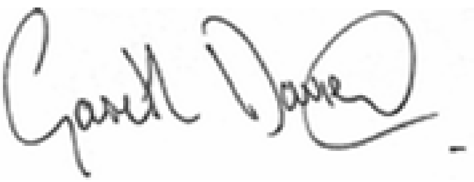
- £36.4 million successfully recovered and returned to DBT
- £4.3 million successfully recovered by Local Authorities but not yet repaid to DBT
- £15.4 million referred to DBT as debt where the Local Authority has not been able to recover, and which DBT is now pursuing.

All COVID-19 Business Support Grants in England were paid to businesses by the relevant Local Authority. Where Local Authority assurance was post-payment and it identified a grant had been awarded incorrectly (outside of the scheme eligibility criteria) then the Local Authority is required to attempt recovery. Only after the

Local Authority has completed the minimum recovery action is an irregular payment notified to the Department. If recovery is successful then the Local Authority must return all recovered funds in full to DBT; where recovery is unsuccessful the Local Authority must refer the resulting debt to the Department for agreement on next steps, including the options to start formal litigation through the courts to recover the irregular payment or to record the debt as unrecoverable if it is accepted that there is no realistic prospect of recovery.

COVID-19 Business Grant Schemes

DBT continued to work in partnership with NATIS to investigate fraudulent activity within COVID-19 business grant schemes, recovering funds and supporting prosecutions. There have been 11 ongoing investigations during the year 2023-24.



Gareth Davies CB

Permanent Secretary and Principal Accounting Officer

20th January 2025

Accountability Report

Purpose of the accountability report

The accountability report sets out how the Department meets the key accountability requirement to Parliament. It comprises the three reports below.

The corporate governance report

- provides names of Ministers and directors with oversight for the Department
- explains the governance structures in place and activities during the year

The staff and remuneration report

- presents staff numbers and costs, and other employee matters

- discloses the remuneration of our Ministers and directors

The Parliamentary accountability and audit report

- presents the Department’s expenditure against the budgets set by Parliament
- presents the auditor’s report and opinion on the financial statements

Corporate Governance Report

Statement of accounting officer’s responsibilities

Under the Government Resources and Accounts Act 2000 (GRAA), HMT has directed the Department for Business and Trade to prepare, for each financial year, consolidated resource accounts detailing resources acquired, held or disposed of, and the use of resources, during the year by the Department (inclusive of its executive agencies) and its sponsored non-Departmental public bodies and other arm’s-length public bodies designated by order made under the GRAA by ***Statutory Instrument 2024 no 295*** (together known as the ‘Departmental group’, consisting of the core department and sponsored bodies listed in note 20 to the accounts).

The accounts are prepared on an accruals basis and must give a true and fair view of the situation of the Department and Departmental group, and of the income and expenditure, statement of financial position and cash flows of the Departmental group for the financial year.

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

- ***observe*** the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ***ensure*** that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- ***make*** judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-Departmental and other arm's-length public bodies
- ***state*** whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- ***prepare*** the accounts on a going concern basis
- ***confirm*** that the annual report and accounts 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.

HMT has appointed the permanent head of the Department as accounting officer of the Department for Business and Trade. The accounting officer of the Department has also appointed the chief executives (or equivalents) of its sponsored non-Departmental and other arm's length public bodies as accounting officers of those bodies.

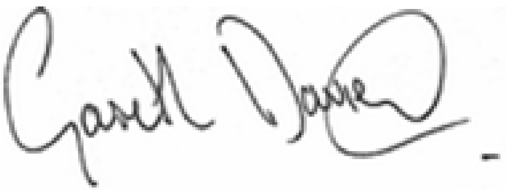
The accounting officer of the Department is responsible for ensuring appropriate systems and controls are in place to ensure any grants the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the accounting officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the assets of the Department or non-Departmental or other arm's length public body for which the accounting officer is responsible, are set out in Managing Public Money published by HMT.

Accounting officer's confirmation

As accounting officer, I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that the Department for Business and Trade's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

I also confirm that this annual report and accounts is fair, balanced and understandable.



Gareth Davies CB

Permanent Secretary and Principal Accounting Officer

20th January 2025

Report of the Lead Non-Executive Director

Following its establishment in February 2023, 2023-24 was the Department for Business and Trade’s (DBT) first full financial year.

Over the course of 2023-24, DBT has built up its identity, culture, capability and capacity, bringing together its constituent parts, that were previously housed in the former Departments for International Trade and for Business, Energy and Industrial Strategy. This has included a complex governance landscape, including being responsible for 19 partner organisations.

DBT has also made progress in moving roles outside of London, with an increasing number of staff at all levels working across its seven UK hubs.

The Board and its Non-Executive members (NEDs) have worked together to support Ministers and the Permanent Secretary. This support has taken place both across Board meetings and in frequent informal conversations.

NEDs, senior officials and Ministers have been paired to enable strong and close working relationships to develop, which has worked well and has made the most of the diverse range of experiences held by the NEDs. I am also particularly thankful to Karina McTeague, who chairs the Audit and Risk Assurance Committee, along with its five other members, Sir Stephen O’Brien, Peter

Fleet, Hanif Barma, Sharon Dean and Jim Watson, who have provided assurance to the delivery of its first Annual Report and Accounts.

The non-executive board members and I want to thank DBT Ministers and officials for their openness and their generosity with their time over the last 12 months.

Stephen Hill

Lead Non-Executive Director

(From 2 May 2023 to 12 August 2024)

Directors' report

The Directors' report covers the period from the start of the year to 31 March 2024. It provides names and ministerial titles of those who served as Ministers. It also provides names of non-executive directors and executive directors.

Joiners and leavers refer to those who joined or left the relevant posts. In the case of executive directors, they may not have left the Department, particularly if they served as interim executive directors.

Ministerial appointments	
Rt Hon Kemi Badenoch MP Secretary of State for Business and Trade, President of the Board of Trade	
Rt Hon Greg Hands MP Minister of State (Minister for Trade Policy)	*From 13 November 2023*
Nigel Huddleston MP Minister of State (Minister for International Trade)	*To 13 November 2023*
Lord Dominic Johnson of Lainston CBE Minister of State ((Minister for Investment and for Regulatory Reform)	
The Earl of Minto Minister of State (Minister for Regulatory Reform)	*To 14 November 2023*
Kevin Hollinrake MP Minister of State Parliamentary Under Secretary of State	 *From 26 March 2024* *To 26 March 2024*

Ministerial appointments	
Nusrat Ghani MP Minister of State (Minister for Industry and Economic Security)	*To 26 March 2024*
Alan Mak MP Parliamentary Under Secretary of State (Minister for Industry and Economic Security)	*From 26 March 2024*
Lord Offord of Garvel CVO Parliamentary Under Secretary of State (Minister for Exports)	*From 24 April 2023*

Non-executive directors	
Stephen Hill Lead NED, Board, NGC chair	*From 2 May 2023 until 12 August 2024*
Karina McTeague Board, ARAC chair	*From 2 May 2023*
Sir Stephen O'Brien Board, ARAC	*From 25 April 2023 until 12 August 2024*
Peter Fleet Board, ARAC	*From 16 May 2023 until 12 August 2024*
Lord Kamall Board	*From 16 May 2023 until 12 August 2024*
Rob Leeming Board	*From 2 May 2023 until 12 August 2024*
Robert Gillespie Board	*From 1 March 2024*
Noël Harwerth	*To 29th Feb 2024*

Executive directors	
Gareth Davies CB Permanent Secretary	
Sir Crawford Falconer 2nd Permanent Secretary	
David Bickerton	
Caleb Deeks	
Gavin Lambert	
Tara Smith	*From 17 July 2023*
Niall Mackenzie	*From 13 November 2023*
Beatrice Kilroy-Nolan	*To 31 May 2023*
Bidesh Sarkar	
Rebecca Woodward	
Ben Cropper	
Nathan Phillips	*From 6 March 2024*
Anthony Green	*To 19 January 2024*
Jane Walker	*From 15 January 2024 to 8 March 2024*
Jo Crellin	
Kate Joseph	*From 4 March 2024*
Ceri Smith	
Amanda Brooks CBE	
Tim Reid	
Andrew Mitchell	*To 9 Nov 2023*
Jon Tunney	
Natalie Black	*To 31 May 2023*
John Edwards	*To 14 June 2023*

Conflicts of interest

Board members are required to declare personal or business interests which may influence (or be perceived to influence) their judgement, when performing their duties.

DBT has an established conflicts of interest procedure, including declaring interests at the start of board meetings. No conflicts of interests were declared during board meetings in 2023-24.

Register of board members' interest are published on gov.uk

Governance statement

Overview

The governance statement sets out how the Department was governed by management during the year. It provides an outline of our governance structure, a summary of the board and committee activities, and a risk assessment.

Our governance structure

Departmental board

Role and discussions during the year

The Departmental board (the Board) provides strategic and operational leadership of the Department, from which the Executive Committee (ExCo) derives its vision to deliver. The Board met four times in 2023-24. In addition to Board meetings, Ministers, Director Generals and non-executive directors (NEDs) held away days in June and December focused on the Secretary of State's priority outcomes.

Key areas of discussion

- Secretary of State's priorities for DBT.
- Effective functioning of the Board, including: oversight of DBT priorities; joint working between minsters, NEDs and directors general; and operating between formal meetings.
- Business planning and Outcome Delivery Plan.
- Updates from the ARAC Chair providing assurance that key operational and functional risks and issues are being effectively managed within the Department.
- DBT's Partner Organisations.

Meeting attendance	
Total number of meetings held	**4**
x/x = number attended /number eligible to attend	
Ministers	
Rt Hon Kemi Badenoch MP	4/4
Lord Dominic Johnson of Lainston CBE	4/4
Rt Hon Greg Hands MP *(from 13 November 2023)*	1/2
The Earl of Minto *(to 14 November 2023)*	2/3
Senior officials / executive directors	
Gareth Davies CB	3/4
Crawford Falconer	3/4
Tara Smith *(from 17 July 2023)*	3/3
Bidesh Sarkar	4/4
Non-executive directors	
Stephen Hill	4/4
Karina McTeague	3/4
Sir Stephen O'Brien	4/4
Peter Fleet	4/4
Lord Kamall	3/4
Robert Leeming	4/4
Robert Gillespie (from 1 March 2024)	1/1
Noël Harwerth (To 29th Feb 2024)	0/4

Note: The core membership of the board is listed above, with the principle that Ministers, DGs, and NEDs would be invited to any substantive board discussions, as required.

Compliance with the corporate governance code

The Nominations and Governance Committee discussed the Department's compliance with the Cabinet Office's 'Corporate Governance in Central Government Departments: Code of Good Practice' (the Code) at its February 2024 meeting and agreed that the Department was compliant overall with the Code. During August 2024, the Permanent Secretary and the ARAC Chair reviewed the Department's compliance with the Code for 2023-24 and concluded that it had remained compliant with the spirit of the Code.

In line with the Code, a Board Effectiveness Review was carried out during April and May 2024, covering the 2023-24 financial year, led by the lead NED, Stephen Hill. Questionnaires were sent out to members of the Board to seek their views, and this was supplemented by one-to-one conversations between the lead NED and members of the Board. The Review found that the Board was working well and high levels of trust and co-operation had been established. There were some areas identified for continuous improvement, including around the performance metrics that come to meetings of the Board.

Board appointments

The announcement of DBT's team of seven NED appointments, under the leadership of lead NED, Stephen Hill, was made in May 2023. As well as chairing Board subcommittees, NEDs were paired with minsters and

Director Generals to jointly focus efforts on priorities and take on cross-cutting portfolios: net zero (Peter Fleet); digital (Lord Kamall); and the Union (Robert Leeming).

At the end of 2023-24, the Board's gender diversity was at 21% and members with ethnic minority backgrounds also at 21%.

DBT's secretariat provided a comprehensive secretariat service to the Board and committees. This ensured the effective and efficient administration of the Board and its activities.

Nominations and Governance Committee

Role

The Nominations and Governance Committee is an advisory committee of the Board. It provides assurance on the Department's strategies and plans for talent, succession, and capability management of senior staff. It also considers the processes that support DBT's public appointments and governance arrangements.

Key areas of discussion

- Senior talent, succession planning and capability.
- Effectiveness of governance arrangements.
- Public appointments.

Meeting attendance	
Total number of meetings held	**1**
x/x = number attended /number eligible to attend	
Executive directors	
Gareth Davies CB	1/1
Non-executive directors	
Stephen Hill	1/1
Karina McTeague	1/1

Note: The HR Director is a standing attendee

Audit, Risk and Assurance Committee

Role

The ARAC was established in July 2023 and met five times. It is an advisory committee of the Board and provides advice and assurance to the Board and Accounting Officer on matters of risk, control and governance. In addition to this core role, ARAC also agreed to four strategic priorities for 2024: capability and capacity; culture and escalation; Partner Organisations; and reporting, risks and financial reporting. In line with Principle 3 of the Audit Committee Handbook: the ARAC supported the board and accounting officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

Key areas of discussion

- The management of Departmental risk, appetite and the risk management framework.
- The preparation of the annual report and accounts.
- The work of internal audit and external audit.
- Directors general group and director-level management of risk and assurance.
- Anti-fraud policies and practices.
- Compliance, including business appointment rules.
- Partner organisation risk and assurance,[77] including engagement with partner organisations.
- Regular standing discussions with the Accounting Officer, Chief Operating Officer and Chief Financial Officer.

Meeting attendance	
Total number of meetings held	**5**
x/x = number attended /number eligible to attend	
Members	
Karina McTeague	5/5
Sir Stephen O'Brien	5/5
Peter Fleet	4/5
Hanif Barma* *From 24 April 2023*	5/5
Jim Watson* *From 24 April 2023*	4/5
Sharon Dean ARAC *From 16 October 2023*	4/4

77 Excluding the Competition & Markets Authority as a Non-Ministerial Department.

*Hanif Barma and Jim Watson previously served as Independent ARAC members in the Department for International Trade (DIT). They were appointed to DBT in a continuation of their previous terms.

Note: Standing/ regular attendees include Permanent Secretary, Chief Financial Officer, Financial Audit Director, National Audit Office (NAO), Value for Money Audit Director (NAO) and Government Internal Audit Agency (GIAA).

During April and June 2024, an ARAC effectiveness review was undertaken that covered ARAC's effectiveness during the 2023-24 financial year, in line with the ARAC Handbook. Questionnaires were sent out to ARAC members and contributors, with follow-up conversations between the Secretariat and members and contributors. The review found that improvements could be made to ARAC's strategic forward look and to the clarity of papers it received.

Following the General Election, a new Secretary of State for Business and Trade was appointed on 5 July 2024 and took the decision to refresh the Department's Non-Executive Board Members (NEBMs). The incumbent cohort of NEBMs was stood down on 12 July 2024 with one month's notice period thereafter. In August 2024, a campaign was launched to recruit new NEBMs, with appointments expected by the end of 2024, including a new ARAC chair.

Ahead of the appointment of a new chair of ARAC, ARAC's sole focus has been the 2023-24 Annual Report and Accounts (ARA), with its terms of reference temporarily amended accordingly. The incumbent chair of ARAC, Karina McTeague, remained in position beyond the one month notice period for departing NEBMs, to provide leadership to ARAC until completion of the 2023-24 ARA. During this period, ARAC comprised of Karina McTeague, and three Independent Members, Sharon Dean, Hanif Barma and Jim Watson.

Once the new chair of ARAC is appointed, ARAC will revert to providing advice and assurance to the Board and Accounting Officer across all matters of governance, risk and control, giving due to consideration to arrangements for the whole of the 2024-25 period.

Executive Committee

Role

ExCo is responsible for the day-to-day management of DBT and the delivery of its strategic objectives. ExCo is the forum to discuss key cross-cutting issues impacting the entire organisation. In addition to the fortnightly formal ExCo meetings, ExCo members met informally, monthly, for strategic discussions led by Director Generals and held three away days to support the development of the ExCo leadership team. Staff engagement has been a focus for ExCo with informal meetings and away days held in a range of DBT's UK locations.

Key areas of discussion

- DBT transition following the Machinery of Government change.

- Key Departmental risks, mitigation and appetite.
- Departmental finances.
- Employee engagement, including pay, People Survey action plan and People Strategy.
- Departmental resilience.
- Economic growth.
- Location and estates strategy.
- Business and cross-Whitehall engagement.
- Fiscal events, strategic and business planning.

Meeting attendance	
Total number of meetings held	**25**
x/x = number attended /number eligible to attend	
Executive directors	
Gareth Davies CB	20/25
Sir Crawford Falconer	18/25
Ceri Smith	22/25
Amanda Brooks CBE	21/25
Jo Crellin	21/25
David Bickerton	20/25
Caleb Deeks	21/25
Gavin Lambert	22/25
Tara Smith *(from 17 July 2023)*	15/15
Kate Joseph *(from 4 March 2024)*	03/03
Tim Reid	16/25
Nathan Philips (from 6 March 2024)	02/02
Bidesh Sarkar*	22/25
Ben Cropper	24/25

Meeting attendance	
Total number of meetings held	**25**
x/x = number attended /number eligible to attend	
Executive directors	
Jon Tunney	18/25
Becky Woodward	18/25
Niall Mackenzie *(from 13 November 2023)*	9/9
Anthony Green *(to 19 January 2024)*	18/19
Andrew Mitchell *(to 9 November 2023)*	14/16
Beatrice Kilroy-Nolan *(to 31 May 2023)*	1/6
Jane Walker *(from 15 January to 8 March 2024)*	4/4
John Edwards *(to 14 June 2023)*	5/5
Natalie Black *(to 31 May 2023)*	4/5

Note: *Bidesh Sarkar was Interim DG COO until 26 July 2023

Executive Committee sub-committees: Performance and Risk Committee

Role and discussions during the year

The Performance and Risk Committee is a delegated committee of ExCo and first met in May 2023. It monitors the overall performance of the Department and reviews the Departmental approach to risk management, focusing on overarching risks, and escalating to ExCo as appropriate.

Key areas of discussion

- Risk framework and risk appetite statement.
- Monitoring of Departmental risks.
- Performance in relation to the Outcome Delivery Plan and management information.
- Review of Partner Organisation risk and assurance.
- Approach to and strengthening of monitoring and evaluation.

Performance and Risk Committee

Tara Smith

Co-chair, Performance and Risk Committee
(from July 2023)

David Bickerton

Co-Chair, Performance and Risk Committee
(from November 2023)

Andrew Mitchell

Performance and Risk Committee Co-Chair
(until November 2023)

Bidesh Sarkar

Performance and Risk Committee Co-Chair
(until July 2023)

Executive Committee sub-committees: Investments Committee

Role

Investment Committee is a delegated committee of ExCo and first met in May 2023. It considers investment decisions related to high value (£10 million and above) or high-risk projects and programmes in DBT's portfolio.

Key areas of focus

- Approving investment in the Long-term Investment for Technology and Science (LIFTS) Initiative designed to support new funds or investment into UK science and technology firms.
- Supporting Connected and Automated Mobility (CAM2035) to secure investment which will provide R&D funding into the Connected and Automated Mobility sector.
- Approving investment in the Made Smarter Adoption programme to help address barriers to adoption among SMEs through regional delivery of a support package focussed on skills, knowledge, and small grants.
- Approving investment in the interim Post Office Limited Horizon replacement IT System and extending the Group Litigation Order compensation scheme.

- Approving the contract for the National Investigation Service to investigate fraudulent activity in the COVID-19 business support schemes.

Amanda Brooks CBE

Co-chair, Investment Committee

Ceri Smith

Co-chair, Investment Committee (from November 2023)

David Bickerton

Investment Committee Co-Chair (until October 2023)

Executive Committee sub-committees: People Committee

Role

People Committee is a delegated committee of ExCo and first met in June 2023 it is supported by a Shadow People Committee which is comprised of staff from across the Department who bring the employee voice to the committee's considerations. It considers matters relating to all aspects of the workplace environment, including DBT's strategic, policy, and operational approach to human resources, diversity and inclusion and the employment lifecycle.

Key areas of discussion

- DBT’s People Strategy and its implementation.
- People Survey results and actions.
- Pay and benefits, reward and recognition.
- Inclusive values and culture.
- Places for Growth.

Jo Crellin

Co-Chair, People Committee

Caleb Deeks

(job share), Co-Chair, People Committee

Gavin Lambert

(job share), Co-Chair, People Committee

Machinery of Government (MoG) change governance

Following the creation of the Department on 7 February 2023, the ‘Delivering DBT Project’ was established to implement the transition of former BEIS business areas and DIT into a singular department. Progress was monitored by a fortnightly Project Board, with a standing item at ExCo meetings available for decision-making.

The formal transfer of functions order to legally create the Department was laid in Parliament in May 2023. Key elements delivered by the Project included agreement to new Departmental budgets, agreeing all staff to be transferred, and then formally transferring staff in scope following Trade Union consultation, establishing a new London and UK-wide estates plan, launching Departmental values and DBT branding and email address.

The ‘Delivering DBT Project’ closed at the end of July 2023 with SRO responsibilities transferring to the Chief Operating Officer, with oversight from a One DBT Board, that began in September 2023. Workstreams within the scope of the One DBT Board included data migration and IT systems integration and continued harmonisation of Terms & Conditions and back-office systems.

Post-Machinery of Government controls environment

Though the MoG was announced just before the financial year-end, on 7 February 2023, the former departments of the Department for International Trade (DIT) and the Department for Business, Energy and Industrial Strategy (BEIS) produced accounts for the 2022-23 financial year. This was directed by HMT to align with the budgets approved by Parliament as part of the Supplementary Estimates process. As such, this 2023-24 annual report and account is the first for DBT.

From the date of the MoG until 31 July 2023, while DBT was technically the Department incurring expenditure, practically the processes, accounting systems and financial controls in place were those that were operated in the previous departments, in DIT and BEIS. The DBT

Permanent Secretary, who is also the DBT Accounting Officer, became responsible for the Department's related spend from the announcement of the MoG. During the period where DBT processes were not used, the DBT Permanent Secretary had regular discussions with the former BEIS Accounting Officer who provided assurance on the control environment protecting that spend. This arrangement was in place until 1 August 2023, when DBT processes and financial controls became operational. All former BEIS staff continued to operate under BEIS controls, that existed prior to the MoG, until budgets and spend formally transferred into a new DBT controls environment.

The financial governance controls operated in a similar manner, with existing Departmental governance systems continuing to operate for day-to-day operations from 7 February 2023 to 1 August 2023. Where potential issues arose that affected both BEIS and DBT, these were escalated to both the DBT Permanent Secretary and the BEIS Accounting Officer. On announcement of the creation of the Department, transitional arrangements were put in place, overseen by a newly created 'Delivering DBT Project' Board, while more enduring structures were developed. Emphasising the importance of risk management, controls and assurance activities, each functional, director-led, workstream managed the transition from interim arrangements to a new DBT solution.

The governance processes and structures in place during the transition period were sufficient and, these were replaced during the financial year to ensure DBT operated its own robust processes and structures by the financial year-end.

The Department has an annual assurance process that helps to provide an overview of the effectiveness of our internal control systems. At the point of transition to the DBT control environment, weaknesses were identified with a number of policies, processes and associated controls, which were either inherited or inherently complex as two sets of processes and controls were aligned. A number of revisions have been made, and continue to be made, to processes to ensure they are robust. Future work will also focus on developing awareness of these policies and processes, and improvements to the quality of the evidence collected to demonstrate compliance with controls.

The first Main Estimate for the Department was undertaken by a transitional team, with the former BEIS team working alongside a skeleton team in DBT. Unfortunately, this transition arrangement miscalculated key elements of the net cash requirement for the Department. This error was identified quickly through the DBT control environment, enabling the formal correction of the issues in Parliament by DBT in good time during the 2023-24 financial year. The transition from BEIS to DBT was subsequently completed, and robust protocols for Estimates preparation established.

Risk management

Following the Machinery of Government changes the Department has focussed on establishing the key building blocks of risk management to support compliance with the Orange Book principles.

An essential part of governance and leadership

Risk management is the responsibility of ExCo supported by its sub-committees, ARAC and an established central Risk Management Team.

Operational risk registers are maintained at Directorate, and Programme and Project level, with key risks escalated into Director General or Principal level registers, as necessary. The most significant risks to the Department are monitored through the Department's Principal Register at the Performance and Risk Committee and termly by ExCo. The Principal Risk Register has been in place throughout the year, and refreshed through an annual risk session with ExCo to ensure that it continues to reflect both the operating landscape and the priorities set out in the Outcome Delivery Plan. Specific risks are monitored to ensure the necessary oversight at either ExCo or one of the Executive Committee's sub-committees, either as part of a wider agenda item or a specific risk deep dive review.

The Risk Appetite Statement encourages officials with responsibility for risk management to consider strategic priorities and objectives when identifying, assessing and planning the management and mitigation of risk. As part of an agreed risk reporting cycle, risk is a standing agenda item in committees, and also as part of Director Generals' Senior Leadership Team meetings.

The Risk Management Team is responsible for implementation of the risk management framework agreed by the Performance and Risk Committee. The team, along with other functional leads, provide scrutiny and advice on risk registers for relevant committees, working closely with risk owners to support and strengthen reporting. It conducts (as a minimum) an annual Departmental risk workshop with ExCo to identify and articulate key risks and to thereafter monitor delivery against mitigation plans.

An integral part of all organisational activities

Risk management is integral and embedded into the Department's activities including outcome delivery planning, policy delivery, project and programme approvals and implementation, security and information management, public body delivery, financial management, cyber security and counter fraud activities.

Collaborative and informed.

The Risk Management Team works collaboratively across the Department, including engaging with colleagues in Partner Organisation sponsor teams, governance, performance delivery, project delivery, finance and assurance to ensure risk knowledge is consistently shared and adopted across the Department. The Department collaborates with other Departmental Heads of Risk and

Government Heads of Function to inform mitigation and reporting to the Civil Service Board in relation to common cross-departmental risks.

Structured to include identification, treatment, monitoring, and reporting

Risks are identified and recorded by all directorates, using a central risk register tool. A comprehensive suite of policy and guidance documents have been developed and will be made accessible on the Digital Workspace to ensure those responsible for recording risks are assessing them in a consistent manner. The Risk Management Team has dedicated Risk Champions for each Director General Group and Directorate, who have responsibility for ensuring risks are accurately recorded and escalated as required to relevant governance bodies.

Compliance

During the year, we developed our risk management policy and framework and risk appetite statement to ensure consistency with good practice in the government Orange Book guidance. We have established risk reporting arrangements and supporting guidance documents and aligned these to the newly developed risk reporting tool.

While the Department has established its framework for risk management, the coming year will be focussed on further embedding and strengthening compliance.

Governance of the Department's Partner Organisations

The Department's Partner Organisations are public bodies which deliver services, provide advice or undertake regulation on behalf of the Department. They are separate from the Department and have operational independence to deliver in line with Ministers' and government priorities.

The Department sponsors 19 Partner Organisations that are each governed by a Framework Document. These set out the organisation's objectives, key roles and responsibilities and the relationship between the Partner Organisation and the Department. Details of internal governance and assurance processes can be found in the individual Partner Organisations' annual report and accounts, for those Partner Organisations' which produce their own annual report and accounts.

In addition to the role of sub-committees described above, the Department assured governance of its Partner Organisations in 2023/24 as follows:

- Active promotion and support to sponsor teams in applying the Cabinet Office's Sponsorship Code of Good Practice and the Corporate Governance Code. Compliance is tested through bi-annual assurance reviews.

- Review of the Department's public bodies through participation in Cabinet Office's Public Bodies Reform Programme, across four quadrants: accountability, efficacy, efficiency and governance.
- Formal risk escalation processes, and reporting into Performance and Risk Committee as appropriate.
- GIAA review of sponsorship capability and actioning of recommendations to further enhance assurance of the Department's public bodies.

Government Internal Audit Agency

A key source of independent assurance for the Department is its internal audit function, which is delivered by the Government Internal Audit Agency (GIAA). This year, the internal audit programme comprised of 35 individual audits, covering both UK and overseas activity.

Based on the outputs from this audit programme, an overall Limited assurance opinion has been provided for 2023-24. The GIAA highlighted six themes from its DBT audit work, within which further attention is required to strengthen controls: the MoG Change; Capacity and Capability; Governance; Strategy and Business Planning; and First Line and Second Line of Defence.

This is the first opinion the Department has received following the Machinery of Government change on 7 February 2023, and reflects that for a significant part of the year, the Department was forming, which included its legal creation, the transfer of staff and corporate records into the Department, the set up of its financial and corporate processes, and establishment of its framework of governance, risk management and control.

Although a theme within itself, the MoG was highlighted across each theme as a contributing factor. This MoG has been particularly complicated to complete for DBT, as it brought together two different control environments and split the BEIS corporate functions across three new Departments, with very few former BEIS corporate staff transferring into DBT, resulting in insufficient transfer of corporate knowledge.

Whilst establishing and concurrently maintaining an effective system of governance, risk management and control has been challenging, the themes identified by GIAA through its audit programme are supporting the Department to rapidly strengthen its governance, risk management and control arrangements following the Machinery of Government changes, with a particular emphasis on first and second lines of defence.

Other resolved issues

Further to establishing its Governance, Risks and Control framework, the Department uncovered a number of issues previously undetected in legacy departments. The Department identified that Science and Technology Act grant payments had been issued without the correct HMT administrative approvals.

Across all issues the Department worked to identify weaknesses, quickly resolve issues and implemented controls to ensure compliance with key control frameworks. This resulted in all issues subsequently being resolved during the financial year, or retrospectively in 2024-25.

Fossil Fuel subsidies

On 31 March 2021, the previous Government published its policy on support for the fossil fuel sector overseas. As part of this, the Government set out that it would withdraw all new financial and promotional support for the fossil fuel energy sector overseas, with very limited exemptions. The Department discovered that a limited number of projects did receive other support that contravened this policy in the period April 2021 – October 2023. This business support typically focussed on market entry and trade promotion advice.

A written ministerial statement[78] was made by the Minister of State on the 26 March 2024 addressing this.

Other matters

Overspend against Resource AME

As part of the regular annual cycle in central government, departments are able to update their spend forecasts and request additional funding at the beginning of the calendar

78 https://questions-statements.parliament.uk/written-statements/detail/2024-03-26/hcws383

year through the supplementary estimate process. On 13 March 2024, after this process had been completed, a ministerial decision introduced the option to provide a fixed sum of £75,000 to the Horizon Shortfall Scheme, a scheme open to current and former postmasters who believe they may have been affected by shortfalls related to previous versions of the Horizon system. This decision increased the estimated value of redress the Department would need to fund under this scheme, accounted for as a provision and budgeted for as Resource AME. Further details on the Department's provisions can be found in Note 15 to the accounts.

Due to this obligation arising after the supplementary estimate process, it was not possible for DBT to bid for sufficient budgetary funding for the scheme. As a result, DBT has reported an overspend against Voted Resource AME of £219 million, as shown in the Statement of Parliamentary Supply on page 196. As an overspend against a Parliamentary voted control total, the Comptroller & Auditor General has reported an 'excess vote' qualified opinion. Details of the Comptroller & Auditor General's opinion can be found on page 232 of this Annual Report and Account.

Horizon redress scheme provisions – limited scope of the Comptroller & Auditor General's audit opinion

The Horizon redress scheme provisions are estimates based upon the best available information. However, actual settlement information is limited in some instances and is insufficient in either its volume or range to be used as a basis for informing an estimate. Where this is the case, DBT has relied upon other estimation techniques that lead to a significant level of uncertainty over the estimates.

DBT is of the view that a reliable estimate, as defined by IAS 37, can be produced and, while the Comptroller & Auditor General does not disagree with this view, due to the lack of available actual settlement information, he cannot form a view on the truth and fairness of the provision estimates. As a result, the Comptroller & Auditor General has limited the scope of his opinion in respect of two of Post Office Horizon redress schemes: the Horizon Shortfall Scheme; and the Horizon Compensation Redress Scheme. Details of the provisions for these schemes and the other Horizon redress schemes are set out in Note 15 to the account.

National Audit Office and the Public Accounts Committee

The Department contributed to the National Audit Office (NAO) report ‘Monitoring and responding to companies in distress: lessons learned’, published in October 2023. This report examines examples of Government interventions to support companies in distress.[79] The Public Accounts Committee (PAC) published the following four reports which fall solely or partially within the remit of DBT.

79 https://www.nao.org.uk/insights/monitoring-and-responding-to-companies-in-distress-lessons-learned/

On 26 April 2023 the PAC published a report on the *"BEIS 2021-22 Annual Report and Accounts"*. BEIS was a predecessor department to DBT. This report made seven recommendations, of which the Government accepted six.

On 9 June 2023 the PAC published a report entitled *"Supporting investment into the UK"*. This report made seven recommendations, of which the Government accepted six.

On 6 September 2023, the PAC published a report entitled *"Local authority administered COVID support schemes in England"*. The report made six recommendations, five of which the Government accepted.

On 13 March 2024 the PAC published a report entitled *"Lessons for Government: monitoring and responding to companies in distress"*. The report made six recommendations, to which the Government responses are due to be published later this financial year.

The Department provides responses to the PAC after each hearing via the HMT minutes process, and twice a year via the HMT minutes progress updates.

These are published on gov.uk https://www.gov.uk/government/collections/treasury-minutes and https://www.gov.uk/government/collections/treasury-minutes-progress-on-implementing-recommendations-of-public-accounts-committee.

Functional Standards

The Functional Standards set expectations for functions to work across government. This includes the planning, delivery and assurance of functional work, along with continuous improvement and professional development.

The Department embeds functional standards and as part of the annual assurance process all functional leads have completed a self-assessment of how well they are meeting the requirements of their functional standard. Areas for improvement have been identified and, where appropriate, reflected in business plans for 2024-25. In order to further strengthen our alignment with the relevant standards over the coming years, specific functions will be selected for review as part of the annual Internal Audit programme.

Project assurance

Following the Machinery of Government change, the DBT Major Change Portfolio was formed. The portfolio represents the largest, most complex, high-risk, novel and contentious initiatives, with 31 initiatives as of February 2024 and a whole life cost of around £35 billion, and supports the achievement of the Department’s vision to deliver economic growth. Two Government Major Projects Portfolio (GMPP) programmes, Investment Transformation Programme (ITP) and Export Support Services Programme (ESSP), both received green ratings at their gate 5 closure review and successfully closed in 2023-24. Two new projects were onboarded onto GMPP in 2023-24: Post Office Limited Horizon Replacement Programme; and Automotive Transformation Fund.

The Department has embedded DBT's Major Change Portfolio into the work of the Investment Committee, which takes investment decisions and provides delivery oversight on projects over the internal financial threshold of £20 million. This enables continuity of oversight throughout the project lifecycle.

Quality assurance of analytical models

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

We also require Partner Organisations undertaking modelling to assure us that they have AQUA Book compliant QA processes.

Management of outside interests

Register of interests for directors

See directors' report on page 100.

Process for managing outside interests

In line with Cabinet Office guidance, the Department maintains a central record of any personal or financial interests held by SCS staff that may be of relevance to their role. The Department has published internal procedures which are used to report relevant outside interests, including any outside employment, work or appointment that is paid or otherwise remunerated. Each year SCS are asked to review their own compliance with the Department's policy and procedures. The SCS conflicts of interests report has identified no cases where approving managers have reported outside interests conflicting with staff responsibilities as civil servants. Details of SCS who have declared outside employment, work or appointments (paid or otherwise remunerated) are published on GOV.UK in accordance with Cabinet Office transparency rules.

Special advisers

In line with the current Declaration of Interests policy for special advisers, all special advisers have declared any relevant interests or confirmed they do not consider they have any relevant interests. The Permanent Secretary has considered these returns and the following relevant interests are set out in public:

Name	Interest
Sonia Zvedeniuk (February 2023 to May 2024)	Ms Zvedeniuk is a local councillor for Chelsea Riverside Ward in the Royal Borough of Kensington and Chelsea.

Business appointment rules

The Department has a clear conduct policy in place that applies to all staff and incorporates the principles of the Civil Service Code and Civil Service Management Code. Staff in the Department are reminded of their obligations under these codes as well as the need to comply with the Cabinet Office's Business Appointment Rules when leaving the Civil Service. Information on applications made under the Business Appointment Rules are reported to the ARAC, including any rule breaches and any applications that have been referred to the Advisory Committee on Business Appointments (ACOBA). All advice given on applications from Senior Civil Service (SCS) members of staff are published on GOV.UK.

To raise awareness, the Department includes information on Business Appointment Rules in staff contracts, leaver checklists and the Departmental intranet pages.

In 2023-24, there were 11 exits from the Civil Service at Senior Civil Service (SCS) level, and no breaches of the rules.

The table below reflects the BAR applications received from 2023-24:

Grade	Number of BAR applications assessed by the Department over the year	Number of BAR applications where conditions were set	Number of applications found to be unsuitable for the applicant to take up
HEO	1	1	0
SEO	2	2	0
G7	2	2	0
G6	1	1	0
SCS pay band 1	1	1	0
SCS pay band 2	3	3	0
Special advisers	0	0	0
Total	**10**	**10**	**0**

Data protection

In 2023-24 there were a total of 104 reported data breaches within the Department, (DIT reported 72 data breaches in 2022-23; the increase recognises the growth of the Department following the MoG). One of these data breaches met the threshold for reporting to the Information Commissioner's Office (ICO) and related to the incorrect disclosure of personal information. Technical and organisational measures have subsequently been taken to mitigate against a re-occurrence. No further regulatory action was taken in this instance.

The Department includes the functions of two Executive Agencies as part of its controllership; the Insolvency Service (excluding Official Receiver Offices & the Office of the Adjudicator) and Companies House (excluding the functions of the Registrar). These functions reported 77 data breaches and one data breach respectively. Four data breaches reported by the Insolvency Service necessitated notification to the ICO. No further regulatory action was taken in respect of these breaches.

The Department's Data Protection Team is responsible for managing reported data incidents in the Department including the assessment of data breaches for reportability to the ICO. All members of staff are required to undertake mandatory data protection training upon arrival in to the Department, which is completed annually thereafter.

Ministerial directions

There were no ministerial directions during 2023-24.

Effectiveness of our whistleblowing arrangements

We encourage our employees to speak up and raise a concern when they believe there may have been wrongdoing or if something does not feel, look or sound right. This encouragement has been reinforced throughout staff communications during the year. The Department, through our participation in the annual cross-Whitehall

Speak Up Week campaign, promoted the importance of raising a concern through intranet content from our SCS Whistleblowing Champion and our Respect at Work Ambassadors.

Our procedures for raising concerns are accessible to all of the Department’s employees on a dedicated page that also provides names and contact details for all Nominated Officers, UK-based and overseas. Our Raising a Concern/ Whistleblowing policy was updated in October 2023.

In 2023-2024, we had no whistleblowing concerns raised by employees working in the Department. The 2023 People Survey highlights that 71% are confident that if they raised a concern under the Civil Service Code it would be investigated properly. 66% stated they were aware of how to raise a concern.

Personal data incidents and Complaints to the Parliamentary Ombudsman

In 2023-24, the Department handled 18 Information Commissioner’s Office (ICO) complaint cases regarding the handling of Freedom of Information requests submitted under the Freedom of Information Act 2000 (FOIA). The Department has responded to all 18 of the ICO complaints, nine of which resulted in the Department’s position being upheld by the ICO. Two responses resulted in the Department’s position being overturned by the ICO and seven were closed informally following consultation with the Commissioner.

In a case from 2019, the complaint was heard at the Court of Appeal in 2023. The Information Commissioner has been granted approval to appeal to the Supreme Court.

In a case from 2022, the complaint was heard at the First Tier Tribunal in 2023. The Department is awaiting an outcome.

Due to the MoG the Department inherited 11 additional ICO complaint cases regarding the handling of FOIA requests which were previously processed by BEIS. Of these 11 ICO cases received in 2023, six resulted in the Department's position being upheld by the ICO. Three responses resulted in the Department's position being overturned by the ICO, two were closed informally following consultation with the Commissioner. All cases are concluded.

The Department had a stated aim to provide a full response to any complaint within 20 working days and resolve 90% of complaints at the first attempt. In 2023-24, the Department received 11 complaints, seven of which were responded to within 20 working days. A further four were responded to outside 20 working days.

If the complainant is not satisfied with the outcome of the Department's response to their complaint, they can ask for a review of the decision. In 2023-24 no reviews were requested.

If the complainant is not satisfied with the outcome of their complaint, following a review, they have the right to ask their local Member of Parliament (MP) to refer it to the

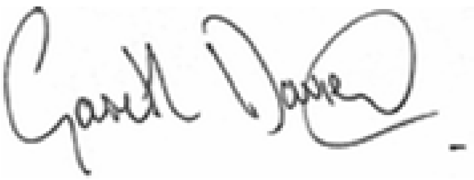
Parliamentary and Health Service Ombudsman (PHSO). The PHSO only accepts complaints that have been through the Department's internal complaints process.

In 2023-24, no complaints were investigated by the PHSO concerning the Department.

Accounting officer's conclusion

I have considered the evidence that supports this Governance Statement, including from the Department's governance structures and the independent assurance provided by ARAC.

Overall, noting the above, I am satisfied that the Department has set up an appropriate system of governance, risk management and control during this reporting period, and that effective plans are in place to continue to strengthen the system following the Machinery of Government changes that established the Department, including implementing those improvements recommended through the 2023-24 audit processes.



Gareth Davies CB

Permanent Secretary and Principal Accounting Officer

20th January 2025

Staff Report

Staff numbers

The average number of Full-Time Equivalent (FTE) persons employed during the year (from 1 April 2023 to 31 March 2024) was as follows.[80] These tables have been subject to audit.

	Permanent employed staff[81]	Other staff[82]	Ministers	Special advisers[83]	Overseas – UK based staff	Overseas – locally engaged staff	2023-24 Total	2022-23 Total
Core department	5,081	485	6	5	179	1,430	7,186	6,794
Agencies	2,910	172					3,082	3,003
Non Departmental Public Bodies (NDPBs)	2,112	67					2,179	2,115
Total	**10,103**	**724**	**6**	**5**	**179**	**1,430**	**12,447**	**11,912**
of which								
Core department and agencies	7,991	657	6	5	179	1,430	10,268	9,797
NDPBs and Other Designated Bodies	2,112	67					2,179	2,115

80 The average number of staff is calculated by summing the FTE at the end of each month within the period and dividing this by the number of months in the period.

81 ‘Permanently Employed’ includes permanent Civil Servants (including those on fixed term contracts) working in the UK.

82 ‘Other Staff’ includes agency staff, specialist contractors, Cabinet Office Fast Streamers working on DBT objectives, inward secondees and Ministry of Defence staff working on DBT objectives.

83 Average FTE figures include special advisers who continue to be employed by the appointing Minister, however administration responsibilities were transferred to the Cabinet Office during July 2019.

Number of senior civil servants by pay band (FTE)

Range	2023-24	2022-23
SCS1	219.2	**208.0**
SCS2	58.2	**56.8**
SCS3	8.4	**7.4**
SCS4	2.0	**2.0**
Total	**287.8**	**274.2**

Costs of workforce engaged in delivering DBT's objectives

The cost of people engaged in delivering DBT's objectives is disclosed in the following tables. DBT is recharged the full costs of all FCDO staff overseas and at DBT headquarters who spend more than 50% of their role on DBT objectives.

This table has been subject to audit.

Staff costs (Group)

	2023-24						2022-23
	Permanently employed, UK-based, working in UK	Permanently employed, UK-based, working overseas	Locally employed staff overseas	Ministers	Other	Total	Total
	£m	£m	£m	£m	£m	£m	£m
Wages and salaries	517	16	54	-	-	587	524
Social security costs	60	-	-	-	-	60	56
Other pension costs	119	3	7	-	-	129	118
Agency and temporary staff	-	-	-	-	49	49	47
Voluntary exit scheme	-	-	-	-	-	-	2
Compulsory redundancies	1	-	-	-	-	1	1
Other departures	-	-	-	-	-	-	-
Recoveries from outward secondments	(2)	-	-	-	-	(2)	(3)
Total staff costs	695	19	61	-	49	824	745
of which:							
Core Department and agencies	531	19	61	-	46	657	591
NDPBs and other designated bodies	164	-	-	-	3	167	154
Total staff costs	**695**	**19**	**61**	-	**49**	**824**	**745**

1. Other staff total includes Fast Streamers, Agency Staff, Ministry of Defence staff working on DBT objectives, inward secondees and specialist contractors.
2. There are no costs relating to special advisers because from July 2019 the administration responsibilities transferred to the Cabinet Office.
3. Total net costs of Ministers £171,169 (2022–23: £246,172).

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multi-employer defined benefit schemes but DBT is unable to identify its share of the underlying assets and liabilities. The latest actuarial valuation undertaken for the Scheme was completed in September 2023 as at 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation, available here: http://www.civilservicepensionscheme.org.uk/knowledge-centre/resources/resource-accounts/.

For 2023-24, employers’ contributions of £111,261,293 were payable to the PCSPS (2022-23: £98,689,761) at 28.97% of pensionable earnings. 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 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £847,854 (2022-23: £745,717) were paid to Legal and General Mastertrust. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £24,745 (2022-23: £24,513), 0.5% of pensionable pay, were payable to the

PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were 2023-24 £5,837 (2022-23: £6,580). Contributions prepaid at that date were £nil (2022–23: £nil).

Ill-health retirement

In 2023 to 2024, three individuals (2022-23: 0) across the Department retired early on ill health grounds; the total additional accrued pension liabilities in the year amounted to £51,641.68 (2022 to 2023: £nil).

Staff composition

The following table reports workforce gender diversity for DBT as of 31 March 2024.[84]

Workforce diversity DBT staff[85]	Number	%
Female	2,589	50%
Male	2,626	50%
Senior Civil Servants[86]		

84 Comparator figures are not available as prior year figures were not published in the 2022-23 annual report and accounts for the DIT.

85 This table includes diversity data for all Civil Servants (including SCS) on DBT payroll and UK based civil servants (including SCS) working overseas for DBT that have given this information in their records. This excludes special advisers, Ministers, local staff overseas and staff employed by other government departments such as those from MOD and those on some Civil Service Fast Stream programmes who are employed by the Cabinet Office.

86 Senior Civil Servants includes Directors and Deputy Directors.

Workforce diversity DBT staff[85]	Number	%
Female	134	47%
Male	152	53%
Senior Officials[87]		
Female	4	33%
Male	8	67%

Sickness absence

The average working days lost through recorded sickness absence, per staff year is disclosed below. This relates to DBT Civil Servants working in the UK and all UK based staff and Local Staff working overseas (excludes Ministry of Defence (MoD), agency staff, specialist contractors and inward secondees).[88]

Disclosures for DBT executive agencies can be found in their annual report and accounts.

Sickness absence	Average working days lost
2023-24	3.6

The table below shows the top 3 reasons for recorded sickness absence in the period ending 31 March 2024:

87 Senior Officials refers to members of the Departmental Board (including Permanent Secretary and Directors General) who are Executives of the Department as at 31 March 2024 – this does not include Ministers or non-executive directors.

88 Accurate comparator figures for prior years sickness absence are not available due to recent creation of the Department and the way that this information was transferred into the Department following the Machinery of Government changes.

Absence category	Total (%)
Mental Health	27%
Respiratory System (inc. Colds)	19%
Symptoms ill-defined	8%

Health, safety, and wellbeing

The Permanent Secretary and Executive Committee remain committed to providing a positive safety culture. The Department strives to ensure the provision of working environments and activities that are safe for staff, visitors and those directly affected by Departmental business activities. The Department operates a Health, Safety and Wellbeing Committee that meets quarterly to discuss and consult with representatives from our Trades Unions and business units. The Department has continued to build on health and safety engagement this year with a further expansion of the Department's Health and Safety Network. Focus has been applied on ensuring all colleagues have the health and safety information they need to work safely, and, to understand and manage new risks arising from the creation of DBT.

DBT provides a comprehensive health and wellbeing programme for employees at individual and team levels. The Department's focus is on how to improve wellbeing systemically, developing an understanding of the current and longer-term health and wellbeing trends to support employee wellbeing and maintain resilience.

Health and wellbeing support for colleagues includes access to mental health first aiders, an employee assistance programme, tailored support for specific issues, webinars, wellbeing coaching and online resources on an A-Z range of wellbeing topics. Line managers are also supported to develop confidence in supporting colleague wellbeing through online resources such as stress risk assessments, wellbeing conversation starters and mental health action plans. Prompting open dialogue with colleagues throughout the year helps to inform underlying wellbeing issues and action plans to address them.

Staff turnover

The Departmental staff turnover at DBT (as of March 2024) was **15.5%**.

The turnover figure is calculated as the number of leavers over a 12-month period divided by the average number of staff in post over the period. Due to recent Machinery of Government changes it is not possible to calculate turnover using a 12-month period due to staff and leavers records for transferring staff only being on DBT systems from 1 August 2023 onwards. An alternative calculation has been used of Average staff between 1 August 2023 and 31 March 2024 and the number of leavers during the period/number of months multiplied by 12 to give a full year comparable average for DBT.[89]

89 Accurate comparator figures for prior years staff turnover are not available due to recent creation of the Department and the way that this information was transferred into the Department following the Machinery of Government changes.

The definition of leavers includes all UK Civil Service exits from DBT including retirements, resignations, death in service, end of contracts, dismissals, transfers to other government departments (OGDs), end of loans and secondments, outward loans and secondments or other exit in accordance with the published Departmental turnover guidance and is core department only.

People Survey staff engagement scores

The People Survey is an annual Civil Service survey which looks at civil servants' attitudes to, and experiences of, working in government departments. DBT uses the survey to monitor levels of staff engagement and identify where areas of additional focus might be needed.

The DBT response rate for the 2023 survey was 84% – significantly higher than the overall response rate for the Civil Service of 65%. DBT's overall engagement theme score that assesses the extent to which our employees are committed to the Department's goals and values, and are motivated to contribute to our success, is 62% (Civil Service wide is 61%). Further details on our People Survey results can be found at the following website:

https://www.gov.uk/government/publications/civil-service-people-survey-2023-results/civil-service-people-survey-2023-results-highlights

Diversity and Inclusion

Diversity and Inclusion was embedded into DBT's People Plan 2023-2024 through the 'Building our Inclusive Culture and Values' pillar and DBT's People Strategy and Diversity and Inclusion Framework 2024-2028, which launched in April 2024. This year DBT launched our D&I Networks with a new partnership agreement and governance processes in place. In addition, DBT launched its Fair Treatment and Respect Ambassadors and took part in a pilot review into its readiness to address Bullying, Harassment and Discrimination led by Loughborough University academics in partnership with Cabinet Office.

Staff Policies applied for Disabled Staff

DBT renewed its Disability Confident Level 3 this year. This allows disabled candidates to use the guaranteed interview scheme when applying for roles at DBT in addition to accessing reasonable adjustments to ensure full and fair consideration of applications for employment. For disabled staff working at DBT, support is available through "DisNET", the staff network run by and for disabled staff, which includes a number of subnetworks to support colleagues with a disability or long-term health condition, including, mental health issues and neurodiverse conditions. Disabled staff are supported to develop their careers through talent programmes such as Beyond Boundaries, which includes ringfenced places for staff with a disability.

Staff redeployments

The number of staff redeployed (on loan) into DBT from other government departments and the number of staff redeployed (on loan) out of DBT into OGDs as of 31 March 2024 is shown below.

The number of redeployments does not include staff from the Government Legal Department (GLD). This is because DBT pays an agreed annual set fee to GLD for legal services provided to DBT by their staff and this annual fee does not directly equate to wages and salaries.

The average duration of staff redeployments into DBT from OGDs is **1 year**. The average duration of staff redeployments out of DBT into OGDs is **1.2 years**.

Grade	Redeployments into DBT		Redeployments out of DBT	
	Short term (less than 6 months)	Long term (6 months or longer)	Short term (less than 6 months)	Long term (6 months or longer)
AO	-	2	-	1
EO	3	4	2	7
Fast Stream	4	102	-	6
HEO	5	40	7	28
SEO	9	9	18	31
G7	15	17	18	40
G6	10	14	2	14
SCS1	5	11	3	12
SCS3	-	1	1	-
SPAD	-	5	-	-
Unspecified	-	1	-	1
Grand Total	**51**	**206**	**51**	**140**

The following table shows the Programme and Administration classification of the cost of staff on short-term loan for DBT both as a home and host department with reference to the work performed.

Grade	Redeployments into DBT Short term (less than 6 months) Administration £000	Redeployments into DBT Short term (less than 6 months) Programme £000	Redeployments out of DBT Short term (less than 6 months) Administration £000	Redeployments out of DBT Short term (less than 6 months) Programme £000
EO	11	8	7	5
Fast Stream	18	13	0	0
HEO	18	12	24	17
SEO	50	35	97	68
G7	104	73	95	66
G6	77	54	11	7
SCS1	56	39	18	12
SCS3	0	0	28	19
Total	**335**	**234**	**278**	**195**

Reporting of Civil Service and other compensation schemes – exit packages

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (CSCS), a statutory scheme made under the Superannuation Act 1972. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Exits disclosed in 2023-24 and 2022-23 include exits of locally employed staff (non-Civil Servants) overseas. Overseas redundancy payments are determined in line with local employment law and the terms of the specific local contract of employment. Other departures relating to Ministers are not disclosed as this table. These tables have been subject to audit.

			2023-24
Total number of exit packages by cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total**
Less than £10,000	5	1	6
£10,000 – £25,000	-	3	3
£25,000 – £50,000	2	3	5
£50,000 – £100,000	4	3	7
£100,000 – £150,000	1	-	1
£150,000 – £200,000	-	-	-
Total number	**12**	**10**	**22**
of which			
Core department and agencies	**9**	**9**	**18**
NDPBs and other designated bodies	**3**	**1**	**4**
Total number	**12**	**10**	**22**
Total cost (£)	**563,262.61**	**397,470.62**	**960,733.23**
of which			
Core department and agencies	**546,866.11**	**359,470.62**	**906,336.73**
NDPBs and other designated bodies	**16,396.50**	**38,000.00**	**54,396.50**
Total cost (£)	**563,262.61**	**397,470.62**	**960,733.23**

			2022-23
Total number of exit packages by cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total**
Less than £10,000	3	1	4
£10,000 – £25,000	10	3	13
£25,000 – £50,000	9	5	14
£50,000 – £100,000	1	21	22
£100,000 – £150,000	-	-	-
£150,000 – £200,000	-	-	-
Total number	**23**	**30**	**53**
of which			
Core department and agencies	**22**	**11**	**33**
NDPBs and other designated bodies	**1**	**19**	**20**
Total number	**23**	**30**	**53**
Total cost (£)	**549,361.33**	**1,720,285.42**	**2,269,646.75**
of which			
Core department and agencies	**546,791.83**	**658,977.21**	**1,205,769.04**
NDPBs and other designated bodies	**2,569.50**	**1,061,308.21**	**1,063,877.71**
Total cost (£)	**549,361.33**	**1,720,285.42**	**2,269,646.75**

Consultancy and temporary staff expenditure

The Departmental group's expenditure on consultancy in 2023-24 was Group: £17 million (2022-23: £28 million). The consultancy expenditure for Core was £5 million (2022-23: £9 million), executive agencies was £853k (2022–23: £479k) and the consultancy expenditure relating to arm's length bodies was £11 million (2022-23: £19 million).

Overall group consultancy costs reduced largely due to decrease in core (£3 million), British Business Bank (£6 million) and ACAS (£3 million). In 2022-23 consultancy work for Broad light provision (Marketing to achieve growth in support of the Help to grow scheme), Reed Specialist (Reed Reconciliation and PPAS), Product Development in respect of COVID-19 grants, BJSS Ltd (acting as delivery Partner and provision of digital Services in respect of help to grow scheme) were ended.

For temporary staff (contingent labour) overall spend for the group was £49m (2022-23: £47m), of which £23m (2022-23: £22m) was DBT core, £23.5m (2022-23: £20m) was in the Department's executive agencies and £2.5m (2022-23: £5m) was in NDPBs. The increase in spend is mainly due to filling vacancies across the group on a temporary basis following recent MOG changes and internal re-organisations as well as an increase in requirements for specialist roles in this period, which attract higher day rates.

Off-payroll engagements

HMT requires all departments to publish details of off-payroll engagements and the assurances sought that the correct tax is being paid.

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

	Core department	ALBs	Total
Number of existing engagements as of 31 March 2024	239	246	**485**
Less than 1 year:	94	87	**181**
For between 1 and 2 years:	71	135	**206**
For between 2 and 3 years:	50	18	**68**
For between 3 and 4 years:	6	3	**9**
For 4 or more years:	18	3	**21**

Table 2: All highly paid off-payroll workers engaged at any point during the year between 1 April 2023 and 31 March 2024, earning £245 per day or greater

	Core department	ALBs	Total
Number of temporary off-payroll workers engaged during the year ending 31 March 2024	363	353	**716**
of which:			
Not subject to off-payroll legislation:	0	146	**146**
Subject to off-payroll legislation and determined as in-scope of IR35:	311	100	**411**
Subject to off-payroll legislation and determined as out-of-scope of IR35:	52	107	**159**
Number of engagements reassessed for compliance or assurance purposes during the year:	18	0	**18**
Number of engagements that saw a change to IR35 status following a review	3	0	**3**

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

	Core department	ALBs	Total
Number of off-payroll engagements of board members and/or, senior officials with significant financial responsibility, during the financial year.	0	1	1
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. This figure should include both on payroll and off-payroll engagements.	0	10	10

Trade Union facility time

The Trade Union Act 2016 introduced a number of reforms to Britain’s industrial relations framework, which are set out in the Trade Union and Labour Relations (Consolidation) Act 1992 (“the 1992 Act”). The aim of the Trade Union Act 2016 is to modernise the UK industrial relations framework to better support an effective and collaborative approach to industrial relations, balancing the interests of Trade Unions with interests of the wider public sector.

These facility time regulations help fulfil these objectives by ensuring that relevant employers publish facility time data to promote transparency and public scrutiny of this information. The regulations provide a framework for open and transparent monitoring.

In DBT, there are three trade unions that are officially recognised and represented: PCS, Prospect and FDA. The tables below relate to the core department only.

Table 1: Relevant union officials

Number of employees who were relevant union officials during the relevant period (1 April 2023 – 31 March 2024)[90]	Full-time equivalent employee number
16	16

Table 2: Percentage of time spent on facility time as of 31 March 2024

Percentage of time	Number of employees
0%	4
1-49%	11
50-100%	1

Table 3: Percentage of pay bill spent on facility time

Total cost of facility time (£)	35,772
The total pay bill (£m)	333
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.01

90 This disclosure covers DBT employees only. Employees from former BEIS who spent time on DBT's trade union activities (relating to the Machinery of Government changes in 2023-24) will have been included in the return of their post-MOG departments (DSNEZ and DSIT).

Table 4: Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	None

Remuneration Report

Overview

The remuneration report sets out the remuneration policy and the amounts awarded to DBT Ministers and senior officials. Just like the staff report, it is fundamental to demonstrating transparency and accountability to Parliament.

Remuneration policy

Ministers

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

Senior officials

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

Following the Government's acceptance of the SSRB's recommendations in 2023-24, the Cabinet Office set the central SCS pay framework and award. This was followed closely by DBT. The guidance can be found at: https://www.gov.uk/government/publications/guidance-on-the-senior-civil-service-pay-award-202324.

Senior official appointments

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

The officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation, as set out in the Civil Service Compensation Scheme.

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

Ministers – single total figure of remuneration

The table below shows each component, and the single total figure of remuneration for each Minister in 2023-24.

Where Ministers have moved to or from another department during the year, details of any remuneration relating to their subsequent or prior roles will be in that department's remuneration report.

Ministers who transfer from another department continue being paid at the appropriate rate of pay with effect from the first day of the month following the date of appointment. Former Ministers who transfer to other departments are paid at their current rate of pay up to the end of the month. Any increase in Ministers' salaries on transfer from the date of appointment is paid by their new department. This table has been subject to audit.

Ministers	2023-24 Salary (£)	2023-24 Full year equivalent salary if different	2023-24 Pension Benefits (to nearest £000)	2023-24 Total (to nearest £000)	2022-23 Salary (£)	2022-23 Full year equivalent salary if different	2022-23 Pension Benefits (to nearest £000)	2022-23 Total (to nearest £000)
Secretary of State								
Rt Hon Kemi Badenoch MP[91]	67,505	-	-[92]	68,000	38,440	67,505	4,000	43,000
Ministers of State								
Lord Dominic Johnson of Lainston CBE[93]	-	-	-	-	-	-	-	-
Kevin Hollinrake MP[94]	22,375	-	6,000	28,000	9,624	22,375	1,000	11,000

91 Rt Hon Kemi Badenoch MP was appointed Secretary of State for the Department for Business and Trade on 7 February 2023, for which the remuneration for 2022-23 relates. She also serves as President of the Board of Trade and Minister for Women and Equalities for the Equality Hub.

92 Rt Hon Kemi Badenoch MP opted out of the pension scheme in December 2022.

93 Lord Dominic Johnson of Lainston CBE did not draw a ministerial salary or pension benefits. He was appointed as Minister of State (unpaid) at the Department for Business and Trade on 7 February 2023, and was previously Minister of State (Minister for Investment) in the DIT between 25 November 2022 and 7 February 2023. He was Minister of State (unpaid) between 2 October 2022 and 27 October 2022.

94 Kevin Hollinrake MP previously served as Parliamentary Under Secretary of State at DBT (and at BEIS and DIT, for which the remuneration for 2022-23 relates) and was appointed as Minister of State on 26 March 2024, where his salary increased to £31,680. This was updated in April 2024 and not included in the remuneration for 2023-24.

Ministers	2023-24 Salary (£)	2023-24 Full year equivalent salary if different	2023-24 Pension Benefits (to nearest £000)	2023-24 Total (to nearest £000)	2022-23 Salary (£)	2022-23 Full year equivalent salary if different	2022-23 Pension Benefits (to nearest £000)	2022-23 Total (to nearest £000)
Rt Hon Greg Hands MP[95] *(from 13 November 2023)*	10,560	31,680	3,000	14,000	32,092	31,680	6,000[96]	38,000
Alan Mak MP[97] *(from 27th March 2024)*	-	-	-	-	-	-	-	-
Nusrat Ghani MP[98] *(until 26th March 2024)*	31,680	-	9,000	40,000	17,952	31,680	1,000	19,000
Nigel Huddleston MP[99] *(until 12 November 2023)*	21,120	31,680	5,000	26,000	4,714	31,680	1,000	6,000

95 Greg Hands MP was Minister of State at BEIS until 6 September 2022 and joined DIT between 9 October 2022 and 6 February 2023, for which the remuneration for 2022-23 relates. The salary includes a £7,920 statutory payment on cessation of Ministerial office at BEIS.

96 This figure varies from the 2022-23 DIT and BEIS Remuneration Reports as these reported this Minister's Pension Benefits only as the portion accrued during service with the associated department given there was a break in Ministerial Service between departments. This report combines the pension benefit accrued for both periods of Ministerial service.

97 Alan Mak MP was paid by HMT until 31st March 2024. Please refer to HMT accounts for full details.

98 Nusrat Ghani MP was paid by DBT until 31 March 2024. She was previously Parliamentary Under Secretary of State in BEIS and DIT, for which the remuneration for 2022-23 relates. The former DIT accounts for 2022-23 reflected only the payments made by former DIT (£4,000), whereas former BEIS reflected both BEIS and DBT figures, totalling £17,952.

99 Nigel Huddleston was previously Parliamentary Under Secretary of State in DIT, for which the remuneration for 2022-23 relates.

Ministers	2023-24 Salary (£)	2023-24 Full year equivalent salary if different	2023-24 Pension Benefits (to nearest £000)	2023-24 Total (to nearest £000)	2022-23 Salary (£)	2022-23 Full year equivalent salary if different	2022-23 Pension Benefits (to nearest £000)	2022-23 Total (to nearest £000)
Earl of Minto[100] *(until 14 November 2023)*	-	-	-	-	-	-	-	-
Parliamentary Under Secretaries of State								
Lord Offord of Garvel[101] *(from 24 April 2023)*	-	-	-	-	-	-	-	-
Maria Caulfield MP[102]	-	-	-	-	-	-	-	-
Stuart Andrew MP[103]	-	-	-	-	-	-	-	-

100 The Earl of Minto did not draw a ministerial salary or pension benefits.
101 Lord Offord of Garvel did not draw a ministerial salary or pension benefits.
102 Maria Caulfield MP is paid by Department of Health and Social Care. Please refer to DHSC accounts for full details.
103 Rt Hon Stuart Andrew MP is paid by Department for Culture, Media and Sport. Please refer to DCMS accounts for full details.

Pension benefits: ministerial pensions

The table below shows the pension entitlements for each Minister for 2023-24. This table has been subject to audit.

	2023-24					2022-23				
Ministers	**Accrued pension at pension age as at 31-03-24 and related lump sum £000**	**Real increase in pension and related lump sum at pension age £000**	**CETV at 31-03-2024 £000**	**CETV at 31-03-2023 £000**	**Real increase in CETV £000**	**Accrued pension at pension age as at 31-03-23 and related lump sum £000**	**Real increase in pension and related lump sum at pension age £000**	**CETV at 31-03-2023 £000**	**CETV at 31-03-2022 £000**	**Real increase in CETV £000**
Secretary of State										
Rt Hon Kemi Badenoch MP[104]	-	-	-	-	-	0-5	0-2.5	18	14	1
Ministers of State										
Lord Dominic Johnson of Lainston CBE[105]	-	-	-	-	-	-	-	-	-	-
Kevin Hollinrake MP	0-5	0-2.5	11	3	5	0-5	0-2.5	3	2	1
Rt Hon Greg Hands MP	5-10	0-2.5	141	131	3	5-10	0-2.5	110	101	2

104 Rt Hon Kemi Badenoch MP opted out of the pension scheme in December 2022.

105 Lord Dominic Johnson of Lainston CBE did not draw a ministerial salary or pension benefits.

	2023-24					2022-23				
Ministers	Accrued pension at pension age as at 31-03-24 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31-03-2024 £000	CETV at 31-03-2023 £000	Real increase in CETV £000	Accrued pension at pension age as at 31-03-23 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31-03-2023 £000	CETV at 31-03-2022 £000	Real increase in CETV £000
Alan Mak MP[106]	-	-	-	-	-	-	-	-	-	-
Nusrat Ghani MP	0-5	0-2.5	29	18	6	0-5	0-2.5	15	14	1
Nigel Huddleston MP	0-5	0-2.5	29	22	3	0-5	0-2.5	19	18	1
Earl of Minto[107]	-	-	-	-	-	-	-	-	-	-
Parliamentary Under Secretaries of State										
Lord Offord of Garvel[108]	-	-	-	-	-	-	-	-	-	-
Maria Caulfield MP[109]	-	-	-	-	-					
Stuart Andrew MP[110]	-	-	-	-	-	-	-	-	-	-

106 Alan Mak MP was paid by HMT until 31st March 2024. Please refer to HMT accounts for full details.

107 The Earl of Minto did not draw a ministerial salary or pension benefits.

108 Lord Offord of Garvel did not draw a ministerial salary or pension benefits.

109 Maria Caulfield MP is paid by Department of Health and Social Care. Please refer to DHSC accounts for full details.

110 Rt Hon Stuart Andrew MP is paid by Department for Culture, Media and Sport. Please refer to DCMS accounts for full details.

Senior officials – single total figure of remuneration

Senior Officials are defined as members of the DBT Departmental Board. Senior Official salaries and pension benefits in 2023 to 2024 and 2022 to 2023 (including remuneration relating to the Department for Business Energy and Industrial Strategy and Department for International Trade) were as follows. Please note, data relating to 2022-23 refers to either remuneration by BEIS (*) or DIT (+). This table has been subject to audit.

Senior Officials	Salary[111] £000 (2023-24)	Full year equivalent salary if different (2023-24)	Bonus £000 (2023-24)	Pension (to nearest £000)[112,113] (2023-24)	Total £000 (2023-24)	Salary £000 (2022-23)	Full year equivalent salary if different (2022-23)	Bonus £000 (2022-23)	Pension (to nearest £000) (2022-23)	Total £000 (2022-23)
Gareth Davies CB+ Permanent Secretary and Accounting Officer	170-175	-	10-15	142	325-330	35-40	160-165	-	11	45-50
Crawford Falconer[114] + Chief Negotiation Adviser and Second Permanent Secretary	285-290	-	15-20	-	305-310	270-275	-	15-20	-	290-295
David Bickerton* Director General, Business Group	145-150	-	-	57	200-205	135-140	-	0-5	-	135-140
Tara Smith Director General, Chief Operating Officer (*from 17th July 2023*)	100-105	140-145	0-5	67	165-170	-	-	-	-	-

111 Salary information excludes employers' national insurance contributions. Departure costs have been 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 of departure. Where officials have moved to or from a similar senior role in another department during the year, details of any remuneration relating to their subsequent or prior roles will be in that department's remuneration report.

112 The value of pension benefits accrued during the year is calculated as (real increase in pension multiplied by 20) plus (real increase in any lump sum) less (contributions made by the individual). Real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.

113 The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.

114 Crawford Falconer is a member of the Partnership pension scheme. The employer contributions to his Partnership pension in 2023 to 2024 were £42,700 (to the nearest £100).

	2023-24					2022-23				
Senior Officials	**Salary[111] £000**	**Full year equivalent salary if different**	**Bonus £000**	**Pension (to nearest £000)[112,113]**	**Total £000**	**Salary £000**	**Full year equivalent salary if different**	**Bonus £000**	**Pension (to nearest £000)**	**Total £000**
Gavin Lambert[115] * Director General, Competition, Markets and Regulatory Reform Group	90-95	130-135	-	89	180-185	85-90	125-130	5-10	3	95-100
Caleb Deeks[116] * Director General, Competition, Markets and Regulatory Reform Group	90-95	130-135	-	33	125-130	85-90	125-130	5-10	29	120-125
Niall Mackenzie Interim Director General, Domestic and International Markets and Exports *(from 13th November 2023)*	45-50	125-130	0-5	90	140-145	-	-	-	-	-
Ceri Smith+ Director General, Strategy and Investment	155-160	-	-	72	230-235	150-155	-	-	-6	140-145
Amanda Brooks CBE+ Director General, Trade Policy Implementation & Negotiations	140-145	-	15-20	98	250-255	125-130	-	15-20	35	175-180
Joanna Crellin+ Director General, Trading Systems	140-145	-	5-10	90	235-240	125-130	-	0-5	23	150-155

115 Gavin Lambert FTE is 0.7, for which the 2023-24 remuneration relates.
116 Caleb Deeks FTE is 0.7, for which the 2023-24 remuneration relates.

Senior Officials	2023-24 Salary[111] £000	2023-24 Full year equivalent salary if different	2023-24 Bonus £000	2023-24 Pension (to nearest £000)[112,113]	2023-24 Total £000	2022-23 Salary £000	2022-23 Full year equivalent salary if different	2022-23 Bonus £000	2022-23 Pension (to nearest £000)	2022-23 Total £000
Katherine Joseph Director General Economic Security and Trade Relations *(from 4th March 2024)*	5-10	125-130	-	1	10-15	-	-	-	-	-
Andrew Mitchell+ Director General, Domestic and International Markets and Exports *(until 13th November 2023)*	90-95	145-150	5-10	78	170-175	135-140	-	5-10	-20	120-125
Bidesh Sarkar+ Interim Chief Operating Officer *(until 17th July 2023); Chief Financial Officer (from 18th July 2023)*	135-140	135-140	10-15	54	200-205	135-140	135-140	0-5	22	80-85
Tim Reid[117] UKEF Chief Executive	-	-	-	-	-	-	-	-	-	-

117 Tim Reid is paid by UKEF. Please refer to UKEF accounts for full details.

Pension benefits: Senior officials pensions

The table below shows the pension entitlements for each senior official for 2023-24. This table has been subject to audit.

	2023-24					2022-23				
	Accrued pension at pension age as at 31-03-24 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31-03-2024 £000	CETV at 31-03-2023 £000	Real increase in CETV £000[118]	Accrued pension at pension age as at 31-03-23 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31-03-2023 £000	CETV at 31-03-2022 £000	Real increase in CETV £000[119]
Gareth Davies CB	70-75	7.5-10	1,328	1,104	115	60-65	0-2.5	925	904	5
Crawford Falconer[120]	-	-	-	-	-	-	-	-	-	-

118 Taking into account inflation, negative values indicate where the CETV funded by the employer has decreased in real terms.

119 Taking into account inflation, negative values indicate where the CETV funded by the employer has decreased in real terms.

120 Crawford Falconer is a member of the Partnership pension scheme. The employer contributions to his Partnership pension in 2023 to 2024 were £42,700 (to the nearest £100).

	2023-24					2022-23				
	Accrued pension at pension age as at 31-03-24 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31-03-2024 £000	CETV at 31-03-2023 £000	Real increase in CETV £000[118]	Accrued pension at pension age as at 31-03-23 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31-03-2023 £000	CETV at 31-03-2022 £000	Real increase in CETV £000[119]
David Bickerton	0-5	2.5-5	54	0	44	-	-	-	-	-
Tara Smith	30-35	2.5-5	621	530	52	-	-	-	-	-
Gavin Lambert	35-40 plus a lump sum of 95-100	2.5-5 plus a lump sum of 5-7.5	719	623	36	35-40 plus a lump sum of 55-60	0-2.5 plus a decrease in lump sum of 2.5-5	540	491	-7
Caleb Deeks	45-50	0-2.5	791	708	17	40-45	0-2.5	516	454	10
Niall Mackenzie	55-60 plus a lump sum of 155-160	2.5-5 plus a lump sum of 10-12.5	1,433	1,273	103	-	-	-	-	-
Ceri Smith	80-85	2.5-5	1,535	1,358	49	70-75	0-2.5	1,122	1,022	-24
Amanda Brooks CBE	65-70 plus a lump sum of 45-50	5-7.5 plus a lump sum of 0-2.5	1,379	1,188	80	60-65 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	999	879	14
Joanna Crellin	55-60	5-7.5	1,007	858	66	50-55	0-2.5	690	614	3

	2023-24					2022-23				
	Accrued pension at pension age as at 31-03-24 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31-03-2024 £000	CETV at 31-03-2023 £000	Real increase in CETV £000[118]	Accrued pension at pension age as at 31-03-23 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31-03-2023 £000	CETV at 31-03-2022 £000	Real increase in CETV £000[119]
Katherine Joseph	30-35	0-2.5	569	566	0	-	-	-	-	-
Andrew Mitchell	70-75 plus a lump sum of 60-65	2.5-5 plus a lump sum of 0-2.5	1,602	1,461	69	60-65 plus a lump sum of 55-60	0 plus a lump sum of 0	1,175	1,078	-38
Bidesh Sarkar	45-50	2.5-5	759	640	37	35-40	0-2.5	540	523	12
Tim Reid	-	-	-	-	-	-	-	-	-	-

Non-executive board members – fee entitlements

Below are the annual fees plus expenses paid to the Non-Executive Board Members of DBT. The total amounts due for the year to each person were in the following ranges:

	2023-24		2022-23	
	Fees paid (£'000)	Full year equivalent if different (£'000)	Fees paid (£'000)	Full year equivalent if different (£'000)
Stephen Hill OBE[121] *(from 2 May 2023 until 12 August 2024)*	15-20	20-25	10-15	15-20
Robert Leeming *(from 2 May 2023 until 12 August 2024)*	10-15	15-20	-	-
Karina McTeague *(from 2 May 2023)*	15-20	20-25	-	-
Lord Kamall *(from 16 May 2023 until 12 August 2024)*	10-15	15-20	-	-
Peter Fleet *(from 16 May 2023 until 12 August 2024)*	10-15	15-20	-	-
Sir Stephen O'Brien[122] *(until 12 August 2024)*	20-25	15-20	15-20	-
Robert Gillespie[123]	-	-	-	-
Noël Harwerth[124] *(until 1 March 2024)*	-	-	-	-

121 Stephen Hill OBE was a Non-Executive Director of the Department for Business, Energy and Industrial Strategy (BEIS) before joining DBT as Lead Non-Executive Director from 2 May 2023. The fees paid in the table above cover the period from 1 April 2023 – 31 March 2024.

122 Sir Stephen O'Brien previously sat on the former Department for International Trade Board. The fees paid in the table above cover the period from 1 April 2023 – 31 March 2024 and include pay corrections backdating to 2022-23.

123 Robert Gillespie is paid by UKEF. Please refer to UKEF accounts for full details.

124 Noël Harwerth was paid by UKEF. Please refer to UKEF accounts for full details.

Fair pay disclosures (Pay Multiples)

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

The narrative below outlines the relationship during the year ending 31 March 2024 between the remuneration of the highest-paid director and the median remuneration of the workforce across the core department and its 2 agencies, The Insolvency Service and Companies House. Due to Machinery of Government changes, it is not possible to restate 2022-23 comparatives for DBT because the exact split of employees that transferred from the former Department for International Trade (fDIT) and former Department for Business, Energy and Industrial Strategy was not determined until 1 July 2024. Due to this, re-calculating 2022-23 comparatives could lead to inaccuracy which would risk misleading readers. As an alternative, DBT have disclosed audited 2022-23 figures as published by both former departments for comparative purposes. While these allow broad comparisons to be drawn between DBT and former departments, due to the amount of change in both workforce size and shape, caution should be exercised as these are not like for like comparisons. Please refer to the respective 2022-23 accounts for more information.

The banded total remuneration of the highest-paid director (SCS4) in in 2023-24 was £305,000 – £310,000 (2022-23 DIT: £290,000 – £295,000, 2022-23 BEIS: £185,000 – £190,000). This was 6.8 times the median total remuneration of the workforce, which was £45,318 (2022-23 DIT: £47,271, 2022-23 BEIS: £42,531).

In 2023-24, no employees received remuneration more than the highest-paid Director (2022-23 DIT: 0, 2022-23 BEIS: 97). Remuneration ranged from £15,000 – £20,000 to £305,000 – £310,000 (2022-23 DIT: £15,000 – £20,000 to £290,000 – £295,000, 2022-23 BEIS: £16,090 – £430,100).

The median pay ratio for the relevant financial year is consistent with the pay and reward policies for the entity's employees taken as a whole. The increases and decreases when comparing to previous department disclosures are a representation of changes in the distribution of the workforce. It should be noted that in line with the addendum to the 2023-24 Civil Service Pay Remit Guidance, eligible employees in delegated grades received a one-off payment of up to £1,500 (pro-rated for part-time employees). While this payment is non-consolidated as it is not performance related, it is captured in both "Salary" and "Total pay and benefits" in the table below.

	Total pay and benefits			Salary		
	DBT 2023-24	**DIT 2022-23**	**BEIS 2022-23**	**DBT 2023-24**	**DIT 2022-23**	**BEIS 2022-23**
25th percentile pay ratio	**9.0**	7.7	5.70	**8.5**	7.7	5.96
Median pay ratio	**6.8**	6.2	4.41	**6.4**	6.4	4.53
75th percentile pay ratio	**5.1**	4.8	3.29	**4.8**	4.9	3.40
25th percentile remuneration	**£34,264**	£38,252	£32,920	**£33,828**	£35,515	£31,457
Median remuneration	**£45,318**	£47,271	£42,531	**£44,760**	£42,293	£41,363
75th percentile remuneration	**£60,106**	£60,524	£57,005	**£59,356**	£56,221	£55,120

The ratios are calculated by taking the mid-point of the banded remuneration of the highest paid director and calculating the ratio between this and the lower quartile, median and upper quartile remuneration of the Department's staff. This ratio is based on the Full-Time Equivalent salaries of staff in post on 31 March 2024, on an annualised basis.

DBT's highest-paid Director's total renumeration in 2023-24 increased by 5.1% compared to their total remuneration in 2022-23. The percentage change from 2022-23 to 2023-24 for DBT's highest-paid Director's salary and allowances was 5.5%, and 0% for performance pay and bonuses payable.

Country Based Staff (CBS) are employed locally by British Diplomatic Missions overseas. Data on local staff salaries is not held centrally, and salary payments are paid in local currency which are based upon local market conditions. CBS salaries are subject to individual countries' taxation and social security arrangements and adhere to local law of the country. The variation of arrangements plus differences in rates of pay and local purchasing power would distort the pay multiple calculation and would hinder meaningful comparisons with other organisations. CBS salaries are therefore excluded from the pay multiple calculation.

The pay multiple disclosures have been subject to audit.

Notes to the remuneration report

The information in the remuneration report relates solely to the core department except for the fair pay disclosure, which relates to the core department and arm's length bodies (ALBs) which are staffed by individuals on DBT payroll and covered by DBT's pay arrangements only.

All other ALBs are excluded. Similar information relating to chief executives and most senior managers of the agencies and other bodies of the Departmental family is given in the individual annual reports and accounts of the relevant bodies.

Single total figure of remuneration

Salary

'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts.

In respect of Ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as a Member of Parliament (£86,584 from 1 April 2023) and various allowances to which they are entitled are borne centrally. However, the arrangement for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the Ministers' salaries and pension benefits table.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HMRC as a taxable emolument. There are no benefits in kind to be disclosed in relation to DBT Ministers or senior officials for 2023 to 2024.

Bonuses

DBT operates a fully in-year reward and recognition system for staff below SCS (known as 'delegated grades') to acknowledge exceptional performance and contributions to the organisation using a range of cash and non-cash awards within the available budget.

Performance management for SCS employees across the Civil Service, including DBT, follows the Cabinet Office SCS performance management policy (https://www.gov.uk/government/publications/senior-civil-service-performance-management). As in previous years, end of year bonuses reported in 2023 to 2024 relate to performance in 2022 to 2023, based on performance levels attained and were made as part of the appraisal process. Bonuses given to senior officials throughout the year are included in those reported in the remuneration tables and pertain to performance in 2023-24.

Pension benefits

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at: http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were MPs and aged 55 or older on 1 April 2013 have transitional protection to remain in the previous MP's final salary pension scheme.

Benefits for Ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775 per cent of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 ministerial pension schemes.

Ministerial pensions – the Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits, they have accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued because of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HMT published updated guidance on 27 April 2023; this guidance has been used in the calculation of 2023-24 CETV figures.

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

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

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements.

Pension schemes:

The alpha Pension Scheme

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

Previous Principal Civil Service Pension arrangements

- Prior to this date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has 4 sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation.

alpha Transition

- When alpha was introduced, existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015 until retirement*. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022.

*This changed under the remedy programme and all active members regardless of age moved into alpha as of 1 April 2022.

Remedy

- In 2018, the Court of Appeal judged that the difference in treatment during the 2015 pension reforms (alpha transition) between those closer to retirement and everyone else, was unlawful age discrimination. Because of this, eligible members with relevant service between the 'impacted period' 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). These members will be given a deferred choice upon retirement around the treatment of their benefits within the impacted period.

- All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.
- Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (**partnership** pension account).
- From 1 April 2022 the defined benefit arrangement is alpha for all active members. All active member in PCSPS were moved into alpha on this date.

Pension contributions and benefits:

Employee contributions are salary-related and range between 4.6% and 8.05% for members of alpha. Employer contributions are also salary-related and ranged between 26.6% and 30.3% for 2023-24 (a single rate of 28.97% now applies effective 1 April 2024).

- In **alpha** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.32% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with

Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

- The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable earnings (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable earnings to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).
- In **alpha**, the accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. In partnership, the pension is not guaranteed as the value is based on contributions paid and investment returns.
- Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and

alpha the figure quoted is the combined value of their benefits in the 2 schemes, but note that part of that pension may be payable from different ages.)

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

Civil Service Pensions – Cash Equivalent Transfer Values (CETV)

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

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HMT published updated guidance on 27 April 2023; this guidance has been used in the calculation of 2023 to 2024 CETV figures.

Civil Service Pensions – Real increase in CETV

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

Parliamentary Accountability Report

Statement of Outturn against Parliamentary Supply (audited information)

Overview

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

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

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

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

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

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

The non-voted budget comprises expenditure financed from the National Insurance Fund. Non-voted expenditure does not require Parliamentary authority but is included within budgets set by HMT for completeness.

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

The supporting notes on pages 200 to 209 detail the following:

- *SOPS 1: Outturn by estimate line, providing a more detailed breakdown;*

- *SOPS 2: Reconciliation of outturn to net operating expenditure, to tie the SOPS to the financial statements;*
- *SOPS 3: Reconciliation of outturn to net cash requirement;*
- *SOPS 4: Amounts of income to the Consolidated Fund.*

The SOPS and estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 60, in the financial review section of the performance report.

Further information on the public spending framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

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

Summary table, 2023-24

Figures in the areas outlined in line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for details on the control limits voted by Parliament. Significant variances between Outturn and the Estimate are explained in the financial review on pages 59 to 67.

								2023-24 £000		2022-23 £000
Type of spend		Outturn			Estimate			Outturn vs Estimate, saving/(excess)		Prior Year Outturn Total (restated)
	SoPS Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	
Departmental Expenditure Limit										
Resource	1.1	1,782,829	-	1,782,829	1,966,880	-	1,966,880	184,051	184,051	1,386,911
Capital	1.2	1,068,399	-	1,068,399	1,397,037	-	1,397,037	328,638	328,638	157,085
Total DEL		2,851,228	-	2,851,228	3,363,917	-	3,363,917	512,689	512,689	1,543,996
Annually Managed Expenditure										
Resource	1	1,169,995	470,113	1,640,108	950,594	481,027	1,431,621	(219,401)	(208,487)	409,779
Capital	1	(1,138,905)	0	(1,138,905)	(92,850)	0	(92,850)	1,046,055	1,046,055	1,316,687
Total AME		31,090	470,113	501,203	857,744	481,027	1,338,771	826,654	837,568	1,726,466
Total Budget										
Resource	1	2,952,824	470,113	3,422,937	2,917,474	481,027	3,398,501	(35,350)	(24,436)	1,796,690
Capital	1	(70,506)	0	(70,506)	1,304,187	0	1,304,187	1,374,693	1,374,693	1,473,772
Total Budget Expenditure		2,882,318	470,113	3,352,431	4,221,661	481,027	4,702,688	1,339,343	1,350,257	3,270,462

								2023-24 £000		2022-23 £000
Type of spend		Outturn			Estimate			Outturn vs Estimate, saving/(excess)		Prior Year Outturn Total (restated)
	SoPS Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	
Non-Budget Expenditure	1	-	-	-	-	-	-	-	-	-
Total Budget and Non-budget		2,882,318	470,113	3,352,431	4,221,661	481,027	4,702,688	1,339,343	1,350,257	3,270,462

As part of the regular annual cycle in central government, at the beginning of the calendar year departments are able to update their spend forecasts and request additional funding where required. This process is known as the supplementary estimate process. On 13 March 2024, after this process had been completed, the ministerial decision to introduce the option to provide a fixed sum of £75,000 to the Horizon Shortfall Scheme, a scheme open to current and former postmasters who believe they may have been affected by shortfalls related to previous versions of the Horizon system, was announced. This decision increased the estimated value of redress the Department would need to fund under this scheme, accounted for as a provision and budgeted for as Resource AME. Further details on the Department's provisions can be found in Note 15 to the accounts.

Due to this obligation arising after the supplementary estimate process, it was not possible for the Department to bid for sufficient budgetary funding for the scheme. As a result, the Department has reported an overspend against Voted Resource AME of £219 million, as shown in the Statement of Parliamentary Supply on page 196. As an overspend against a Parliamentary voted control total, the Comptroller and Auditor General has reported an 'excess vote' qualified opinion. Details of the Comptroller and Auditor General's opinion can be found on page 232 of this Annual Report and Account. The Department will seek parliamentary approval by way of an Excess Vote in the next Supply and Appropriation Act.

The prior year figures have been restated due to the Machinery of Government announced on 7 February 2023. See note 23 for additional details on the restatements.

Net cash requirement 2023-24

				2023-24	2022-23
	SoPS Note	Outturn £000	Estimate £000	Outturn vs Estimate, saving / (excess) £000	Prior Year Outturn Total (restated) £000
Net cash requirement	3	6,138,867	10,389,617	4,250,750	6,394,929

Administration costs 2023-24

				2023-24	2022-23
Type of spend	SoPS Note	Outturn £000	Estimate £000	Outturn vs Estimate, saving / (excess) £000	Prior Year Outturn Total (restated) £000
Administration costs	1.1	390,300	513,068	122,768	356,878

Notes to the SOPS, 2023-24 (audited information)

SOPS 1. Outturn detail, by Estimate Line

SOPS 1.1 Analysis of resource outturn by section

Type of spend (Resource)	Resource Outturn £000							Estimate £000			2023-24 £000	2022-23 £000
	Administration			Programme			Total	Total	Virements	Total Inc. Virements	Outturn vs Estimate, saving/ (excess)	Prior year outturn total (restated)
	Gross	Income	Net	Gross	Income	Net						
Spending in Departmental Expenditure Limits (DEL)												
Voted expenditure												
A DBT – Department for Business and Trade (DEL)	370,437	(4,474)	365,963	1,506,100	(208,826)	1,297,274	**1,663,237**	1,859,264	(11,976)	**1,847,288**	184,051	1,271,911
B DBT – Arm's Length Bodies (Net) (DEL)	24,337	-	24,337	266,367	(171,112)	95,255	**119,592**	107,616	11,976	**119,592**	-	115,000
Total voted DEL	394,774	(4,474)	390,300	1,772,467	(379,938)	1,392,529	**1,782,829**	1,966,880	-	**1,966,880**	184,051	1,386,911
Total non-voted DEL	-	-	-	-	-	-	**-**	-	-	**-**	-	-
Total spending in DEL	**394,774**	**(4,474)**	**390,300**	**1,772,467**	**(379,938)**	**1,392,529**	**1,782,829**	**1,966,880**	**-**	**1,966,880**	**184,051**	**1,386,911**

Type of spend (Resource)	Resource Outturn £000							Estimate £000			2023-24 £000	2022-23 £000
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements	Total Inc. Virements	Outturn vs Estimate, saving/ (excess)	Prior year outturn total (restated)
Spending in Annually managed expenditure (AME)												
Voted expenditure												
C DBT – Department for Business and Trade (AME)	-	-	-	1,141,397	(157,838)	983,559	**983,559**	895,101	-	**895,101**	(88,458)	(44,361)
D DBT – Arm's Length Bodies (ALB) (Net) (AME)	-	-	-	290,491	(104,055)	186,436	**186,436**	55,493	-	**55,493**	(130,943)	190,992
Total voted AME	-	-	-	1,431,888	(261,893)	1,169,995	**1,169,995**	950,594	-	**950,594**	(219,401)	146,631
Non-voted expenditure												
E DBT – Department for Business and Trade (AME)	-	-	-	519,477	(49,364)	470,113	**470,113**	481,027	-	**481,027**	10,914	263,148
Total non-voted AME	-	-	-	519,477	(49,364)	470,113	**470,113**	481,027	-	**481,027**	10,914	263,148
Total spending in AME	**-**	**-**	**-**	**1,951,365**	**(311,257)**	**1,640,108**	**1,640,108**	**1,431,621**	**-**	**1,431,621**	**(208,487)**	**409,779**
Total resource	**394,774**	**(4,474)**	**390,300**	**3,723,832**	**(691,195)**	**3,032,637**	**3,422,937**	**3,398,501**	**-**	**3,398,501**	**(24,436)**	**1,796,690**

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HMT). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk.

The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

Significant variances between outturn and estimate are explained in the financial review on pages 59 to 67.

SOPS 1.2 Analysis of capital outturn by estimate line

Type of spend (Capital)	Outturn £000			Estimate £000			2023-24 £000	2022-23 £000
	Gross	Income	Net total	Total	Virements	Total inc. virements	Outturn vs Estimate, saving/ (excess)	Prior year outturn total (restated)
Spending in Departmental Expenditure Limits (DEL)								
Voted expenditure								
A DBT – Department for Business and Trade (DEL)	726,211	(112,015)	**614,196**	686,199	-	**686,199**	72,003	(130,674)
B DBT – Arm's Length Bodies (ALB) (Net) (DEL)	454,203	-	**454,203**	710,838	-	**710,838**	256,635	287,759
Total voted DEL	1,180,414	(112,015)	**1,068,399**	1,397,037	-	**1,397,037**	328,638	157,085
Total non-voted DEL	-	-	**-**	-	-	**-**	-	
Total spending in DEL	**1,180,414**	**(112,015)**	**1,068,399**	**1,397,037**	**-**	**1,397,037**	**328,638**	**157,085**
Spending in Annually managed expenditure (AME)								
Voted expenditure								
C DBT – Department for Business and Trade (AME)	(1,138,905)	-	**(1,138,905)**	800,150	(893,000)	**(92,850)**	1,046,055	1,316,687
D DBT – Arm's Length Bodies (ALB) (Net) (AME)	-	-	**-**	(893,000)	893,000	**-**	-	-
Total voted AME	(1,138,905)	-	**(1,138,905)**	(92,850)	-	**(92,850)**	1,046,055	1,316,687
Total non-voted AME	-	-	**-**	-	-	**-**	-	-
Total spending in AME	**(1,138,905)**	**-**	**(1,138,905)**	**(92,850)**	**-**	**(92,850)**	**1,046,055**	**1,316,687**
Total capital	**41,509**	**(112,015)**	**(70,506)**	**1,304,187**	**-**	**1,304,187**	**1,374,693**	**1,473,772**

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HMT). Further information on virements is provided in the Supply Estimates Manual, available on gov.uk.

The outturn vs estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Estimates laid before Parliament.

Significant variances between outturn and estimate are explained in the financial review on pages 59 to 67.

SOPS 2: Reconciliation of outturn to net operating expenditure

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

		2023-24	2022-23
	Reference	Outturn	Outturn (restated)
		£000	£000
Total resource outturn	SOPS 1.1	3,422,937	1,796,690
Add:			
Capital expenditure – Grants and subsidies		585,663	151,078
Capital income		(110,072)	(6,250)
Capital expenditure (net) – Research and development		14,277	6,589
Capital expenditure (net) – Loan guarantees		(1,222,436)	1,261,715
Non-budget income payable to Consolidated Fund		(12,401)	(65,939)
Less:			
Resource credits-Loan guarantee utilisation (calls)		2,741	6,395
Resource credits-Trade credit reinsurance		12,541	23,274
Resource credits-Provisions with Capital utilisation		44	350
Net Operating Expenditure in SoCNE		**2,693,294**	**3,173,902**

Capital and non-budget items under ‘Add’ are not included in the resource budget outturn but are reported in the Statement of Comprehensive Net Expenditure (SoCNE). Resource credits under ‘Less’ are budget-only amounts for items which were scored to the resource budget as Annually managed expenditure (AME) in prior reporting periods and reversed in the resource budget in the current reporting period to reflect the reduction in the associated liability.

SOPS 3: Reconciliation of net resource outturn to net cash requirement

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

		Outturn total	Estimate	Outturn vs Estimate, saving / (excess)
Item	**Reference**	**£000**	**£000**	**£000**
Total Resource Outturn	SoPS 1.1	3,422,937	3,398,501	(24,436)
Total Capital Outturn	SoPS 1.2	(70,506)	1,304,187	1,374,693
Adjustments for ALBs				
Remove voted resource and capital		(760,231)	19,053	779,284
Grant in aid		95,222	817,820	722,598
Funding to ALBs (share purchase and loans)		710,310	-	(710,310)
Adjustments to remove non-cash items				
Asset depreciation and revaluation charges		(12,473)	(302,970)	(290,497)
New provisions and adjustments to previous provisions		(1,322,553)	(894,927)	427,626

		Outturn total	Estimate	Outturn vs Estimate, saving / (excess)
Item	**Reference**	**£000**	**£000**	**£000**
Financial guarantee expense		1,098,435	-	(1,098,435)
Non-budget financial guarantee calls		3,816,222	-	(3,816,222)
Non-cash interest		756	-	(756)
Lease RoU asset additions		(8,040)	-	8,040
Other non-cash items		(189)	113,043	113,232
Adjustments to reflect movements in working balances				
Increase / (decrease) in debtors		(85,376)	-	85,376
(Increase) / decrease in creditors		(507,865)	6,415,337	6,923,202
Use of provisions		232,331	600	(231,731)
Total		**6,608,980**	**10,870,644**	**4,261,664**
Removal of non-voted budget items				
Other adjustments		(470,113)	(481,027)	(10,914)
Total		**(470,113)**	**(481,027)**	**(10,914)**
Net Cash Requirement		**6,138,867**	**10,389,617**	**4,250,750**

The difference of £4,251 million between the net cash requirement of £10,390 million authorised in the Estimate and outturn of £6,139 million relates primarily to underspends on Capital DEL items (£329 million), Grant in aid (£723 million), net lending (£950 million), loan guarantee calls (£1,084 million) and other working capital (£1,159 million).

SOPS 4: Amounts of income to the Consolidated Fund

SOPS 4.1 – Analysis of income payable to the Consolidated Fund

In addition to the income retained by the Department, the following income is payable to the consolidated fund (cash receipts being shown in italics).

The type of income allowed to be retained by the Department is set out in the ambit of the Supply Estimate. Income of a type not included in the Estimate, or in excess of amounts agreed with HMT, is required to be surrendered to the Consolidated Fund.

	31 March 2024		31 March 2023	
	Outturn Total		Outturn Total (restated)	
	Accruals	Cash Basis	Accruals	Cash Basis
	£000	£000	£000	£000
Cash surrenderable to the Consolidated Fund	134,900	*134,006*	66,405	*66,405*
Total Amount Payable to the Consolidated Fund	134,900	*134,006*	66,405	*66,405*

Other parliamentary disclosures (audited information)

Losses statement

	2023-24		2022-23	
	Core dept and agencies	Group	Core dept and agencies (restated)	Group (restated)
Number of losses	**15,454**	**15,508**	**38,142**	**38,186**
Redundancy Payment Service (RPS) Receivable Impairment (£m)	455	455	263	263
COVID-19 Business loan guarantee schemes (£m)	227	227	1,237	1,237
Other (£m)	-	-	3	3
Total value of losses (£m)	**682**	**682**	**1,503**	**1,503**

Losses over £300,000 – Core department

COVID-19 schemes

5,661 losses (2022-23: 31,437) relate to the fraud related settled claims for various COVID-19 schemes (Coronavirus Business Interruption Scheme (CBILS), Recovery Loan

Scheme (RLS), Bounce Back Loan Scheme (BBLS)). The total amount of the losses is £227 million (2022-23: £1,237 million).

During 2023-24 BBB conducted a Post Claims Assurance exercise which identified a higher number and amount of losses than was originally reported in the 2022-23 COVID-19 Business Loan Guarantee scheme line in the 2022-23 Annual Report and Accounts. We have reflected these additional losses within the table above, but just for complete clarity, the original figures reported in the 2022-23 accounts and the now revised figures are:

- Number of losses reported in 2022-23: 16,846 (2022-23 Revised figure: 31,437)
- Value of losses reported in 2022-23: £638 million (2022-23 Revised figure: £1,237 million)

Losses over £300,000 – agencies

Insolvency Service – Claims abandoned

9,776 losses relate to the Redundancy Payment Service (RPS) receivable impairment: The RPS receivable impairment for 31 March 2024 is £455 million (31 March 2023: £263 million). The RPS receivable loss relates to the expected loss on Redundancy Payments Service included during the year. Most of the redundancy payments made from the National Insurance Fund (NIF) are in respect of employees of insolvent companies. Repayment of debt is recovered from the sale of the assets of the insolvent company, and as such most of the debt is irrecoverable.

HMRC records the impairment of the RPS receivable in NIF accounts. Dividends from insolvencies can take many years to come to fruition, hence it is difficult to evaluate individual debtor losses within a given financial year. However, work is being performed to enable the value of all those debts which reached final loss stage to be estimated in the future.

Special payments

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

	2023-24		2022-23	
	Core dept and agencies	Group	Core dept and agencies (restated)	Group (restated)
Total number of special payments	24	25	33	36
Total value of special payments (£m)	**<£1 million**	**<£1 million**	**<£1 million**	**<£1 million**

Special payments over £300,000

The total special payments incurred by the Department as at 31 March 2024 were £140,000 (2022-23: £70,000). These relate to honorarium fees paid for NED appointments incurred by the Core Department totalling £116,000 (2022-23: £47,000) and several compensation and ex-gratia payments made by the Departmental group. There were no individual special payments above £300,000.

Gifts

Managing Public Money requires annual reports to report on gifts made by departments if their total value exceeds £300,000. Gifts with a value of more than £300,000 should be noted individually. During 2023-24, the core department did not give any reportable gifts above £300,000.

Fees and charges

Core department

The core department receives premium fees from lenders on loan guarantees primarily those issued under the Coronavirus Business Interruption Loan Scheme, Coronavirus Large Business Interruption Loan Scheme, and the Recovery Loan Scheme, further details can be found in notes 6 and 14.

Details of charging policies relating to ALBs may be found in their respective published accounts.

Agencies

Insolvency Service

The Insolvency Service sets its fees to recover costs and has a range of fees covering 4 areas:

- Case administration: the average costs of administering bankruptcy cases and compulsory company liquidation cases
- Debt relief orders: the cost of considering an application for a debt relief order by the Official Receiver
- Estate accounting: the cost of financial transactions on insolvency cases using the Insolvency Services account
- Insolvency practitioner regulations: the cost of authorising and monitoring insolvency practitioners and registering individual voluntary arrangements

	Administration Fee	General Fee	Total
Debtor	£1,990	£6,000	£7,990
Creditor	£2,775	£6,000	£8,775
Company	£5,000	£6,000	£11,000

Trustee Liquidator Fee	15% of the realised value
Distribution Fee	Time & Rate based

- The cost of the service to which fees were applicable was £51 million.
- The total income received from fees and recognised as income in the year was £65.7 million.
- Cross subsidy fees (General Fee) recognised within income was £9.7 million, within the agreed netting off limit approved by HMT.

- £12.4 million is due to be repaid to the Consolidated Fund. Fees received are surrendered to the Consolidated Fund when they exceed the amount we are able to retain.

Companies House

Companies House sets its fees to recover costs, and has a range of fees covering two main areas:

- Registration activities – includes incorporation, annual registration, change of name, mortgage registration, dissolution, liquidation and recharges of costs incurred in the administration of late filling penalties.
- Dissemination activities – includes searches delivered on paper, electronically and to bulk customers insolvency practitioner regulations.

	Income	Cost of services	Surplus/ (deficit)
	2023 to 2024 £'000	2023 to 2024 £'000	2023 to 2024 £'000
Registration activities	**86,204**	**(87,849)**	**(1,645)**
Dissemination activities	1,977	(3,231)	(1,254)
Other services	2,323	(26,919)	(24,596)
Total as per operating account	**90,504**	**(117,999)**	**(27,495)**

- Other services include income from rentals and surplus office space. The costs of services are made up of all other expenditure incurred which is outside of the costs to deliver registration and dissemination activities. The deficit is a result of the transformational reform Companies House is currently undertaking and is not recovered through fees.

- Cost of services includes interest payable, interest receivable, and dividends payable, in accordance with the cost recovery principles of the HMT's Managing Public Money. Support costs are apportioned based on the usage made by the main service providers. Costs are directly attributable to services where possible.

Remote contingent liabilities (audited information)

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

Unquantifiable Remote Contingent Liabilities – Core and Group

British Steel Ltd

British Steel Limited was placed into compulsory liquidation in May 2019. The Government indemnified the official receiver for actions he undertakes as liquidator and claims and proceedings that are made against him personally in relation to his appointment. The indemnity does not extend to any costs which may legitimately be charged to the company in liquidation. The indemnity was provided in May 2019 and may be terminated by the Government not giving less than 14 days' notice.

Jingye Group officially acquired the business and assets of British Steel in March 2020. The Official Receiver remains indemnified whilst he finalises remaining liquidation matters.

Financial Reporting Council funding

A guarantee has been given to the Financial Reporting Council that, if the Council's general voluntary funding from external sources falls sufficiently for the Core department to have to consider making legislation to activate the statutory levy under section 17 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, the Core department will make such a grant to cover the Council's cost as is sufficient to meet the preconditions in those levy raising powers provided the requisite funding has not been made available through another grant.

Statutory indemnities

- Indemnities have been given to bankers of the Insolvency Service against certain liabilities arising in respect of non-transferable 'account payee' cheques due to insolvent estates and paid into the Insolvency Service's account.

- Indemnities have been provided to certain insolvency administrators, including the Official Receiver, relating to actions undertaken in respect of administration of specified companies.

Legal costs

- A remote contingent liability exists in relation to various ongoing legal cases, both within Core and Group Department. The cases range from bankruptcy and insolvency matters to Judicial Reviews. The cost is dependent on the outcome of cases which currently cannot be reliably estimated.
- Under an agreement with the Financial Reporting Council, if the amount held in the Council's legal costs fund falls below £1 million in any year, an additional grant will be made to cover legal costs subsequently incurred in that year.

Indemnities against personal liability

- Indemnities have been given to the directors appointed by the core department to wholly owned subsidiaries. These indemnities are against personal liability following any legal action against the companies.
- An indemnity has been provided to the Chair of the Post Office Horizon IT Inquiry in respect of any liabilities he may incur as a result of holding, or having held, this position.

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

A reconciliation of differences between contingent liabilities reported in the supply estimates and those reported in the annual report and accounts are set out below. Further details on the contingent liabilities can be found in Note 16 Contingent Liabilities and in the Supply Estimate 2024-25.

Quantifiable contingent liabilities

Description	Amount per supply estimate (£'000s)	Amount disclosed in ARA (£'000)	Variance (£'000)
Paid in capital subscription for the Common Fund for Commodities (CFC) – Government is committed to the payment of a subscription of (2022-23 £2.24 million) in the form of Promissory Notes to be redeemed on request by the fund.	2,240	2,240	-
Callable capital subscription for CFC – Government is committed to the payment of a subscription of (2022-23 £1.96 million) to the fund.	1,960	1,960	-

Description	Amount per supply estimate (£'000s)	Amount disclosed in ARA (£'000)	Variance (£'000)
Dilapidation liability for leased property – The Department is obligated to reimburse the Government Property Agency (GPA) for any dilapidations incurred during DBT's tenure on property leased through the GPA when the underlying lease agreements between GPA and its landlords expire. The Department also has a possible obligation to pay for any dilapidations which arose before the former DIT's lease agreements with GPA came into effect. The amount disclosed is the reasonable worst-case scenario.	3,800	3,800 Disclosed within Note15 Provisions	-
Shipbuilding Credit Guarantee Scheme (SCGS) – Maximum expected risk exposure to the Department in respect of guarantees issued under the Shipbuilding Credit Guarantee Scheme.	500,000	-	Not disclosed in the ARA as the guarantee was not live at 31 March 2024
BBB – Financial guarantee: Under the Bank's Help to Grow financial guarantee programme, the Bank has entered into financial guarantee agreements of £nil (31 March 2022: £nil). The Bank has guaranteed 75% of eligible lending to SMEs under these agreements and a counter guarantee is in place that guarantees 50% of the Bank's 75% of eligible lending. As at 31 March 2022 the amount lent under these financial guarantee agreements was £3 million.	3,000	Disclosed within Note18 Financial Instruments	-

Unquantifiable contingent liabilities

Description	Included in the supply estimate	Disclosed in ARA	Variance
Under section 9 of the British Aerospace Act 1980, the government is liable to discharge any outstanding liability of BAE Systems plc which vested in the company on 1 January 1981 in the event of its being wound up other than for the purpose of reconstruction or amalgamation.	Unquantifiable	- This is not disclosed in the ARA as this liability expired in 2020 and was erroneously included within the supply estimates. The original liability was in respect of BAE's pension scheme, and as currently there are no active members of the BAE pension scheme that also were part of it in 1980, this liability is reduced to nil and therefore has expired.	-
Indemnities have been given to bankers of the Insolvency Service against certain liabilities arising in respect of non-transferable "account payee" cheques due to insolvent estates and paid into the Insolvency Service's account.	Unquantifiable	Unquantifiable	-

Description	Included in the supply estimate	Disclosed in ARA	Variance
Horizon 2020 Funding – In July 2018, the UK Government announced an extension of its guarantee of EU-funded projects after the UK has left the EU. The guarantee was originally announced in 2016. The UK left the EU on 31 January 2020 Under the terms of the Withdrawal Agreement, the European Union can exclude UK participation in Horizon 2020 EU-funded grants which involve security related sensitive information. This means that for security related projects under the Horizon, there is a doubt over continued EU funding. The guarantee in relation to Horizon 2020 is unquantifiable due to the European Commission administering and holding the information in relation to the scheme. There are uncertainties around the total amount that may be payable if the settlement were to occur.	Unquantifiable	- This has not been included in the ARA as the liability expired in March 2023 was erroneously included in the supply estimates.	-
A contingent liability exists in relation to ongoing legal cases. The cost is dependent on the outcome of cases which currently cannot be reliably estimated.	Unquantifiable	Unquantifiable	-

Description	Included in the supply estimate	Disclosed in ARA	Variance
Under an agreement with the Financial Reporting Council (FRC), if the amount held in their legal costs fund falls below £1 million in any year, an additional grant will be made to cover legal costs subsequently incurred in that year.	Unquantifiable	Unquantifiable	-
Indemnities have been given to the directors appointed by the core Department to wholly owned subsidiaries. These indemnities are against personal liability following any legal action against the companies.	Unquantifiable	Unquantifiable	-
Indemnities have been provided to the Official Receiver relating to actions undertaken in respect of administration of specified companies.	Unquantifiable	Unquantifiable	-
An indemnity has been provided to the Chair of the Post Office Horizon IT Inquiry in respect of any liabilities he may incur as a result of holding, or having held, this position.	Unquantifiable	Unquantifiable	-

Description	Included in the supply estimate	Disclosed in ARA	Variance
DBT has historically strongly supported Post Office Limited (POL) and the post office network as it provides vital public services to millions of customers across the United Kingdom. Significant funding has already been provided and committed to POL to ensure its policy objectives have been met, including mitigating risks arising from certain legacy claims connected with the Horizon IT system. While working with POL to transition to a self-funded model, DBT intends to continue to develop solutions to support POL in settling its liabilities as they fall due, subject to HMT consent and subject to the application of the Subsidy Control Act 2022, where such liabilities threaten the ability of POL to continue to provide its vital public services. As such there is a possible likelihood that, should unexpected liabilities arise within POL that threatens its ability to function as a going concern, DBT would provide funding to settle some or all of these theoretical liabilities.	Unquantifiable	Unquantifiable, disclosed in note 16	-

Description	Included in the supply estimate	Disclosed in ARA	Variance
Financial Reporting Council funding: A guarantee has been given to the Financial Reporting Council that, if the Council's general voluntary funding from external sources falls sufficiently for the Department to have to consider making legislation to activate the statutory levy under section 17 of the Companies (Audit, Investigations and Community Enterprise) Act 2004, the Department will make such a grant to cover the Council's costs as is sufficient to meet the preconditions in those levy raising powers provided the requisite funding has not been made available through another grant.	Unquantifiable	Unquantifiable	-

Description	Included in the supply estimate	Disclosed in ARA	Variance
Insolvency Service – Legal Cases: Due to the nature of the work undertaken by the Agency, there are a number of ongoing legal cases giving rise to contingent liabilities. The legal cases included as contingent liabilities all relate to possible obligations where the Agency has issued civil and criminal proceedings through the courts, and the outcome is dependent on court rulings and findings. Further details cannot be disclosed, as in accordance with IAS 37 (paragraph 92), the Agency considers that disclosure of values for any contingent liability connected to legal proceedings could seriously prejudice ongoing litigation.	Unquantifiable	Quantifiable	£5,200
Others: There are a number of potential liabilities for the Department in respect of claims from suppliers, employees and third parties which depend on actual or potential proceedings. The timing and amounts of any liabilities are uncertain.	Unquantifiable	Unquantifiable	-

Regularity of expenditure (audited information)

The Department ensures that the concept of regularity is understood and complied with in all its operational activities. It ensures compliance with HMT's Managing Public Money.

COVID-19 loan guarantees

The Department's work on recovering funds due to fraud is provided in the fraud and error section in the performance report. This section provides information on our estimates of fraud and error for the COVID-19 loan schemes.

As a result of the COVID-19 pandemic, the Department entered into loan guarantee agreements with accredited lenders, providing support to businesses under:

- the Bounce Back Loan Scheme
- the Coronavirus Business Interruption Loan Scheme
- the Coronavirus Large Business Interruption Loan Scheme
- the Recovery Loan Scheme

Bounce back loan scheme

Due to the imperative to deliver rapid support to businesses affected by the pandemic, Ministers directed officials to implement a scheme design which would facilitate faster lending. This meant that the Bounce Back Loan Scheme (BBLS) relied on self-certification of eligibility and included changes to usual lender controls. It was expected that there would consequently be a heightened risk of fraudulent borrowing and loans being issued in error. A statistical sampling exercise was undertaken in 2020-21, to provide an estimate of the level of fraud and error in the BBLS.

In 2020-21, a sample of 1,067 loans were examined and placed into differing categories based on the likelihood of fraud. This resulted in a central estimate for the incidence of fraud in the portfolio of 7.5% of facilities, subsequently increased to 8.9% as at 31 March 2023. Following further detailed review during 2023-24 of this sample by lenders and British Business Bank, applying current portfolio information, as at 31 March 2024 the central estimate has been revised to 9.7%. A 95% statistical confidence interval is used to calculate the range of values this estimate could fall within, due to uncertainty introduced by using a sample of loans. The 95% confidence interval is 7.9% to 11.4%.

This estimate acknowledges that the actual rate is likely to be higher and further measurement work would be required to reflect this and to meet Government Counter Fraud Function and Profession (GCFP) measurement standard, which requires that instances of fraud are identified for all risk indicators. As BBLS is a closed scheme and the original scheme design did not enable pre-lending identification of fraud to be identified for all risk indicators, the Department would not be able to fully meet the requirements of GCFP standard without incurring undue cost and effort.

As well as refining the fraud incidence estimate, the Department assessed the information that is available on repayments for the loans identified as probable fraud in the above sample, in order to estimate the losses resulting from estimated fraud incidence. The fraud estimate has been reduced to 70.2% of its value to take into account the potential rate of loss that could occur as a result of those loans identified as probable fraud. This equates to 6.8% lifetime fraud and error rate. The 95% confidence interval around this value, also adjusting for uncertainty of the rate of emergence of loans currently on schedule to repay, is 5.3% to 8.4%.

BBLS fraud loss estimate for loans provided since inception

	31 Mar 2024	31 Mar 2023
Estimate of lifetime fraud and error loss	6.8%	5.9%
Estimate of observed and residual fraud and error loss	£1,941m	£1,743m

The estimated value of loss reported above does not equate to 6.8% of the total value of BBLS loans. This is because the value in the second row is a total of two elements: the estimated outstanding exposure in the loan book to loss from fraud and error; and the observed loss, which is not always 100% of the value of the loan as there can be repayments before default. Not all instances of loss due to fraud and error are likely to have been detected and reported by lenders. Therefore this value does not include any realised loss to fraud which was not detected as fraud. The value of that loss cannot be precisely estimated because the loans that it would include have not been detected. Therefore, the £1,941 million value is an underestimate of “lifetime” loss to fraud.

Significant uncertainties remain around the estimate. It is widely acknowledged that there are additional risk indicators (not included in the sampling exercise which underpins the current estimate) which will increase the estimate of the incidence of fraud and error in the scheme and therefore increase the estimate of losses, as the portfolio matures. Furthermore, lenders are undertaking more in-depth analytics on the non-performing facilities within their loan books which is also likely to result in the identification of additional incidences of suspected fraud and error. The challenge is quantifying these risks in a way that is sufficiently robust and allows the estimate to be updated based on verifiable evidence. Further information in relation to the uncertainties associated with the fraud estimate, as well as the estimated fraud rate for the outstanding loan portfolio are included in note 14.

Eventual losses of public funds due to fraud and error could and are expected to vary from the estimate noted above. The Department will continue to refine its estimate of fraud and error and report on this in future annual reports.

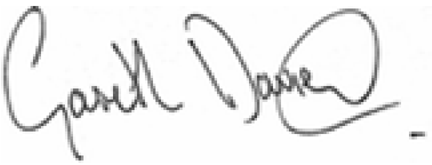
Further details regarding the loan guarantees can be found in these notes to the accounts:

- accounting policies – note 1
- operating expenditure – note 4
- Loan guarantee and loan commitments – note 14

COVID-19 Business Support Grants

The Department's work on recovering funds due to fraud is provided in the fraud and error section in the performance report. This section provides information on our actual amounts paid for the COVID-19 grant schemes during the year based on the claims made by the local authorities.

The COVID-19 business support grants schemes were provided in urgent response to the financial difficulties faced by businesses during the pandemic as a result of both regional and national lockdowns. All schemes have now been closed and no new grant schemes have been implemented during the year. The spend reconciliation exercise carried out by local authorities have concluded in the year. As a result, there was no need for the Department to do any work to estimate the level of irregularity.



Gareth Davies CB

Permanent Secretary and Principal Accounting Officer

20th January 2025

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

Qualified opinion on financial statements

I certify that I have audited the financial statements of the Department for Business and Trade (the Department) and of its Departmental Group for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2023. The financial statements comprise: the Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, except for the possible effects of the matters described in the *Basis for qualified opinion on the financial statements* section below, the financial statements:

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

Qualified opinion on regularity

In my opinion, except for the effects of matters described in the Basis for qualified opinion on regularity section below, in all material respects:

- the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2024 and shows that those totals have not been exceeded; and

- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for qualified opinion on the financial statements

I have been unable to obtain sufficient appropriate evidence that the value of provisions for the Horizon Shortfall Scheme (£672 million) and for the Horizon Conviction Redress Scheme (£699 million) included within Provisions as stated in the Statement of Financial Position for the Department and its Group at 31 March 2024 are free from material misstatement.

While I have not been able to reliably quantify the effect of this matter due to the limitations described, I consider the effect of these issues to be potentially material in terms of the valuation of these liabilities, and the accuracy of related expenditure.

My assessment of the matters giving rise to qualified opinions

Provision Measurement – Horizon Shortfall Scheme	
Matter giving rise to qualification	The Department has recognised a provision of £814m at 31 March 2024 in respect of the commitment to fund Post Office Limited's Horizon Shortfall Scheme (as disclosed in Note 15 to the financial statements). This provision is subject to significant estimation uncertainty as a large proportion is based on an estimate made by Post Office Limited of the number of potential additional claims expected under the Horizon Shortfall Scheme and the value at which those claims will be settled. This follows the re-opening of the Horizon Shortfall Scheme to new applicants and an ongoing mail-out to significant numbers of current and former Postmasters encouraging further claims, including in connection with the availability of Fixed Sum Offers of £75,000 per eligible claim, as described in Note 1.27 to the financial statements (*Judgements, estimates and assumptions*).

Provision Measurement – Horizon Shortfall Scheme	
Scope of my work	The scope of my work included: • sample testing of case input data used within the provision model to ensure that amounts claimed, offers made, and amounts paid were accurately recorded; • evaluating the reliability of the estimates made by the Department of the number of additional claims expected under the Horizon Shortfall Scheme, taking into account the timing and wording of the mail-out, and future expected claimant behaviour; • evaluating the reliability of management estimates of the value at which open and future claims will settle; • assessing the operation and mathematical integrity of the provision model; • evaluating management’s related disclosures.
Why I was unable to obtain sufficient appropriate evidence	Given that the ongoing mail-out to postmasters is currently in its early stages, I have been unable to obtain sufficient appropriate audit evidence in relation to the estimate made by the Department of the number of potential additional claims expected under the Horizon Shortfall Scheme and the value at which those claims will be settled, to support an unmodified opinion. Small and reasonable changes to the assumptions made could lead to highly material changes to the value of the provision.

Provision Measurement – Horizon Conviction Redress Scheme	
Matter giving rise to qualification	On 13 March 2024 the Government introduced legislation to automatically overturn Post Office Horizon-related convictions. At the same time, it was announced that those who have their convictions overturned by the legislation would be eligible for compensation through a new Horizon Conviction Redress Scheme to be managed by the Department for Business and Trade. The Post Office (Horizon System) Offences Bill and Post Office (Horizon System) Offences (Scotland) Bill were subsequently passed in May 2024. The Department has recognised a provision of £768m in respect of the Horizon Conviction Redress Scheme at 31 March 2024 (as disclosed in Note 15 to the financial statements). This provision is subject to significant estimation uncertainty, as described in Note 1.27 to the financial statements (*Judgements, estimates and assumptions*). There is significant uncertainty over the potential number of claimants, the proportion of claimants that will choose the £600,000 Fixed Sum Offer, the value of claims that will be submitted by those expected to request a detailed assessment, and the amount at which these claims will be settled. Management prepared the provision estimate using: • Low/Medium/High cohort size estimates supplied by each national justice authority; and • Internal modelling of Fixed Sum Offer take-up volumes versus Fixed Sum Offer values, prepared in Summer 2023 to inform the value at which the Fixed Sum Offer should be set.

Provision Measurement – Horizon Conviction Redress Scheme	
Scope of my work	The scope of my work included: • vouching estimated cohort size estimates to information supplied by the national justice authorities; • evaluating the reliability of the Department's Summer 2023 internal modelling as a basis for estimating the proportion of claimants who would choose the optional Fixed Sum Offer. • evaluating the reliability of the Department's Summer 2023 internal modelling as a basis for estimating the average value of settlements for claimants expected to submit a full claim for detailed assessment. • assessing the operation and mathematical integrity of the provision model; and • evaluating management's related disclosures.
Why I was unable to obtain sufficient appropriate evidence	As at 3 January 2025, 176 claims had been received, but none of these were full claims through the detailed assessment process. There was therefore an inherent lack of scheme-specific data against which I could evaluate the reasonableness of management's assumptions in respect of the proportion of claimants who would choose the Fixed Sum Offer and the average value of settlements for claimants expected to submit a full claim for detailed assessment. Small and reasonable changes to these assumptions made could lead to highly material changes to the value of the provision. Accordingly, I have been unable to obtain sufficient appropriate audit evidence in relation to the provision estimate made by management, to support an unmodified opinion.

Basis for qualified opinion on regularity

Parliament authorised a Resource Annually Managed Expenditure limit of £1,432m for the Department in 2023-24. Against this limit, the Department incurred an outturn of £1,640m, exceeding the authorised limit by £208m. This excess was due to an increase in the amount it expects to pay to fund payments made by the Post Office under its Horizon Shortfall Scheme. As a result, the Department has exceeded its Resource Annually Managed Expenditure control total, as shown in the Statement of Outturn against Parliamentary Supply, causing an Excess Vote and a qualification of my opinion on regularity.

Basis for opinions

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

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

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

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

Framework of authorities	
Authorising legislation	Government Resources and Accounts Act 2000
Parliamentary authorities	Supply and Appropriations Act
HM Treasury and related authorities	Managing Public Money

Conclusions relating to going concern

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

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

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

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

Overview of my audit approach

Key audit matters

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

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

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the British Shipbuilders Provision, or financial instrument disclosures. Except as it relates to the key audit matters that I have otherwise reported, I have also not included information relating to the work I have performed in response to the presumed risk of management override of controls in the core department or the departmental group, which I identified as a significant risk in accordance with the requirements of ISA (UK) 240 The Auditor's Responsibility Relating to Fraud in an Audit of Financial Statements. For these areas, my work has not identified any matters to report.

The key audit matters were discussed with the Audit and Risk Committee; their report on matters that they considered to be significant to the financial statements is set out on page 106.

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

First year production of the department's financial statements

Description of risk

The Prime Minister announced a Machinery of Government change on 7 February 2023. DBT and its group was formed from the business activities of the former Department for Business, Energy and Industrial Strategy (BEIS) and the former Department for International Trade (DIT). The functions of BEIS were split between DBT, the newly formed Department for Energy Security and Net Zero and the newly formed Department for Science, Innovation and Technology (the successor departments). Due to the timing of the announcement, HM Treasury directed that the departments' 2022–23 accounts should be prepared according to the former arrangements, in line with the Supplementary Estimates process in place during 2022–23. This is therefore the first year of account for the department in its current form.

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

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

- Inaccurate or incomplete data migration as a result of error in the scoping or execution of the mapping exercise;
- A pervasive opportunity for management override of controls due to the significant level of management judgement in the data transfer exercise;

First year production of the department's financial statements

- Misstatement in the cash and supply year end balance, due to balancing adjustments posted in year. These balancing adjustments were required as the former BEIS bank account continued to be used for material transactions during the year, and as legacy balances were settled between the successor departments.

Further, this is the first time the department has produced these accounts, which have a significantly different focus, and a much lower materiality level than the former BEIS accounts. I therefore considered that there was significant risk of:

- Error in opening balances and comparative figures transferred from BEIS;
- Inaccurate or insufficient financial statement disclosures; and
- Error in the group consolidation and elimination processes which were being used by the Department for the first time.

First year production of the department's financial statements	
How the scope of my audit responded to the risk	In relation to the identified risks relating to the first-year production of the Department's financial statements: • I assessed the design and implementation of controls in relation to: – The governance and high-level review of the data transfer exercise; – The posting of manual journals and adjustments; – The recognition of supply drawn down and the presentation of reserves; – Bank reconciliation processes; and – group consolidation and accounting policy alignment. • I reviewed the data transfer process undertaken by management to ensure each step was supported by appropriate evidence and was calculated correctly. I reperformed the mapping exercise from the former BEIS financial reporting systems into the new DBT systems. I performed variance analysis to assess the reasonableness of key assumptions made and evaluated other potential ways of carrying out the exercise using available bases to either support or contradict the approach taken. I reconciled the mapped BEIS ledger to the journals posted into the department. • Throughout my audit, I performed classification testing to ensure that transactions and balances were in the correct department as at 31 March 2024.

First year production of the department's financial statements	
	• I performed a stand back exercise to evaluate whether there was any evidence of management bias or manipulation of results through the data transfer exercise. • I vouched supply received to cash records and tested all non-trivial manual journal adjustments to supply. I reperformed the department's bank reconciliation exercise and tested a sample of reconciling items. I reperformed the derivation of the Statement of Cash Flows. • I reviewed all non-trivial consolidation adjustments and assessed the completeness of consolidation adjustments made. I reviewed the department's accounts to ensure they have appropriately included disclosures which arise from the components that are relevant at a group level. Where material, I have obtained representation from the component auditor to support those disclosures. • I considered the level of assurance over opening balances, given the decrease in materiality since prior year, performing additional procedures as needed.

First year production of the department’s financial statements	
Key observations	As explained in the subsequent section on *Fair Value Measurement of Repayable Launch Investment Assets*, the work I performed on the valuation of these assets at 31 March 2024 indicated misstatement in previously reported valuation of these assets by BEIS. Whilst the identified misstatements were not material to my audit of the BEIS financial statements prepared for the years ended 31 March 2023 or 2022, I do consider them material to the opening balances and prior period comparators recognised in these financial statements. The opening balance of Repayable Launch Investment (RLI) assets for the year ended 31 March 2024, and prior period comparators, were therefore restated (see Notes 10 and 23). In the course of completing this work, I did not identify any other material material misstatements in the restated figures disclosed in these financial statements. Following my analytical procedure, I do not consider there to be any material estimation uncertainty in the comparative figures, aside from cash and reserves as at March 2022, as disclosed in Note 22.

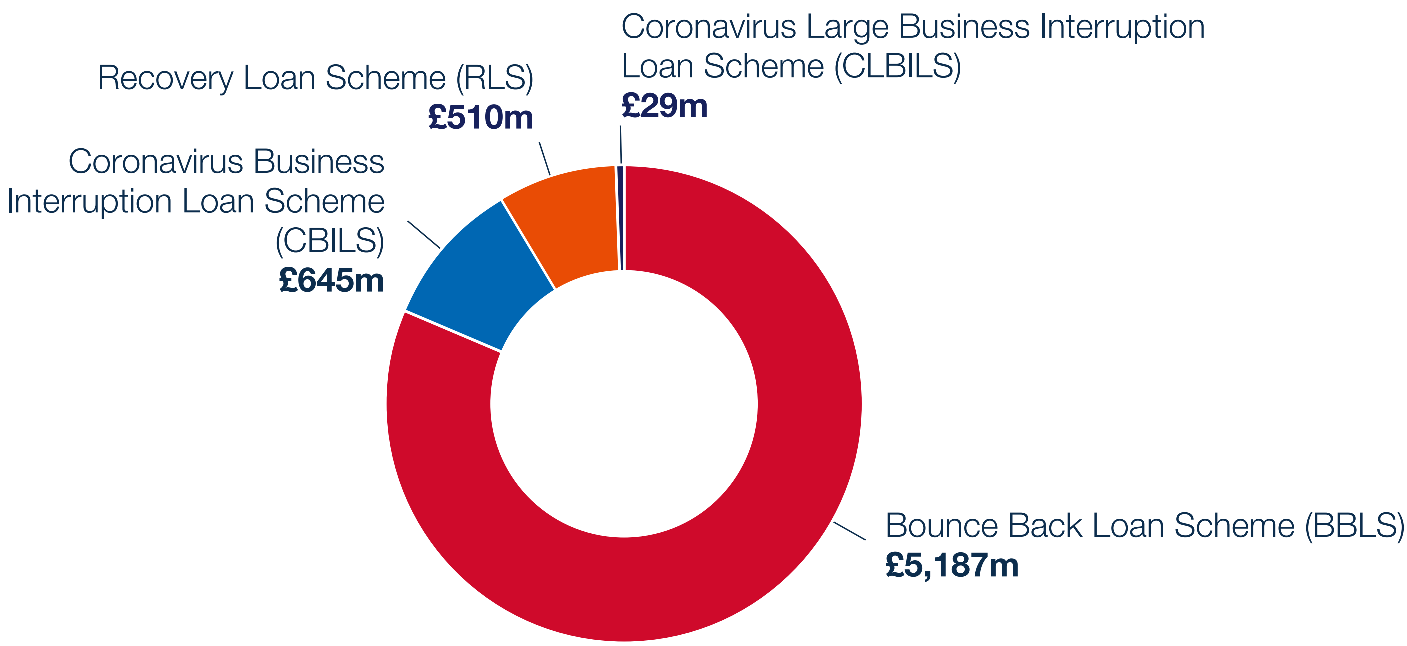
Measurement of COVID 19 guarantees (including related fraud and error)

Refer to Note 14 loan guarantees and loan commitments – financial guarantee liabilities as at 31 March 2024 £6.4 billion (2022-23: £11.3 billion)

Description of risk

The Department's predecessor launched four guarantee schemes; Bounce Back Loans Scheme (BBLS), Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) and Recovery Loan Scheme (RLS) in response to the COVID 19 pandemic. The Department measures the guarantee schemes at the Lifetime Expected Credit Loss (ECL) for each facility.

COVID-19 Financial Guarantee Schemes liabilities as at 31 March 2024 (£m)



The COVID-19 guarantee schemes are material to the financial statements, with BBLS being the largest at £5.2 billion. These schemes are driven by significant estimation judgements by management and its experts. The modelling of ECL on the schemes is complex due to the large number of data inputs and calculations required to forecast the expected credit loss. Lenders keep key data up to date within a lender

Measurement of COVID 19 guarantees (including related fraud and error)	
portal, this forms the core data used in the model. Some of the other inputs into the ECL are driven by macroeconomic assumptions which are inherently difficult to accurately predict. The Department has applied a material Post Model Adjustment (PMA) to the ECL at 31 March 2024 to account for the probability of a no-loss outcome (cure). The Department's predecessor applied a material PMA to the ECL at 31 March 2023 to account for the high inflation environment at that time; the Department has not applied a PMA for high inflation to the ECL at 31 March 2024. When BBLS was introduced, it was subject to an estimated material level of fraud. Management's estimate of the level of fraud is a key, highly judgemental assumption in the model given the inherent challenges associated with identifying cases of fraud and forming an extrapolated estimate.	
How the scope of my audit responded to the risk	I performed the following procedures to address the significant risk in the valuation of the COVID-19 Financial Guarantees ECL and the risk of fraud and error within the schemes: • I updated my understanding of controls and processes of the lender portal, including walkthroughs to assess the effectiveness of controls within the lender portal; • I engaged an external expert to review the model methodology and assumptions underpinning the 4 schemes, the cures PMA and removal of the inflation PMA. I examined their work and concluded it was reliable; • I assessed management's accounting treatment of the COVID-19 Financial Guarantees ECL; • I assessed management's estimate of the fraud rate within BBLS; and • I completed substantive testing on the lender portal to ensure data reconciles with data provided by commercial lenders via lender circularisations.

Measurement of COVID 19 guarantees (including related fraud and error)	
Key observations	The valuation of the COVID-19 Financial Guarantees ECL and the assumptions in relation to fraud and error within the schemes, are appropriately disclosed. I did not identify any material misstatements. However, I draw attention to the disclosures made in notes 1.28 and 14 to the financial statements concerning the measurement of the Department's liability under the Bounce Back Loan guarantee scheme. As described in note 14, the guarantee liability recognised in these financial statements is the present value of the amount that the Department expects to pay to lenders to settle claims made in accordance with scheme rules, which has been measured in accordance with the lifetime expected credit loss requirements of IFRS 9 as adapted by HM Treasury's Government Financial Reporting Manual FReM). As note 14 describes, the measurement of the guarantee liability is highly sensitive to assumptions regarding probability of default, and loss given default, with particular sensitivity to assumptions regarding the rate of fraud (and error occurrence and associated loss. The Department has taken into account all reasonable and supportable information at the reporting date in estimating the guarantee liability recognised in the financial statements, however, as disclosed in note 14, there are a number of additional risk indicators for which the Department is unable to quantify the impact on the liability due to current data limitations. My opinion is not modified in respect of this matter.

Group fair value measurement of investments in funds

Refer to Note 10 Investments and loans in the private sector – Group investment in funds as at 31 March 2024 £3.9 billion (31 March 2023: £3.7 billion)

Description of risk

British Business Bank (BBB) holds a significant volume of investments in funds which are classified and measured at fair value through profit and loss for financial reporting purposes (£3.2 billion at 31 March 2024), and are consolidated into the Departmental Group financial statements. The Departmental Group financial statements also consolidate investments in funds held by Midlands Engine Investments Limited, Northern Powerhouse Investments Limited and Cornwall and the Isles of Scilly Investments Limited (collectively the Regional Funds), all of which are administered by BBB but which do not form part of the BBB group.

The valuation of the investments in funds is derived from the Limited Partnership Agreements where each fund manager is required to provide fund valuations for the underlying fund assets at fair value. Some of these are non-coterminous audited valuations or unaudited fund manager valuations which means there is a risk that the valuations do not comply with guidance or that methods, judgements or assumptions used in determining the fair value of fund assets are not appropriate. Fair value measurement of funds holding significant private equites also typically carry higher levels of estimation uncertainty than funds that invest mainly in debt instruments, and that estimation uncertainty can become even higher in periods of economic uncertainty.

How the scope of my audit responded to the risk	In relation to the risk of material misstatement in the valuation of the investments held in the BBB Group and Regional Funds I have performed the following procedures: • I have evaluated the design and implementation of the controls applied by BBB over the valuation processes for financial assets. This included attendance at key internal meetings where I observed management's review and challenge of valuations provided by fund managers. • I have considered the governance arrangements in place and the process undertaken by management to review and challenge the valuations prior to their inclusion in the accounts. I have performed detailed procedures to enable me to gain assurance from the work of the fund managers. This has included comparison of the most recent audited accounts of the fund against the fund manager valuation report for the same period and consideration of additional evidence where the accounting period of the fund and BBB are not coterminous. I considered the overall competence, capability and objectivity of the fund managers, as well as the scope of their work and its relevance to the accounts and my opinion.
Key observations	Based on the evidence I obtained I found that the quarterly investment valuations provided by fund managers are a reliable basis for estimating the fair value of the BBB groups' investments in funds. In the course of completing my work, I did not identify any material misstatements.

Fair value measurement of Future Fund investments

Refer to Note 10 Investments and loans in the private sector – Future Fund investments as at 31 March 2024: £799 million (2022-23: £851 million)

Description of risk

The Future Fund was launched by the Department's predecessor in May 2020 to provide support companies facing financial difficulties due to the COVID-19 pandemic in the form of convertible loan notes (CLNs). At 31 March 2024, the Department held 155 convertible loan notes (CLNs) and 716 post-conversion equity holdings under the scheme. All scheme assets are classified and held by the Department as fair value through profit and loss financial assets. The post-conversion equity, which has an estimated fair value of £783 million, is material to the financial statements.

The fair value measurement of unlisted equity investments is inherently difficult and can involve the application of significant judgement. The department values converted equity positions using a calibrated Price of Recent Investment (PORI) approach in which an Average Price per share (APPS) is derived from observable market parameters (such as recent funding rounds and conversion events) and then adjusted for market and company specific factors. Whilst some calibration adjustments are applied automatically based on pre-determined parameters, others are based on management judgement and are highly subjective. Calibration adjustments are determined using company specific information that is self-reported by investee companies.

How the scope of my audit responded to the risk	In relation to the risk of material misstatement in the fair value measurement of Future Fund investments, I have performed the following procedures: • I have evaluated the design and implementation or processes and controls relevant to the valuation and disclosure of scheme assets. This includes checks undertaken on the information submitted by investee companies, and quality review of the judgements applied in the valuation of assets. • I engaged an external expert to review the department's approach to valuing its post-conversion equity investments and to assess the reasonableness of valuation inputs and assumptions applied. This included a detailed review of the calibration adjustments applied by the department for a sample of equities. I examined the work performed and am content that it is reliable. • For a sample of converted equity positions, I tested the accuracy of the data used by the department in its valuation.
Key observations	I consider the inputs, assumptions and methods used by the Department to estimate the fair value of its post-conversion equity investments within the Future Fund Scheme to be appropriate. I did not identify any material misstatements.

Fair value measurement of Repayable Launch Investment assets	
Refer to Note 10 Investments and loans in the private sector – Group investment in funds as at 31 March 2024 £3.9 billion (2021-22: £3.7 billion)	
Description of risk	
The Department provides repayable launch investment (RLI) to companies to fund a proportion of the non-recurring eligible design and development capital costs on civil aerospace development products. Each product supported is covered by separate contractual terms and conditions, but all RLI contracts are structured such that the department is entitled to receive future payments, usually a levy based on sales or usage of the product developed. The levy rate varies by contract and can be fixed at outset, revised annually based on forecast volumes of sales, or indexed. The fair value measurement of RLI contracts is therefore inherently complex, requiring assumptions to be made about the volume and timing of future product sales, product usage and future macroeconomic conditions.	
How the scope of my audit responded to the risk	In relation to the risk of material misstatement in the valuation of the Repayable Launch Investments scheme assets I have performed the following procedures: • I have evaluated the design and implementation of the controls applied by the department over the valuation of RLI contracts. This has included review of the internal meeting minutes where valuation inputs and assumptions were discussed. • I have reviewed the valuation method used by management and assessed whether this is appropriate in the context of the department's financial reporting framework.

Fair value measurement of Repayable Launch Investment assets	
	• I reviewed the relevance and reliability of data and assumptions applied by management. I engaged external experts to support my review of significant industry-specific assumptions. I developed my own valuation model and use this to confirm the accuracy of the department's fair value estimate and associated estimation uncertainty disclosures
Key observations	At 31 March 2024 the department was party to several RLI contracts. It initially estimated the total fair value of these contracts to be £313 million. For two of the five contracts held at the reporting date, I identified that the valuation had been performed using an out-of-date industry forecast. Whilst the department had attempted to adjust the aged industry forecast for changes in market conditions and industry sentiment since the date of the aged forecast, the adjusted industry forecast used fell outside of the bounds that I considered reasonable. The Department subsequently obtained a more recent industry forecast and re-ran its valuation of the two relevant contracts using this forecast. This led to the reported fair value of RLI investment assets at 31 March 2024 being increased by £144 million.

Fair value measurement of Repayable Launch Investment assets

The Department also reperformed the valuation of the same two RLI contracts at 31 March 2023 and 31 March 2022 using the most recent industry forecasts available at these times. The department concluded that the previously reported fair value of RLI investments assets at 31 March 2023 of £252m was understated by £181 million (and that the previously reported fair value of RLI investments assets at 31 March 2022 of £462m was understated by £174m). Whilst these amounts were not material to my audit of the BEIS financial statements prepared for the years ended 31 March 2023 or 2022, I do consider them material to the opening balances and prior period comparators recognised in these financial statements. The opening balance of RLI investment assets for the year ended 31 March 2024, and prior period comparators, have therefore been restated (see Notes 10 and 23)

I consider the inputs, assumptions and methods used by the department in its final fair value estimates for the years ended 31 March 2024, 31 March 2023 and 31 March 2022 to be appropriate and I am satisfied that these are accurately reflected in the financial statements.

Provision Measurement – Post Office Limited Overturned Conviction Compensation Scheme

Refer to Note 15 Provisions – Provision for Post Office Limited Overturned Conviction Compensation Scheme as at 31 March 2024: £121 million.

Description of risk

At 31 March 2023 the Department recognised a provision of £319m for its commitment to fund future settlements under Post Office Limited's Overturned Conviction Compensation Scheme (OC). This included estimated future payments to those who had already been successful in having their conviction overturned by the court and an allowance for compensation payable to others who might successfully have their convictions overturned by the court in the future. Following the introduction of the Horizon Conviction Redress Scheme in March 2024 (which will compensate individuals having their convictions overturned by the May 2024 legislation), the OC is now a fixed cohort scheme of 111 individuals.

In September 2023, a £600,000 Fixed Sum Offer was introduced. Those who had previously accepted a lower offer were entitled to a top-up payment, and others had the choice of accepting the Fixed Sum Offer or continuing to pursue a full claim for detailed assessment. There is significant uncertainty attached to the value of future settlements, most so for applicants who have not yet submitted particularised claims for detailed assessment.

Provision Measurement – Post Office Limited Overturned Conviction Compensation Scheme	
How the scope of my audit responded to the risk	In relation to the risk of material misstatement in the Department’s provision for funding Post Office Limited’s Overturned Conviction Compensation Scheme I have performed the following procedures: • I evaluated the design and implementation of controls by the Department over the valuation of the provision. • I tested a sample of case input data used within the provision model to ensure that amounts claimed, offers made, and amounts paid were accurately recorded. • I have evaluated the reasonableness of management’s estimated average settlement value for those who do not accept the Fixed Sum Offer; • I have assessed the reasonableness of management’s judgement that cases prosecuted but not convicted should be provided for; • I have assessed the operation and mathematical integrity of the provision model; and • I have evaluated management’s related disclosures.

Provision Measurement – Post Office Limited Overturned Conviction Compensation Scheme	
Key observations	Management initially estimated the present value of future scheme settlements to be £50million using an estimated average settlement value derived from internal modelling dated Summer 2023 (which had been prepared to inform the value at which the Fixed Sum Offer should be set for those having their conviction overturned by the court or by legislation). In respect of the assumed average settlement value initially applied by management for those not accepting the Fixed Sum Offer, I found that: • Inputs to the department's internal modelling were preliminary case level settlement estimates prepared by the Post Office, and claim and offer values as at July 2023. Management had not updated the Summer 2023 modelling for latest claims, offers or settlement data, or for revised case level estimates prepared by the Post Office. • In preparing their financial statements for the year ended 31 March 2024, the Directors of the Post Office Limited had assumed a higher average settlement value, the impact of which was material to the department's financial statements.

Provision Measurement – Post Office Limited Overturned Conviction Compensation Scheme

- The average value of settlements in the post-year end period was greater than average settlement value that had been assumed by management for future settlements. The Post Office, through engagement with the solicitors acting on behalf of claimants, reasonably expects that those claims which remain under preparation (and which have not yet been submitted) are claims for more complex cases that are likely to be at the higher end of the value scale (relative to claims received and settled to date).

Having reflected on these findings, management chose to adopt the estimated average settlement value used by the Directors of Post Office Limited in the preparation of their financial statements. This led to the reported provision being increased by £51 million. The provision was also separately increased by £19 million for those prosecuted but not convicted who are now eligible to claim under the OC scheme.

I consider the inputs, assumptions and methods used by the department in its final provision estimate for the year ended 31 March 2024 to be appropriate and I am satisfied that these are accurately reflected in the financial statements.

Application of materiality

Materiality

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

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

Materiality for the group financial statements as a whole	£71.9 million
Basis for determining materiality	Approximately 1% Group investment assets of £7,194 million

Rationale for benchmark applied	The Department is responsible for supporting business to create jobs, opportunities and prosperity across the country. Whilst the form of support to business is varied, the making of investments is the most significant financial intervention at the Departmental Group level. This includes the activities of British Business Bank plc in developing and managing finance programmes which enhance the working of financial markets and improve access to finance for smaller businesses. Overall, due to the public interest in these investments as they are a key policy objective of the Departmental Group, I have judged investment assets to be the area of most interest to users of the Group financial statements.
Overall account materiality for the Core Department	£63.7 million
Basis for determining materiality	Approximately 1% of COVID 19 guarantee liabilities of £6,369 million.
Rationale for benchmark applied	The COVID 19 financial guarantee liability is the largest item in the financial statements of the Core Department and is of primary interest to users of the Parent financial statements as the largest and most complex balance being managed by the Department. Its valuation is subject to significant uncertainty.

Additional materiality for the Parent financial statements	I have determined that for all transactions and balances in the parent financial statements other than those directly relating to the estimation of the Core Department's COVID 19 Financial Guarantee Liabilities, misstatements of a lesser amount could influence decisions of users of the financial statements. I have therefore applied a materiality level of £43.5 million to my audit of all transactions and balances in the parent financial statements other than those directly relating to the re-estimation of COVID 19 Financial Guarantee Liabilities.
Basis for determining materiality	Approximately 1% of gross expenditure of £4,353 million
Rationale for benchmark applied	The Core Department's main activities result in grant expenditure in line with their policy objective. I have adjusted the expenditure benchmark to exclude the financial guarantee measurement gains/losses because this line reflects valuation movements sensitive to external market movements.

Performance Materiality

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

Other Materiality Considerations

I made significant revisions to the additional materiality threshold applied in my audit of the Parent financial statements as the audit progressed. At the planning stage of my audit, I determined materiality of £27 million using the Department's mid-year management accounts, which I grossed up for a full year and adjusted for my understanding of specific expenditure items. The Department's expenditure for the full-year was significantly greater than I predicted based on its mid-year accounts.

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

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

Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and risk Committee have decreased net expenditure, and increased net assets by £11.8m.

Audit scope

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

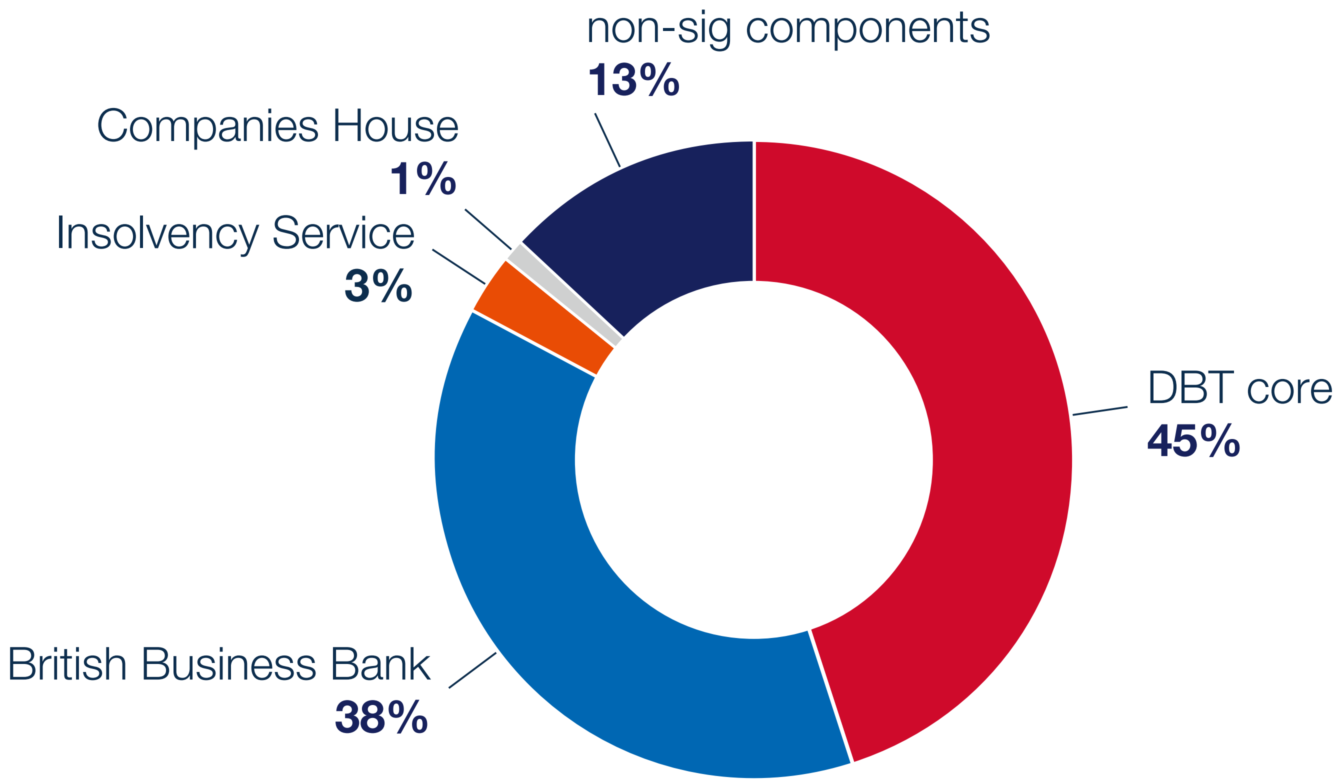
The Department for Business and Trade has total group operating expenditure of £3.4bn, total assets of £11.0bn, and total liabilities of £12.4bn. The group's largest components are the Core Department and the British Business Bank. The Core Department is responsible for the majority of grant spend in 2023-24. It also holds the majority of the group's liabilities, including COVID 19 financial guarantee liabilities and provisions for Post Office compensation schemes. The British Business

Bank, together with the Regional Funds it administers, hold the majority of the group's investment assets. I also considered the Insolvency Service and Companies House to be significant components of the parent financial statements, to ensure sufficient coverage of group's income, expenditure and liabilities.

I have audited the full financial information of the core department as well as the parent and group consolidation. The audits of all significant components were complete at the time of my completion of the group audit. As group auditor I have gained assurance from the auditors of the significant and material components and engaged regularly on group significant risks, such as the valuation of BBB's investment assets.

I covered 98% of the group's gross expenditure, 92% of the group's gross income, 88% of the group's gross assets and 99% of the group's gross liabilities through audit work on significant components, with the remainder covered by analytical procedures performed on non-significant components. Together with my work on consolidation adjustments, this work gave me the evidence I needed for my opinion on the group financial statements as a whole.

Gross assets of individual components of the DBT group (as at 31 March 2024)



Other Information

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

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

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

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

As stated under Basis for qualified opinion on the financial statements, I have been unable to obtain sufficient and appropriate evidence that the provisions recognised by the Department and Departmental Group as at 31 March 2024 for the Horizon Shortfall Scheme and for the Horizon Conviction Redress Scheme are free from material misstatement. Where other information refers to these balances it may be materially misstated for the same reasons.

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 Department and its Group and their environment obtained in the course of the audit, except for the possible effect of the matter described above, under *Basis for qualified opinion on the financial statements*, I have not identified material misstatements in the Performance and Accountability Report.

In respect solely of the limitations in receiving sufficient appropriate evidence as described in that section, I have not received all of the information and explanations I require for my audit.

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

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

Responsibilities of the Accounting Officer for the financial statements

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

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

- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Department and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Department and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipated that the services provided by the Department and its Group will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Department and its Group’s accounting policies, key performance indicators and performance incentives.
- inquired of management, the Department’s head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department and its Group’s policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and its Group’s controls relating to the Department’s compliance with the Government Resources and Accounts Act 2000, Managing Public Money and the Supply and Appropriation (Main Estimates) Act 2023;

- inquired of management, the Department's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and relevant internal and external specialists regarding how and where fraud might occur in the financial statements; and with significant component audit teams on the same matter, as well as regarding any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Department and its Group for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals, complex transactions, bias in management estimates (including the valuation of the Department's liability for loan guarantee schemes, and the Post Office compensation schemes) and manipulating outturn against budgetary control totals to ensure reported outturn was not in excess of voted supply. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department and Group's framework of authority and other legal and regulatory frameworks in which the Department and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Department and its Group. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023, employment law, tax and pensions legislation, the Industrial Development Act 1982, the Coronavirus Act 2020, and the Higher Education and Research Act 2017.

I considered the Department's assessment of the level of fraud and error and the regularity of expenditure in: the COVID 19 support schemes; the Post Office compensation schemes; and the department's grant schemes.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee and 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;
- I reviewed the Department's methodology and processes, and verified the data used and the appropriateness of assumptions and judgements applied for material estimates presented within the Annual Report and Accounts, including those described in my key audit matters above;
- I confirmed that relevant approvals required under Managing Public Money have been obtained by management, and that the disclosures required by Managing Public Money are complete and have been appropriately included within the financial statements; and

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

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

Other auditor's responsibilities

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

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

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

Gareth Davies

Comptroller and Auditor General

21st January 2025

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

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

Introduction

1. The Department for Business and Trade (the Department) is responsible for supporting business to create jobs, opportunities and prosperity across the country. The Secretary of State is the sole shareholder in Post Office Limited, whose principal objective is to provide retail post office services through a national network of branches. Post Office Limited has undertaken to make payments to individuals (postmasters and former postmasters) in four schemes to compensate

   (i) those who had been wrongly convicted of fraud, theft and false accounting, later overturned by the court (compensation for Overturned Convictions (OC)),

   (ii) those who were affected by financial discrepancies related to previous versions of Post Office's Horizon IT system (the Horizon Shortfall Scheme (HSS)),

   (iii) postmasters who were not previously paid during a period of suspension (Suspension Remuneration Review (SRR)); and

   (iv) those who were impacted by operational and policy issues separate to the Horizon schemes (Post Office Process Review compensation (PPR)).

As the sole shareholder in Post Office Limited, the Secretary of State has undertaken to provide funding to Post Office Limited to support compensation payments for approved claims under the schemes to the extent that the company is unable to fund them without adverse impact on its services to the public.

The Department is also separately responsible for delivering schemes to:

(v) provide additional compensation for members of the group litigation Alan Bates and other v Post Office Limited given the extent to which court-awarded compensation was consumed by the claimants' legal costs (Group Litigation Order (GLO) Scheme); and to

(vi) compensate individuals who had their convictions overturned by the Post Office (Horizon System) Offences Bill and equivalent Scottish legislation (Horizon Conviction Redress Scheme (HCRS)).

2. This Report sets out why I have limited the scope of my audit opinion over the values of provisions recognised by the Department and Departmental Group for the Horizon Shortfall Scheme and Horizon Conviction Redress Scheme. It also explains why I have qualified my regularity opinion due to a breach by the Department of Cabinet Office spend controls.

Provision for Horizon Shortfall Scheme

3. Between its launch on 1 May 2020 and its closure to new applicants in March 2021, the Post Office received 2,417 eligible scheme applications under the HSS. In October 2022 the government announced that additional funding would be provided so that eligible claimants could receive financial redress and the scheme re-opened for applications. Then on 13 March 2024 the government announced that a £75,000 Fixed Sum Award would be available as a voluntary option to individuals in the scheme. Under the revised scheme rules:

    - individuals can choose to accept the Fixed Sum Award and bypass the full assessment process, or opt for full assessment by an independent advisory panel; and
    - those who had previously settled their claims for less than the Fixed Sum Award would have their redress topped up to £75,000.

4. The Post Office is in the process of writing to current and former postmasters who have not yet applied to the scheme to invite them to apply if they wish to but haven't yet done so, as there will be a closing date for the scheme in the future. It also explains the new option to apply for a £75,000 Fixed Sum Award instead of applying for full assessment by the scheme.

5. The Post Office has advised the Department that it anticipates a response rate of approximately 25% - 30% to the ongoing mass mail out, and that it

expects the majority of new claimants will accept the Fixed Sum Offer. However, due to the early stage of the process, with limited data on which to base this estimate, the eventual outcome could vary significantly from these assumptions.

6. Whilst I consider it reasonable that the Department has prepared its provision using claim volume and value estimates prepared by the Post Office, given that the mail-out to postmasters is currently in its early stages, I have been unable to obtain sufficient appropriate audit evidence of the number of potential additional claims expected under the Horizon Shortfall Scheme and the value at which those claims will be settled, to support an unmodified opinion. Small and reasonable changes to the assumptions made could lead to highly material changes to the value of the provision.
7. I expect that the current mail-out will have completed, and that there will have been a sufficiently long response period, in advance of the preparation of the Department's financial statements for the year ended 31 March 2025 such that it should not be necessary for me to limit the scope of my opinion on the Department's HSS provision estimate in future years.

Provision for the Horizon Conviction Redress Scheme

8. On 13 March 2024 the government introduced legislation to automatically overturn Horizon-related convictions. At the same time, it was announced that those who have their convictions overturned by the

legislation would be eligible for compensation through a new Horizon Conviction Redress Scheme to be managed by the Department for Business and Trade. The Post Office (Horizon System) Offences Bill and Post Office (Horizon System) Offences (Scotland) Bill were subsequently passed in May 2024.

9. As at 3 January 2025, 176 claims had been received for the scheme, but none of these were full claims through the detailed assessment process. There was therefore an inherent lack of scheme-specific data against which I could evaluate the reasonableness of management's assumptions in respect of the proportion of claimants who would choose the Fixed Sum Offer and the average value of settlements for claimants expected to submit a full claim for detailed assessment.

10. The Department has assumed that the proportion of applicants that choose to accept the Fixed Sum Offer (rather than submit a full claim for detailed assessment) will be similar to the observed Fixed Sum Offer take up rate observed for those who had their convictions overturned by the court and are being compensated through the Overturned Conviction scheme. There is insufficient evidence that the Overturned Conviction scheme is a reasonable proxy, and therefore I have been unable to obtain sufficient and appropriate audit evidence to support the assumption, and an unmodified opinion.

11. The estimated average settlement value applied by the Department for those choosing not to accept the HCRS Fixed Sum Award is significantly lower than its equivalent estimate for those who had their convictions overturned by the court and are being compensated through the Overturned Conviction scheme. Whilst it is not unreasonable to assume that average claim and settlement values will differ between the two schemes, I have been unable to obtain sufficient and appropriate evidence to support the assumption, and an unmodified opinion.

12. I anticipate that as time elapses and applicants progress through the multi-stage claim process, submitting detailed claims were relevant, I should not need to limit the scope of my opinion on the Department's HCRS provision estimates.

Control total breach – Excess Vote

13. The net expenditure of government departments is authorised by the annual Supply and Appropriations Acts of Parliament and their associated Supply Estimates. These Acts sets a series of expenditure limits on each department's spending, and a net cash requirement. Expenditure beyond any of these limits is considered a breach of control total and results in an 'Excess Vote'. Such expenditure normally undermines parliamentary control over public spending. Where these limits are breached, I qualify my regularity opinion on the financial statements.

14. The outturn against Resource Annually Management Expenditure Budget was £1,640m but parliament had authorised a Resource Annually Managed Expenditure Budget of £1,432m for the Department in 2023-24. This means that the authorised limit was breached by £208m.
15. I note that announcements made by the government on 13 March 2024 have had a significant impact on estimated future scheme settlements, and that these announcements post-date the Supplementary Supply Estimates for 2023-24.

Gareth Davies

Comptroller and Auditor General

21st January 2025

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

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

	Note	2023-24 Core dept and agencies £m	2023-24 Group £m	2022-23 Core dept and agencies (restated) £m	2022-23 Group (restated) £m
Loan interest	6	(36)	(204)	(28)	(183)
Other income	6	(534)	(616)	(547)	(623)
Income from operating activities		**(570)**	**(820)**	**(575)**	**(806)**
Staff costs	3	657	824	591	745
Grants and subsidies	4.1	1,202	1,107	591	499
Provisions expense (provisions)	4.2	1,301	1,301	41	44
Provisions expense (loan guarantees)	4.2	(1,224)	(1,224)	1,250	1,250
Provisions expense (other)	4.2	-	20	5	22

	Note	2023-24 Core dept and agencies £m	2023-24 Group £m	2022-23 Core dept and agencies (restated) £m	2022-23 Group (restated) £m
Net remeasurement of financial assets not held at fair value	4.3	27	70	20	57
Net remeasurement of financial assets at fair value	4.3	20	123	139	340
Other depreciation, impairment and revaluation expense	4.3	44	53	38	44
Other operating expenditure	4.4	1,102	1,143	934	950
Total operating expenditure		**3,129**	**3,417**	**3,609**	**3,951**
Finance expenditure	5	23	96	4	29
Net expenditure		**2,582**	**2,693**	**3,038**	**3,174**
Other comprehensive net expenditure					
Items which will not be reclassified to net operating expenditure:					
Net (gain) / loss on revaluation of intangible assets	8	(3)	(3)	(1)	(1)
Items which may be reclassified subsequently to net operating expenditure					
Net movement on Redundancy Payments Service debtors	11	-	-	(7)	(7)
Comprehensive net expenditure for the year		**2,579**	**2,690**	**3,030**	**3,166**

‘Core department and agencies’ comprise: the core department, Companies House and Insolvency Service. ‘Departmental group’ comprise: the core department and agencies and the bodies listed within note 20 ‘Entities within the Departmental boundary’.

All operations are continuing.

Further analysis of staff costs can be found in the staff note in the accountability report on page 140.

The notes on pages 298 to 497 form part of these accounts.

The prior year figures have been restated due to the Machinery of Government announced on 7 February 2023. See note 23 for additional details on the restatements.

Consolidated Statement of Financial Position

As at 31 March 2024

		31 March 2024		31 March 2023		1 April 2022	
	Note	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m	Core dept and agencies (restated) £m	Group (restated) £m
Non-current assets							
Property, plant and equipment	7	146	164	156	179	202	231
Intangible assets	8	86	87	74	76	67	67
Investments and loans in the public sector	9	4,321	38	3,704	55	3,284	55
Investments and loans in the private sector	10	1,358	6,364	1,378	6,048	1,541	6,075
Trade and other receivables	11	80	81	73	74	65	66
Total non-current assets		**5,991**	**6,734**	**5,385**	**6,432**	**5,159**	**6,494**
Current assets							
Investments and loans in the public sector	9	748	748	522	522	482	482
Investments and loans in the private sector	10	44	44	42	42	263	263

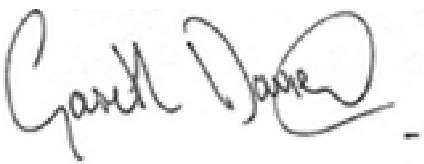
		31 March 2024		31 March 2023		1 April 2022	
	Note	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m	Core dept and agencies (restated) £m	Group (restated) £m
Trade and other receivables	11	506	522	598	562	2,221	2,228
Cash and cash equivalents	12	2,519	2,932	834	1,214	990	1,290
Total current assets		**3,817**	**4,246**	**1,996**	**2,340**	**3,956**	**4,263**
Total assets		**9,808**	**10,980**	**7,381**	**8,772**	**9,115**	**10,757**
Current liabilities							
Trade and other payables	13	(3,448)	(3,508)	(1,198)	(1,249)	(1,923)	(2,055)
Loan guarantees and Loan commitments	14	(6,376)	(6,431)	(11,296)	(11,335)	(15,837)	(15,876)
Provisions	15	(881)	(882)	(250)	(250)	(66)	(66)
Total current liabilities		**(10,705)**	**(10,821)**	**(12,744)**	**(12,834)**	**(17,826)**	**(17,997)**
Total assets less current liabilities		**(897)**	**159**	**(5,363)**	**(4,062)**	**(8,711)**	**(7,240)**
Non-current liabilities							
Trade and other payables	13	(114)	(176)	(113)	(226)	(146)	(271)
Deferred tax liability	13	-	(134)	-	(160)	-	(198)
Loan guarantees and Loan commitments	14	-	(174)	-	(171)	-	(154)
Provisions	15	(925)	(927)	(449)	(451)	(636)	(639)
Total non-current liabilities		**(1,039)**	**(1,411)**	**(562)**	**(1,008)**	**(782)**	**(1,262)**
Total assets less total liabilities		**(1,936)**	**(1,252)**	**(5,925)**	**(5,070)**	**(9,493)**	**(8,502)**
Taxpayers' equity and other reserves							

	Note	31 March 2024		31 March 2023		1 April 2022	
		Core dept and agencies	Group	Core dept and agencies (restated)	Group (restated)	Core dept and agencies (restated)	Group (restated)
		£m	£m	£m	£m	£m	£m
General fund		(1,813)	(1,129)	(5,801)	(4,946)	(9,369)	(8,378)
Revaluation reserve		(123)	(123)	(124)	(124)	(124)	(124)
Total equity		**(1,936)**	**(1,252)**	**(5,925)**	**(5,070)**	**(9,493)**	**(8,502)**

'Core department and agencies' comprise: the core department, Companies House and Insolvency Service. 'Departmental group' comprise: the core department and agencies and the bodies listed within note 20 'Entities within the Departmental boundary'.

The notes on pages 298 to 497 form part of these accounts.

The prior year figures have been restated due to the Machinery of Government announced on 7 February 2023. See note 23 for additional details on the restatements.



Gareth Davies CB

Permanent Secretary and Accounting Officer

20th January 2025

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Note	2023-24 Core dept and agencies £m	2023-24 Group £m	2022-23 Core dept and agencies (restated) £m	2022-23 Group (restated) £m
Cash flows from operating activities					
Net expenditure		(2,582)	(2,693)	(3,038)	(3,174)
Adjustments for non-cash transactions		182	(60)	1,303	1,036
Asset depreciation and revaluation charges	4.3	91	246	197	441
(Increase) / decrease in trade and other receivables	11	85	33	1,615	1,658
Increase / (decrease) in trade and other payables	13	2,101	2,059	(758)	(851)
Movements in payables relating to items not passing through SoCNE		(1,718)	(1,773)	147	153
Increase / (decrease) in deferred tax liability	13	-	(26)	-	(38)
Cash outflow on provision settlement	15	(64)	(65)	(52)	(52)
Cash outflow on loan guarantee claims	14	(3,822)	(3,822)	(5,810)	(5,810)
Cash receipts from the National Insurance Fund (RPS)	4.4	465	465	268	268
Cash receipts relating to dividend and interest income		36	189	26	172
Purchase of financial assets		(941)	(1,238)	(736)	(1,040)

		2023-24		2022-23	
	Note	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Realisation of financial assets		70	625	499	991
Net cash outflows from operating activities		**(6,097)**	**(6,060)**	**(6,339)**	**(6,246)**
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(8)	(9)	(4)	(5)
Disposal of property, plant and equipment	7	3	3	1	1
Purchase of intangible assets	8	(23)	(22)	(17)	(22)
Disposal of intangible assets	8	-	-	-	-
Net cash outflows from investing activities		**(28)**	**(28)**	**(20)**	**(26)**
Cash flows from financing activities					
Financing from the Consolidated Fund (supply)		7,889	7,889	6,152	6,152
Advance from the Contingencies Fund		3,663	3,663	-	-
Repayment to the Contingencies Fund		(3,663)	(3,663)	-	-
Repayment of lease liabilities		(14)	(18)	(15)	(22)
Net financing		**7,875**	**7,871**	**6,137**	**6,130**
Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**1,750**	**1,783**	**(222)**	**(142)**
Receipts payable to the Consolidated Fund		134	134	66	66
Payment of amounts due to the Consolidated Fund		(199)	(199)	-	-

	Note	2023-24 Core dept and agencies £m	2023-24 Group £m	2022-23 Core dept and agencies (restated) £m	2022-23 Group (restated) £m
Net increase / (decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**1,685**	**1,718**	**(156)**	**(76)**
Cash and cash equivalents at the beginning of the period		834	1,214	990	1,290
Cash and cash equivalents at the end of the period		2,519	2,932	834	1,214

The notes on pages 298 to 497 form part of these accounts.

The prior year figures have been restated due to the Machinery of Government announced on 7 February 2023. See note 23 for additional details on the restatements.

Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2024

		Core dept and agencies			Group		
	Note	General Fund £m	Revaluation reserve £m	Total £m	General Fund £m	Revaluation reserve £m	Total £m
Balance as at 1 April 2022 (restated)		(9,369)	(124)	(9,493)	(8,378)	(124)	(8,502)
Net Parliamentary funding – deemed		939	-	939	939	-	939
Net Parliamentary funding – cash drawn down		6,152	-	6,152	6,152	-	6,152
Net Parliamentary funding – surplus cash repayable		(696)	-	(696)	(696)	-	(696)
CFERs payable to the Consolidated Fund		(66)	-	(66)	(66)	-	(66)
Expenditure funded by the National Insurance Fund		268	-	268	268	-	268
Comprehensive net expenditure for the year		(3,031)	1	(3,030)	(3,167)	1	(3,166)
Notional charge – auditors' remuneration		1	-	1	1	-	1
Transfers between reserves		1	(1)	-	1	(1)	-

		Core dept and agencies			Group		
	Note	General Fund £m	Revaluation reserve £m	Total £m	General Fund £m	Revaluation reserve £m	Total £m
Balance as at 31 March 2023 (restated)		**(5,801)**	**(124)**	**(5,925)**	**(4,946)**	**(124)**	**(5,070)**
Net Parliamentary funding - deemed		696	-	696	696	-	696
Net Parliamentary funding – cash drawn down		7,889	-	7,889	7,889	-	7,889
Net Parliamentary funding – surplus cash repayable		(2,446)	-	(2,446)	(2,446)	-	(2,446)
CFERs payable to the Consolidated Fund		(37)	-	(37)	(97)	-	(97)
Expenditure funded by the National Insurance Fund		465	-	465	465	-	465
Comprehensive net expenditure for the year		(2,582)	3	(2,579)	(2,693)	3	(2,690)
Notional charge – auditors' remuneration		1	-	1	1	-	1
Transfers between reserves		2	(2)	-	2	(2)	-
Balance as at 31 March 2024		**(1,813)**	**(123)**	**(1,936)**	**(1,129)**	**(123)**	**(1,252)**

The notes on pages 298 to 497 form part of these accounts.

The prior year figures have been restated due to the Machinery of Government announced on 7 February 2023. See note 23 for additional details on the restatements

Notes to the Accounts

1. Accounting policies, judgements and estimates

1.1 Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the HMT 2023-24 Government Financial Reporting Manual (FReM) and as set out in the Accounts Direction to the Department pursuant to section 5(2) of the Government Resources and Accounts Act 2000. Where the FReM permits a choice of accounting policy, the policy selected is that judged to be most appropriate to the particular circumstances of the core Department and its consolidated entities (the Departmental group) for the purpose of giving a true and fair view. The policies adopted by the Departmental group are described below; they have been applied consistently to items considered material to the financial statements.

The Department for Business and Trade (DBT) (the core Department) was created on 7 February 2023 comprising all of the former Department for International Trade (DIT) and some responsibilities of the former Department for

Business, Energy and Industrial Strategy (BEIS) to bring business and trade together into a single department. The creation of DBT is accounted for as a transfer by merger and the Group accounts reflect the new department's results as if its responsibilities had always been combined. The results and cash flows in these financial statements relate to activities undertaken by the new department from 1 April 2023 to 31 March 2024, adjusted to achieve uniformity of accounting policies. Prior year balances have been restated to aid comparability with the current financial year. The historic carrying values of assets and liabilities have not been adjusted to fair value. See note 23 for further detail on the restatements due to the machinery of government change.

1.2 Going concern

In common with other government departments, the financing of the Group's future service provision and liabilities are to be met by future grants of Supply and the application of future income, approved annually by Parliament. There is no reason to believe the resources required to settle the Department's liabilities will not be forthcoming. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.3 Accounting convention

These financial statements have been prepared on an accruals basis under the historical cost convention, modified to measure property, plant and equipment, intangible assets and financial instruments at fair value as determined by the relevant accounting standards as interpreted and adapted by the FReM. Shares in consolidated bodies held by the core Department are carried at historical cost less any impairment.

1.4 Presentational currency

The financial statements are presented in pounds sterling, the functional currency of the Departmental group. Transactions denominated in other currencies are translated into sterling at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated at the rates prevailing at the reporting date. Values are rounded to the nearest million pounds (£m) unless the FReM requires a lower threshold.

1.5 Basis of consolidation

The group's financial statements consolidate the balances of the core department and bodies designated for consolidation as listed in note 20, excluding transactions and balances between them.

The consolidated bodies prepare accounts in accordance with either the FReM, or the Companies Act 2006 (for limited companies). For those bodies that do not prepare accounts in accordance with the FReM, adjustments are made upon consolidation if necessary where differences would have a significant effect on the accounts.

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

1.6 Changes in accounting policies

There have been two changes in accounting policies compared to those in the 2022-23 accounts of the former core departments and groups:

1) the capitalisation threshold for non-current tangible and intangible assets for the new core department has been set at £10,000 (compared to £3,000 in the former DIT). The retrospective application of this accounting policy did not have a material impact on amounts previously recognised, therefore these have not been restated;

2) Secondly, there has been a change in how DBT accounts for loan guarantees recoveries, which had previously been recognised on a cash basis, but will now be recognised under the accruals basis of accounting. This change has been applied retrospectively with prior periods restated as disclosed in Notes 14 and 23.

There have been no other changes in accounting policies compared to those in the 2022-23 accounts of the former core departments and groups.

1.7 New accounting standards adopted in the year and FReM changes

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

1.8 Applicable accounting standards issued but not yet adopted

IFRS 17 ‘Insurance Contracts’

IFRS 17 ‘Insurance Contracts’ replaces IFRS 4 ‘Insurance Contracts’, which requires reporters to identify insurance contracts and, for those contracts, recognise an insurance contract liability. The insurance contract liability is calculated as the present value of future insurance cashflows (the fulfilment cash flows) plus a subsequent risk adjustment. The new standard is generally effective from 1 January 2023 but is expected to be adopted in the UK public sector from 1 April 2025. The Departmental group has not yet concluded an assessment of the impact of the new standard.

1.9 Operating income

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

Revenue from contracts with customers

The Group recognises income in accordance with IFRS 15 ‘Revenue from contracts with customers’. Income is measured at the fair value of the consideration received or receivable amount and is recognised in the Statement of Comprehensive Net Expenditure following the performance of contractual obligations, where amounts can be reliably measured and it is probable that economic benefits will flow to the Group.

Where consideration is received prior to the transfer of goods and services, the amounts are recorded as contract liabilities. Where goods or services have been transferred to a customer but the right to the associated consideration is conditional on something other than the passage of time, the amount is recorded as a contract asset. An unconditional right to consideration is reported as a receivable. Standard payment terms apply to the majority of contracts with non variable payments due in 30-60 days.

Grant income

Government grant income is recognised in line with IAS 20 ‘Accounting for Government Grants and Disclosure of Government Assistance’ when there is reasonable assurance that a) the Departmental group will comply with any associated conditions and b) the grant will be received. The Group acts as the principal in awarding funding from the European Structural Investment Fund (ESIF) and the European Regional Development Fund (ERDF). The Group bears the risks and rewards associated with awarding grant funding onto grant applicants for these schemes. Therefore, in line with IAS 20 income from these funds has been recognised as income.

1.10 Grants payable

Grants payable are recognised when the grant recipient has performed the activity that creates an entitlement to the grant under the terms of the scheme and include estimates for claims not yet received. Where an intermediary acts as agent in distributing grant on behalf of the Department, grants payable are recognised when the grant recipient becomes entitled to the grant.

1.11 Grant-in-aid and intra group transactions

The Core Department processes cash expenditure payments and receipts on behalf of the Trade Remedies Authority (TRA). Consequently, notional grant-in-aid is recorded in the Core Department’s SoCNE at an amount equal to the expenditure and liabilities incurred on the TRA’s behalf. This transaction is eliminated within the Group.

The Core Department also supplies services to the TRA under several Memorandum of Understanding (MoU). The intra-group revenues and costs arising from the service provision under these MoUs are eliminated on consolidation.

1.12 Staff costs

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

1.13 Taxation

The core department and its agencies are not liable for corporation tax by way of Crown exemption. Some consolidated bodies are subject to corporation tax on taxable profits. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to HM Revenue and Customs, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

Value added tax (VAT) is accounted for in the accounts, in that amounts are shown net of VAT except for irrecoverable VAT which is aggregated with the cost of purchased items. Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all tax-deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available in future years against which they can be utilised.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits in future years will be available against which deductible temporary differences can be utilised.

Value Added Tax (VAT)

The net amount due from His Majesty's Revenue and Customs in respect of VAT is included within receivables in the Statement of Financial Position.

Income and expenditure are shown net of VAT where output tax is charged, or input tax is recoverable.

Irrecoverable VAT is charged to the SoCNE and included under the relevant expenditure category. Irrecoverable VAT on the purchase of an asset is included in additions.

1.14 Cash and cash equivalents

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

1.15 Property, plant, and equipment (PPE)

The cost of a tangible item is recognised as a property, plant and equipment asset if:

a. it is expected to be used during more than one reporting period,
b. it is probable that future economic benefits associated with the item will flow to the Group,
c. the cost of the item can be measured reliably and
d. the value of the asset at initial recognition, on an individual or asset pool basis, exceeds a threshold which ranges from £500 to £10,000 across the Departmental group.

Subsequently, PPE is carried at fair value except for assets under construction which are held at cost less impairment. Assets that have short useful lives or are of low value are carried at depreciated historical cost less impairment as a proxy for fair value. Non-specialist land

and buildings are measured at current value in existing use using professional valuations. Specialist land and buildings are measured at depreciated replacement cost which represents the present value of the asset's remaining service potential.

Depreciation of PPE

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

PPE	Estimated useful life
Freehold buildings	10 – 60 years
Leasehold improvements	10 – 25 years or shorter of remaining useful life or outstanding term of lease
Computer equipment	3 – 5 years
Plant and machinery	3 – 5 years
Office machinery (included in plant and machinery), furniture, fixtures and fittings	2 – 11 years

1.16 Intangible non-current assets

An identifiable non-monetary asset without physical substance is capitalised under IAS 38 ‘Intangible assets’ if:

a. it is expected to be used during more than one reporting period,
b. it is probable that the expected future economic benefits attributable to the item will flow to the Group,
c. the cost of the item can be measured reliably and
d. the value of the asset at initial recognition, on an individual or asset pool basis, exceeds a threshold which ranges from £500 to £10,000 across the Departmental group.

There are no active markets for the majority of the Group’s intangible non-current assets which are valued at the lower of amortised replacement cost and value in use. Intangible non-current assets are revalued annually at the beginning of each financial year with reference to appropriate indices, in accordance with the FReM.

Revaluation gains are recognised through Other Comprehensive Expenditure and credited to the Revaluation Reserve. A portion of the Revaluation Reserve balance is transferred annually to the General Fund to cover additional amortisation recognised within the SoCNE due to revaluation.

Amortisation of intangible non-current assets

Amortisation of intangible assets is charged to the SoCNE on a straight-line basis when the assets are available for use. This allocates the carrying amounts of the intangible assets over their estimated useful economic lives.

They are amortised on a straight-line basis over the following periods:

Software licences	3 – 10 years
Internally developed software	Up to 10 years
Website development costs	2 – 5 years

1.17 Impairment of PPE and Intangible non-current assets

The Department reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset (the higher of fair value less costs to sell and value in use) is estimated to determine the extent of any impairment loss. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

1.18 Leases

Recognition and measurement

Where a contract is, or contains, a lease of an identifiable and tangible underlying asset, the right to use that asset over the term of the lease is capitalised (as a 'right-of-use asset') together with a liability (the 'lease liability') for the payments to be made in exchange for that right. The definition of a 'lease' in the applicable standard (IFRS 16 'Leases') as a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration has been expanded by the FReM to include agreements between central Government entities that are not legally enforceable and those with low or nil consideration ('peppercorn' leases).

As mandated by the FReM, leases are not capitalised where:

- the underlying asset, when new, had a value of less than £10,000 or
- the lease term is 12 months or less.

Measurement of right-of-use assets

Initial recognition

Measurement of the right-of-use asset at initial recognition is at cost, which comprises:

- The amount of the initial measurement of the lease liability.

- Any lease payments made at or before the lease commencement date less any lease incentives received.
- Any initial direct costs.
- An estimate of restoration costs that will be incurred at the end of the lease term.

Subsequent measurement

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

- The lease term is long and the contract does not include provision for updates for market conditions (rent reviews) or there is a long period of time between those updates.
- The valuation of the underlying asset is likely to fluctuate significantly due to changes in market prices.

Depreciation of right-of-use assets

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

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

Impairment of right-of-use assets

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

Measurement of lease liabilities

Initial measurement

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

- The interest rate implicit in the lease,
- HMT discount rate where interest rates implicit in the lease cannot be readily determined, or
- Another discount rate where the Departmental group determines it more accurately represents the interest rate.

The weighted average discount rate applied to the lease liabilities is 4.12%. The majority of the Departmental group has applied the HMT discount rate prevailing at the time of adoption (1.99% from 1 April 2019 to 31 December 2019, 1.27% from 1 January 2020 to 31 December 2020, 0.91% from 1 January 2021 to 31 December 2021,0.95% for leases that commence or are remeasured between 1 January 2022 to 31 December 2022, and 3.51% for leases that commence or are remeasured between 1 January 2023 to 31 December 2023, and 4.72% from 1 January 2024 to 31 March 2024).

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

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

1.19 Financial instruments

Financial assets and financial liabilities are recognised in the SoFP when the Department becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are measured initially at fair value plus transaction costs unless measured at fair value through profit or loss in which case transaction costs are charged to Net expenditure for the year. Fair value is determined by reference to quoted prices where an active market exists for the instrument; otherwise, it is determined using generally accepted valuation techniques including discounted estimated cash flows. Whilst the best evidence of fair value at initial recognition is normally transaction price, this may not be the case where the Departmental group enters arrangements to achieve policy objectives. An assessment is made at initial recognition as to whether transaction price is indicative of the fair value of the instrument or whether fair value needs to be otherwise estimated. Where the fair value of an instrument differs from transaction price at initial recognition, it is determined using generally accepted valuation techniques, including discounted estimated cash flows. If Level 3 inputs are used in the valuation, the difference between transaction price and fair value is deferred. A true and fair override is applied to the initial recognition for Start Up Loans which are offered at a below market rate to improve the availability of finance to start ups. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using settlement date accounting. Further information is given in note 1.20 and note 1.27.

The Department and its consolidated bodies enter into financial instrument contracts in furtherance of policy objectives rather than specifically to generate future income and cash flows and these contracts are treated as part of operating activities and not investing activities.

Financial assets

Classification and measurement of financial asset

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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

- Loans and other debt instruments are classified as either amortised cost, FVTOCI (fair value through other comprehensive income) or FVTPL (fair value through profit or loss), dependent on the business model and cash flow characteristics of the financial assets.
- Investments in equity instruments are classified as FVTPL, unless an irrevocable election is made on initial recognition to recognise subsequent changes in fair value in Other Comprehensive Income (OCI) – the election is only available to equity instruments that are not held for trading.

Categories of financial asset

Financial assets are categorised as one of the following:

- Amortised cost are financial assets whose contractual cash flows are solely payments of principal and interest and the objective of the business model is to hold financial assets to collect contractual cash flows only. They are initially recognised at fair value and thereafter at amortised cost using the effective interest method less any impairment – the effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

- Fair Value Through Other Comprehensive Income (FVTOCI) are either:
  - Debt instruments whose cash flows are solely payments of principal and interest and the business model of which is to hold for both collecting contractual cash flows and selling.
  - Equity instruments that are neither held for trading nor contingent consideration recognised in a business combination, as the Departmental group has made an irrevocable election at initial recognition.

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

- All financial assets which do not meet the criteria for classification to be recognised and measured at amortised cost and FVTOCI are recognised and measured at Fair Value Through Profit or Loss (FVTPL).

Transaction costs and any subsequent movements in the valuation of the asset are recognised in net expenditure for the year.

Impairment of financial assets

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

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

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

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

The impairment methodology is detailed in the financial instruments note 18.

Derecognition of financial assets

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

Financial liabilities

Classification and measurement of financial liabilities

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

- Financial liabilities at fair value through profit or loss, which is applied to other financial liabilities designated as such at initial recognition; they are subsequently measured at fair value.
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer; the financial liability is subsequently measured on a basis that reflects the rights and obligations that the entity has retained. It is measured at amortised cost if the transferred asset is measured at amortised cost, or at fair value through profit or loss if the transferred asset is measured at fair value.
- Financial guarantee contracts and loan commitments; they are subsequently measured at the higher of the amount of the loss allowance and the amount initially recognised less the cumulative amount of income recognised in accordance with IFRS 15.

Derecognition of financial liabilities

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

1.20 Loan guarantees and loan commitments

Financial guarantee contract liabilities

A guarantee liability is recognised when a lender makes an offer of a loan facility to a borrower which meets the eligibility criteria of the relevant scheme. Eligible businesses could apply to lenders accredited under the schemes for loans, with the Department assuming all or part of the credit risk incurred by lenders up to set limits per borrower and within specific allocations to each lender, which were set by the British Business Bank. Guarantee liabilities are derecognised when the Department is no longer exposed to potential lender claim on the guarantee, that is either a) when a lender claim has been approved by the Department for payment, b) on expiry of the guarantee without lender claim including where a loan facility has not been drawn down by the borrower within the offer period or c) if a guarantee is no longer considered to meet the eligibility criteria of the relevant scheme such that the guarantee is no longer effective. Amounts due to the Department as recovered by lenders from defaulted borrowers following derecognition of the guarantee liability or where claims have been paid on guarantees that were ineligible for cover are recognised on an accruals basis and offset against provision expense in the SoCNE.

Other than as described below, guarantee liabilities are measured as required by the FREM, at fair value at initial recognition and subsequently remeasured at the higher of a) the amount of loss allowance determined in accordance with IFRS 9 and b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 ‘Revenue from Contracts with Customers’.

In accordance with the 2023-24 FREM IFRS 9 adaptation, where the Department issues a financial guarantee below fair value and where no active market or observable equivalent exists such that an estimate of fair value can be made that would require recognition under IFRS 9, the guarantee is measured, at initial recognition and at reporting period end, at an amount equal to lifetime expected credit loss (ECL) in accordance with the requirements of IFRS 9. As the rate intrinsic to the financial guarantee cannot be reliably determined, the HMT financial instrument rate has been used to calculate the present value of expected credit losses.

Loan commitments at below market rate

Loan commitments are recognised when the Department is party to the contractual provisions. An entity within the Departmental boundary, British Business Finance Limited (BBFL), accepts a lower than market rate of return from Enterprise Capital Fund investments to encourage private sector investors to invest alongside. Although a positive return is expected from these investments, this return is less than that required by the private sector. BBFL has, at initial recognition, elected to irrevocably designate the liability related to these loan commitments as measured at fair value through profit or loss because the group of financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented investment strategy, and information is provided internally on that basis to key BBFL management personnel. When a commitment is drawn, the loan commitment is released and a separate fair value adjustment on the resulting investment is recognised in gains/losses on investments in the Group SoCNE, to reflect the difference between the fair value and the amount drawn.

1.21 Pensions

The accounting for each of the Departmental group's pension plans is dependent on its nature.

Unfunded defined benefit pension schemes

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

Defined contribution pension schemes

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

More information about the Departmental group's pension schemes can be found in the accounts of the consolidated entities, including in note 3 for the core Department, and of the pension schemes themselves.

1.22 Provisions

A provision is recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation (legal or constructive) that can be reliably measured, and which results from a past event. Where the time value of money is material, the provision is measured at present value using discount rates prescribed by HMT. The discount rates used are set out in note 15.

Significant provisions for Department relate to Post Office Compensation Schemes and British Shipbuilders. These are discussed in more detail in note 1.28 and note 15.

1.23 Contingent assets and liabilities

Contingent liabilities

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

Contingent assets

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

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

1.24 Third party assets

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

1.25 Trade and other receivables

The receivables are held to collect contractual cash flows and do not contain significant financing components. They are held at amortised cost less expected credit losses.

The loss allowance is determined by applying a simplified approach equalling the lifetime expected credit losses. An allowance is made for potentially irrecoverable receivables based on regular reviews of all outstanding amounts.

1.26 Trade and other payables

Trade and other payables are recognised at fair value, which represent liabilities for goods and services provided to DBT prior to the financial year end that are unpaid. Trade and other payables are non-interest bearing and the carrying value approximates their fair value.

1.27 Judgements, estimates and assumptions

Preparation of financial statements requires management to make judgements, estimates and assumptions based on experience and expected events that affect the reported amounts of assets and liabilities, income and expenditure. In accordance with IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’, revisions to accounting estimates are recognised prospectively. Revisions of the estimates and assumptions below could cause material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key accounting judgements and estimates applied in these statements are described below.

Useful lives of non-current assets (note 7, 8)

There is uncertainty in relation to estimated useful lives of non-current assets; these are reviewed as at the reporting date and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on their use. The useful lives used for property, plant and equipment, and intangible assets are discussed in notes 1.15 and 1.16.

Fair value of Future Fund (note 10)

The valuation of the Future Fund's Convertible Loan Notes (CLNs) and post-conversion equity is complex due to the significant number and diversity of borrowers and investors in the Future Fund scheme, the options available to borrowers under the terms of the Convertible Loan Note Agreements (CLAs), and data limitations. This means that there is judgement and estimation uncertainty in the valuation and there are key unobservable inputs in the model. As at 31 March 2024, the majority of the CLNs had been converted to equity, so significant judgements lies in the post-conversion unlisted equity holdings valuations. Further details of the fair value measurement of the Future Fund scheme are set out in note 10.

Fair value of Repayable Launch Investments (note 10, 18)

The econometric model used to estimate future cash flows from Repayable Launch Investments (RLI) includes a number of assumptions including on future economic growth. Further detail on the fair value measurement of the RLI are discussed in note 10.

Fair value of debt and equity funds included within FVTPL investment valuations (note 10, 18)

The future returns from FVTPL fund investments are inherently uncertain and will depend on a range of factors including the manager's success in originating lending and investment opportunities, costs and fees, how the manager exercises discretion in trading off equity against debt components in loan structures, credit and warrant/equity performance, and prevailing market conditions.

The values of the Group's investments in FVTPL debt and equity funds are based on the fund net asset values (NAVs). In general, the fund's investments in underlying portfolio companies do not have observable market inputs which can be used for the purposes of measuring fair value and are therefore valued using Level 3 inputs as defined by IFRS 13. The managers of the funds apply valuation methodologies in compliance with IFRS or other recognised accounting standards such as UKGAAP. Most of the Group's investment funds apply IFRS valuation methodologies or apply the International Private Equity and Venture Capital (IPEV) Valuation Guidelines.

British Business Bank (BBB) are provided with NAVs on a quarterly basis from the managers of the funds. These NAVs are reviewed by BBB and DBT with particular scrutiny given to the valuation methodologies adopted by the fund managers, ensuring that they are appropriate and consistent with IFRS, IPEV or other relevant valuation guidelines, as well as taking into account known items in respect of the underlying portfolio companies.

Redundancy Payments Service (RPS) receivable (note 11)

There is uncertainty in the estimate of the amount to be realised by the Insolvency Service from sale of assets of insolvent employers. The receivable is based on a calculation of historical recovery trends and current expenditure. Further detail on the RPS receivable is discussed in note 11.

Financial guarantees (note 14)

The liability for each individual guarantee is measured using modelling techniques with overlay adjustments, based on management judgement, applied to the total model liability estimates for each scheme if considered necessary to ensure reported liability values reflect all relevant reasonable and supportable information.

The liabilities for the Bounce Back Loan Scheme (BBLS) and Coronavirus Business Interruption Loan Scheme (CBILS) are subject to significant estimation uncertainty relating primarily to estimates of probability of default of the underlying loans and recoveries from borrowers’ post claim, and uncertainty over forward macroeconomic conditions. Post model adjustments (PMAs) are included in the measurement to account for aspects which the underlying models cannot model. Further information can be found in note 14.

Provisions (note 15)

Provision discount rates set by HMT are updated annually and have a material effect on liabilities. There are other significant uncertainties in relation to measurement of the liabilities reported in note 15, in particular in relation to the Post Office Compensation Schemes, and British Shipbuilders. These are discussed further below:

Post Office Horizon Redress Schemes provisions

As set out in Note 15, the Department has recognised provisions associated with schemes set up to provide redress to postmasters and former postmasters affected by Post Office Limited's Horizon IT system. These schemes are the Horizon Shortfall Scheme (HSS), the Overturned Convictions scheme (OC), the Group Litigation Order scheme (GLO) and the Horizon Convictions Redress Scheme (HCRS). While the HSS and OC schemes are administered by the Post Office Limited, the Department has agreed and is therefore obligated to provide funding to the Post Office Limited for these two schemes.

In calculating a best estimate provision for all four schemes the Department has had to make several judgements and assumptions given the absence of data on settled cases or certainty over potential future claims.

In some instances, relatively small changes to these assumptions would lead to material changes in the value of the provisions. In all instances the Department has used the best information available to form the estimates.

Further detail on the uncertainties affecting each scheme, together with sensitivity analysis, is provided in Note 15 to the accounts.

The Department considers that a provision should be de-recognised and an accrual recognised at the point an offer has been made from either the Post Office Limited or the Department to the claimant. Note 13 to the accounts provides detail on the accruals recognised associated with the Horizon redress schemes.

British Shipbuilders provision (note 15)

The British Shipbuilders provision uses indicative future liabilities to the Department for future personal injury compensation claims. These future claims are judgemental and are based on an independent third party actuarial forecast. The provision requires a number of estimates and assumptions to be made, including the long-term latency periods of the disease claims considered, the number of claims expected to be filed in the year, and the estimate of future inflation on the damages awarded. The latest actuarial report is as at 31 March 2024. Further information can be found in note 15.

Machinery of Government

On 7 February 2023, the prime minister announced a major machinery of government change which redistributed the activities of several existing government departments and created three new departments including the Department for Business and Trade (DBT).

DBT brings together the relevant parts of the former Department for Business, Energy and Industrial Strategy (BEIS), and the former Department for International Trade (DIT).

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

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

A number of judgements have been made around the Machinery of Government changes reflected in these accounts. For further details see note 1.1 and for details of all the Machinery of Government changes and the impact of these on the prior year comparatives, please see note 22.

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

Post Office Limited Letter of support

The Department has provided a Letter of Support to Post Office Limited, confirming that the Department will provide financial support to the Post Office Limited to enable it to meet its liabilities as they fall due for a period of no less than 15 months from December 2024. In addition, the Letter of Support makes clear that the Department recognises that Post Office Limited faces other financial risks (including certain taxation-related risks and contingent liabilities) that, were they to crystallise, may result in it not being able to meet its liabilities as they fall due and therefore has provided assurances that funding will be provided in respect of these matters.

However, the Letter of Support does not constitute a financial guarantee and it includes certain caveats making it clear that certain funding may be subject to His Majesty's Treasury ("HMT") consent and the application of the Subsidy Control Act 2022 and consideration of the advisory outcome of the referral process to the Subsidy Advice Unit of the Competition and Markets Authority ("CMA"), where required. Therefore, this is considered as a contingent liability by the Department.

2. Statement of net operating expenditure by segment (Group)

	2023-24		2022-23	
	Gross expenditure £m	Income £m	Gross expenditure (restated) £m	Income (restated) £m
Business Group	2,100	(24)	541	(41)
Competition, Markets and Regulatory Reform	1,197	(307)	961	(347)
Strategy and Investment	95	(1)	84	(1)
Economic Security and Trade Relations	60	-	54	1
Trade Policy, Implementation and Negotiations	59	-	54	-
Domestic and International Markets and Exports	(627)	(470)	1,902	(414)
Corporate Services	273	(1)	231	(2)
Grants Delivery	260	(16)	58	(1)
Overseas	96	(1)	95	(1)
Total	**3,513**	**(820)**	**3,980**	**(806)**

Operating Segments are determined in accordance with IFRS 8 Operating Segments based on what information is presented for decision making purposes to the Chief Operating Decision Maker (CODM) who is the Accounting Officer.

The Accounting Officer receives financial information at aggregate level as well as information on outcomes relating to each group. These are measured on the same basis as for financial reporting purposes in the Statement of Comprehensive Net Expenditure. The structure of the Departmental group means that materially all of the assets included in the Statement of Financial Position are used for the general administration and benefit of DBT as a whole. Consequently, they are not apportioned to operating segments in the table above. A description for each segment is given below:

Business Group

The Business Group is the front door between government and UK businesses. It acts as the Government's centre of expertise on every sector of the economy collaborating with relevant Other Government Departments (OGDs). It also leads on upgraded departmental business engagement and the Post Office and supports businesses facing shocks.

Significant items within Business Group's expenditure include:

- Movement on Post Office compensation schemes provisions of £932 million (2022-23: £393 million). See note 15 for further detail on the provisions.

- Grant expenditure of £726 million (2022-23: £386 million) primarily in relation to the Aerospace Technology Institute and the Automative Transformation Fund (ATF). See note 4.1 for further detail on the grants.

Competition, Markets and Regulatory Reform Group (CMRR)

CMRR exists to enable enterprise to flourish in a way that benefits all – businesses, workers, consumers – through policy, delivery and regulation that is pro-growth, proportionate and effective. Expenditure for 2023-24 includes £505 million (2022-23: £316 million) incurred by Insolvency Service on the Redundancy Payment Scheme (RPS). See note 4.4 for further detail on the RPS.

Strategy and Investment (DGSI)

DGSI is responsible for delivering economic growth across the UK, through attracting and retaining inward investment.

Economic Security and Trade Relations (ESTR)

ESTR is responsible for the departmental priority outcome focused on championing the rules-based international system.

Trade Policy, Implementation and Negotiations (TPIN)

TPIN work to balance the UK's regulatory sovereignty and trade liberalisation, ensuring coherence between the UK's domestic policy approach and its international economic priorities.

Domestic and International Markets and Exports (DIME)

DIME is focused on advising, supporting, and promoting UK businesses to grow and export in both domestic and international markets.

Included within DIME's expenditure is movement on COVID-19 loan guarantees of £1,224 million gain (2022-23: £1,250 million loss). See note 14 for further details on the COVID-19 loan guarantees.

Additionally, included within DIME's income is £104 million of grants received from Ministry of Housing, Communities and Local Government with respect to European Regional Development Fund (ERDF). This is paid back out to the Regional Funds for further investment. See Note 6 Income for more information.

Corporate Services

Corporate Services is the home of DBT's operations function, providing the tools and resources colleagues need to deliver efficiently in their roles. This includes OneHMG Platform Charge (PAG) and Centrally Managed

Resource charges which accounted for centrally and are not apportioned out including the Apprenticeship levy and annual leave accrual.

Grants delivery

Payment of grants is centralised in a grants' delivery team.

Overseas

A network of over 1,600 staff in more than 100 countries providing expert advice in support of UK exports and investment and the implementation of free trade agreements. The network is divided into nine regions, each led by a Trade Commissioner responsible for delivering a Regional Trade Plan. Expenditure includes amounts paid to the Foreign, Commonwealth and Development Office (FCDO) for their delivery of the overseas infrastructure used to deliver these objectives.

3. Staff costs

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Wages and salaries	459	587	412	524
Social security costs	45	60	42	56
Other pension costs	108	129	99	118
Agency and temporary staff	46	49	39	47
Voluntary exit scheme	-	-	1	2
Compulsory redundancies	1	1	1	1
Recoveries from outward secondments	(2)	(2)	(3)	(3)
Total	**657**	**824**	**591**	**745**

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

4. Operating Expenditure

4.1 Grants and subsidies

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Grant-in-aid	95	-	92	-
Capital Grants – large items				
Automotive Transformation Fund (ATF)	144	144	7	7
Post Office Limited Network Investment	90	90	75	75
Exceptional Regional Growth Fund (eRGF)	30	30	20	20
Revenue Grants – large items				
Aerospace Technology Instutute (ATI)	173	173	3	3
Advanced Propulsion Centre (APC)	80	80	2	2
Automotive Transformation Fund (ATF)	23	23	3	3
Centre for Connected and Autonomous Vehicles (CCAV)	18	18	3	3
Citizens Advice	39	39	39	39
Help to Grow	22	22	26	26
Consumer advocacy for Energy, Post and cross-sector	18	18	15	15
Exceptional Regional Growth Fund (eRGF)	15	15	13	13
Other Local Government growth hubs	12	12	11	11
European Structural and Investment Fund	10	10	13	13
National Trading Standards (NTS)	12	12	12	12
Subsidies				
Energy Intensive Industries (EII) Compensation Scheme	232	232	183	183

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Subsidies to Post Office Limited in support of Horizon Inquiry & Compensation Scheme	120	120	-	-
Subsidies to Post Office Limited to support normal function	50	50	50	50
Other Grants				
Other grants	19	19	24	24
Total grants and subsidies	**1,202**	**1,107**	**591**	**499**

Aerospace Technology Institute (ATI)

The ATI Programme offers funding for research and technology development in the UK to maintain and grow the UK's competitive position in civil aerospace. During the year, grants of £173 million (2022-23: £3 million) were paid out under the scheme.

Automotive Transformation Fund (ATF)

The ATF is delivered by DBT in partnership with the Advanced Propulsion Centre (APC), Innovate UK and partners. It supports the creation of an internationally competitive electric vehicle supply chain in the UK. The ATF offers funding for capital and associated industrial research projects that support the industrialisation of a high value, electrified automotive supply at scale in the UK. During the year, the Department provided £167 million (2022-23: £10 million) grant funding for the Automotive Transformation Fund (ATF), £80 million (2022-23: £2 million) for the Advanced Propulsion Centre

(APC) and £18 million (2022-23: £3 million) for the Centre for Connected and Autonomous Vehicles (CCAV). The scheme opened on 27 March 2023 and is set to close on 31 March 2025.

Energy Intensive Industries (EII) Compensation Scheme

DBT provides EII to support businesses who are at a significant disadvantage from the cost of renewable and low carbon policies, and increased energy costs. During the year, subsidies of £232 million (2022-23: £183 million) were paid.

Post Office Limited

During the year we have paid £260 million (2022-23: £125 million) to Post Office Ltd. Of this total, £90 million (2022-23: £75 million) relates to a Capital Grant to enable Post Office Ltd to maintain a network of outlets in order to meet the Network Access Criteria, and to provide the Services of Public Economic Interest (SPEI) Services across that network in accordance with the Postal Services Act 2000. In additional to this £50 million (2022-23: £50 million) was also provided to enable the Post Office to continue providing a National Network of Post Offices across the UK and to provide services of Public Economic Interest across the network. A further £40 million of additional subsidies (2022-23: nil) was provided to support the Horizon replacement Programme and £80 million (2022-23: nil) was provided to support the Post Office remediation unit in delivering redress and responding to the statutory inquiry.

COVID-19 Recoveries

Other grants include recoveries and expenditure from various COVID-19 grants. During the year we recovered a net £24 million (2022-23: £2 million net expenditure) of COVID-19 grants that were paid in previous years.

4.2 Provisions expense

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Increase/(decrease) in provisions	1,301	1,301	41	44
Increase/(decrease) in loan guarantees plus amounts recovered post call	(1,224)	(1,224)	1,250	1,250
Increase/(decrease) in trade credit reinsurance	-	-	5	5
Increase/(decrease) in loan commitment liabilities	-	20	-	17
Total provisions expense	**77**	**97**	**1,296**	**1,316**

Movements in provisions are detailed within note 15. The increase is driven primarily by the increase in the Post Office compensation scheme provisions. Movements in loan guarantees are detailed within note 14.

Amounts recovered subsequent to loan guarantee call

These are amounts recovered from borrowers and/or lenders of amounts that had previously been paid out in guarantee claims. Recoveries are from defaulted borrowers or from lenders where claims were later identified as invalid, as they were subsequently repaid by the borrower, or where claims have been paid on guarantees that were ineligible for cover.

In 2023-24 a total of £119 million was recovered after the loan guarantee call, compared to £20 million in 2022-23. The prior year comparative has been restated for a change in accounting policy and includes a £5 million additional amount recognised to reflect a change in accounting policy to recognise recoveries on an accrual rather than cash basis.

4.3 Depreciation, impairment and revaluation expense

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Depreciation of tangible assets	26	34	25	29
Net remeasurement of tangible assets	2	2	-	-
Amortisation of intangible assets	16	17	13	15
Net remeasurement of financial assets not held at fair value	27	70	20	57
Net remeasurement of financial assets at fair value	20	123	139	340
Total depreciation and impairment	**91**	**246**	**197**	**441**

Depreciation

Depreciation charges relate to property, plant and equipment, including right of use assets, and amortisation charges relate to intangible assets. More details on these assets are presented in note 7 and note 8.

Net remeasurement of financial assets not held at fair value

The amount of £27 million for ‘Core dept and agencies’ relates to impairment of equity investments in the regional funds (Midlands Engine, Northern Powerhouse and Cornwall and Isles of Scilly) (2022-23: £14 million). The amount of £20 million in 2022-23 includes £6 million for impairment of the loan from the core department to the Fleetbank Funding Company.

Group remeasurements include an amount of £49 million (2022-23: £29 million) representing the difference at initial recognition between the transaction values of loans issued by The Start-Up Loans Company and the fair values at which they were recognised. Inclusion of these differences at initial recognition represents a true and fair override applied by the Company to reflect the difference between the contractual interest rate of the loans of 6% and higher rates that would more closely reflect credit risk. Further details about the loans can be found in note 10.

Net remeasurement of financial assets at fair value

‘Net remeasurement of financial assets at fair value’ represents net expenditure arising from the change in value of financial assets measured at fair value. Of the total of £20 million for ‘Core dept and agencies’ for 2023-24 (2022-23: £139 million), £7 million (2022-23: £139 million) relates to movement in the value of assets for which measurement is not based on observable market data and which has not been realised in cash. Of the total for the Group of £123 million (2022-23: £340 million), £135 million (2022-23: £324 million) relates to unrealised remeasurement of financial assets not based on observable market data.

The amount of £20 million for 'Core dept and agencies' in 2023-24 (2022-23: £139 million) is driven by investments held by the Core department and relates primarily to:

- Fair value gains on Repayable Launch Investments assets of £70 million (2022-23: gains of £58 million);
- Fair value losses on Future Fund assets of £42 million (2022-23: losses of £166 million);
- Fair value losses on funding provided to BBB for The Start Up Loans Company (SUL Co) of £50 million (2022-23: loss of £32 million). This eliminates upon consolidation. The Department provides funding to BBB for the purpose of extending loans at below market rates to entrepreneurs unable to obtain finance elsewhere. On expiry of the funding period (31 March 2027), SUL CO will repay to DBT the amount of cash held in its bank accounts representing capital and interest repayments from their borrowers. The Department's investment will be reduced by any unrecovered amounts.

The Group includes fair value movement due to investment funds held across the group.

Further details of these financial assets are detailed in notes 9 and 10.

4.4 Other operating expenditure

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Funding Paternity, Adoption and Shared Parental Leave policy	88	88	100	100
Service charge to FCDO for services to support overseas activities	63	63	62	62
Enforcement costs of employment related policies	35	35	39	39
Promotion activities	29	33	26	28
Events	27	28	19	20
International subscriptions	8	8	9	9
Professional and other subscriptions	3	4	4	5
Finance, HR, IT and support costs	70	82	76	90
Travel and subsistence	20	23	21	22
Training and other staff costs	13	19	12	17
Rentals and accommodation	29	36	33	40
Advertising and publicity	-	1	-	2
Legal and other professional services	123	133	101	111
Consultancy	6	17	9	28
Research and development	16	16	8	9
Gain or loss on disposal of assets	1	1	(6)	(11)
Programme management and administration of grants and awards	(3)	(2)	15	5
Other purchase of goods and services	26	60	22	54
Redundancy payments service	505	505	316	316
Other operating expenditure	43	(7)	68	4
Total other expenditure	**1,102**	**1,143**	**934**	**950**

Departmental Group

Redundancy Payments Service

Redundancy payments are made to employees whose employers have failed to make payments or who were insolvent. Redundancy Payment Service (RPS) claims are financed from the National Insurance Fund. They are processed and approved by the Insolvency Service (INSS), an agency of the Department.

Associated income arises from 2 sources:

- solvent recovery – money is recovered from solvent employers to meet the RPS redundancy payments
- insolvent recovery – INSS becomes a creditor and receives a dividend if there are sufficient funds in the insolvency of the employer

RPS expenditure in 2023–24 totalled £505 million (2022-23: £316 million). The increase is due to the volume of redundancy claims increasing to c.86,000 (2022-23: c.59,000) due to large redundancy cases in the year.

Audit fees

Audit fees are included under the heading ‘Legal and Other Professional Services.

During the year the Core Department did not purchase any non-audit services from its auditor, the National Audit Office. The non-cash auditors’ remuneration for the period was £1,600,000.

	31 March 2024			31 March 2023 (restated)		
	Core department £	Agencies £	Other POs in departmental group £	Core department £	Agencies £	Other POs in departmental group £
Core Department	1,600,000	-	-	470,000	-	-
Companies House	-	84,723	-	-	72,475	-
Insolvency Services	-	198,000	-	-	210,000	-
Total NAO audit services	**1,600,000**	**282,723**	**953,300**	**470,000**	**282,475**	**814,500**
Non-NAO Audit Services	**-**	**-**	**31,737**	**-**	**-**	**31,737**
Total audit services	**1,600,000**	**282,723**	**985,037**	**470,000**	**282,475**	**846,237**

Audit service fees are shown net of VAT.

5. Finance expenditure

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Unrealised foreign exchange rate losses/(gains)	-	19	-	(30)
Interest payable	-	53	-	53
Interest charges from finance leases	1	2	1	2
Unwinding of discount on provisions	22	22	3	4
Total	**23**	**96**	**4**	**29**

Unwinding of discount on provisions

The unwinding of discount on provisions mainly consists of £19 million relating to Post Office overturned conviction and compensation and £3 million relating to British Shipbuilders provisions. Provision unwinding expense has increased because of a substantial increase in HMT prescribed discount rates in 2022-23 compared to 2021-22. This increased the amount of the discount for provisions in 2022-23 and consequently the amount relating to unwinding of this discount in 2023-24. Further detail of the movements in provisions can be found in note 15.

Interest payable

This balance predominantly relates to interest payable on Fleetbank Funding Limited's private sector loans of £49 million (2022-23: £48 million). Further details can be found in note 10.

6. Income

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Revenue from contracts with customers				
Fees and charges received	220	284	274	329
Loan guarantee premiums	153	153	209	209
Interest from loan to Fleetbank Funding Limited	24	-	19	-
Interest from loans to Post Office Limited	11	11	8	8
Loan interest (other)	1	193	1	175
Dividends from investments	-	11	-	30
Levy income from energy related scheme/s	16	16	14	14
Celsa Steel UK	5	5	1	1
ERDF funding for regional growth	104	104	6	6
Income from other government departments	13	20	22	13
OPSS income	13	13	8	8
European Structural and Investment Fund	10	10	13	13
Total income	**570**	**820**	**575**	**806**

Core department and agencies

Fees and charges received

This includes fees and charges collected by the agencies Companies House of £80 million (2022-23: £78 million) and Insolvency Service of £120 million (2022-23: £177 million).

Loan guarantee premiums

These are premiums on the guarantees issued by the Department. The balance is primarily driven by the COVID-19 loan guarantees (CBILS, CLBILS and RLS) of £153 million (2022-23: £209 million). See note 14 for further detail on the loan guarantees.

European Regional Development Fund funding for regional growth

Under the EU-UK Withdrawal agreement existing arrangements for EU funded operations remain in place including the ERDF. The Ministry of Housing Communities and Local Government grants some of this funding to the Department, and in turn the Department distributes these grant funds as loans to the Northern Powerhouse, Midlands Engine and Cornwall and Isles of Scilly Investment Funds (note 9).

7. Property, plant and equipment (owned and leased) and right of use asset

							2023-24
	Buildings £m	Leasehold improvements £m	Computer Equipment £m	Plant and machinery £m	Furniture & Fittings £m	Assets under construction £m	Total £m
Cost or valuation							
At 31 March 2023 (restated)	185	13	46	16	9	13	282
Additions	10	1	5	-	3	-	19
Capitalised Provisions (Leased Non-PFI)	1	-	-	-	-	-	1
Disposals	(2)	(2)	(3)	(7)	-	-	(14)
Reclassifications	-	-	-	13	-	(13)	-
Remeasurements	3	-	-	-	-	-	3
Transfers in/out of the boundary	-	13	-	(13)	-	-	-
At 31 March 2024	**197**	**25**	**48**	**9**	**12**	**-**	**291**
Depreciation							
At 31 March 2023 (restated)	(42)	(7)	(37)	(12)	(5)	-	(103)
Charged in year	(22)	(1)	(6)	(4)	(1)	-	(34)
Disposals	2	-	3	5	-	-	10
Transfers in/out of the boundary	-	(2)	-	2	-	-	-
At 31 March 2024	**(62)**	**(10)**	**(40)**	**(9)**	**(6)**	**-**	**(127)**
Carrying amount at 31 March 2024	**135**	**15**	**8**	**-**	**6**	**-**	**164**

2023-24	Buildings	Leasehold improvements	Computer Equipment	Plant and machinery	Furniture & Fittings	Assets under construction	Total
	£m	£m	£m	£m	£m	£m	£m
Of the total carrying amount:							
Core department and agencies	119	13	8	-	6	-	146
NDPBs and other designated bodies	16	2	-	-	-	-	18
Carrying amount at 31 March 2024	**135**	**15**	**8**	**-**	**6**	**-**	**164**
Of the total carrying amount:							
Owned	-	15	8	-	6	-	29
Leased	135	-	-	-	-	-	135
Carrying amount at 31 March 2024	**135**	**15**	**8**	**-**	**6**	**-**	**164**

2022-23	Buildings (restated) £m	Leasehold improvements (restated) £m	Computer Equipment (restated) £m	Plant and machinery (restated) £m	Furniture & Fittings (restated) £m	Assets under construction (restated) £m	Total (restated) £m
Cost or valuation							
At 1 April 2022	213	13	45	15	8	17	311
Additions	5	(1)	2	2	-	1	9
Disposals	(1)	(1)	(2)	(1)	-	-	(5)
Reclassifications	-	2	1	-	1	(5)	(1)
Revaluations	(10)	-	-	-	-	-	(10)
Remeasurements	(22)	-	-	-	-	-	(22)
At 31 March 2023	**185**	**13**	**46**	**16**	**9**	**13**	**282**
Depreciation							
At 01 April 2022	(21)	(7)	(36)	(12)	(4)	-	(80)
Charged in year	(23)	(1)	(3)	(1)	(1)	-	(29)
Disposals	1	1	2	1	-	-	5
Revaluations	2	-	-	-	-	-	2
Transfers in/out of the boundary	(1)	-	-	-	-	-	(1)
At 31 March 2023	**(42)**	**(7)**	**(37)**	**(12)**	**(5)**	**-**	**(103)**
Carrying amount at 31 March 2023	**143**	**6**	**9**	**4**	**4**	**13**	**179**
Of the total carrying amount:							
Core department and agencies	125	3	8	4	3	13	156
NDPBs and other designated bodies	18	3	1	-	1	-	23
	143	**6**	**9**	**4**	**4**	**13**	**179**
Of the total carrying amount:							
Owned	-	6	9	4	4	13	36
Leased	143	-	-	-	-	-	143
	143	**6**	**9**	**4**	**4**	**13**	**179**

Right-Of-Use (ROU) leased assets are presented as part of property, plant and equipment in these accounts.

In accordance with the FReM the majority of leasehold improvements, information technology, furniture, fixtures and fittings and plant and machinery are held at depreciated historic cost as a proxy for fair value as the assets have short useful lives or low values. Land, freehold buildings, dwellings and the remainder of plant and machinery are held at fair value based on professional valuations.

Buildings are ROU assets under lease agreements. The majority of the core balance relates to leases on Old Admiralty Building with a carrying amount of £87 million as at 31 March 2024 (31 March 2023: £95 million), Teddington with carrying amount £9 million (31 March 2023: £10 million) and a new lease on Caxton House with carrying amount £3 million (31 March 2023: £nil).

8. Intangible assets

					2023-24
	Software licences £m	Websites £m	Information technology £m	Assets under construction £m	Total £m
Cost or valuation					
At 31 March 2023 (restated)	2	16	159	31	208
Additions	-	-	-	25	25
Disposals	(1)	(13)	(23)	-	(37)
Reclassifications	-	1	7	(8)	-
Revaluations	-	3	6	-	9
At 31 March 2024	**1**	**7**	**149**	**48**	**205**
Amortisation					
At 31 March 2023 (restated)	(2)	(13)	(117)	-	(132)
Charged in year	-	(2)	(15)	-	(17)
Disposals	1	13	23	-	37
Revaluations	-	(2)	(4)	-	(6)
At 31 March 2024	**(1)**	**(4)**	**(113)**	**-**	**(118)**
Carrying amount at 31 March 2024	**-**	**3**	**36**	**48**	**87**
Of the total carrying amount:					
Core department and agencies	-	3	35	48	86
NDPBs and other designated bodies	-	-	1	-	1
Carrying amount at 31 March 2024	**-**	**3**	**36**	**48**	**87**

2022-23	Software licences (restated) £m	Websites (restated) £m	Information technology (restated) £m	Assets under construction (restated) £m	Total (restated) £m
Cost or valuation					
At 01 April 2022	2	14	141	25	182
Additions	-	-	2	20	22
Reclassifications	-	1	14	(14)	1
Revaluations	-	1	2	-	3
At 31 March 2023	**2**	**16**	**159**	**31**	**208**
Amortisation					
At 01 April 2022	(1)	(10)	(104)	-	(115)
Charged in year	(1)	(2)	(12)	-	(15)
Revaluations	-	(1)	(1)	-	(2)
At 31 March 2023	**(2)**	**(13)**	**(117)**	**-**	**(132)**
Carrying amount at 31 March 2023	**-**	**3**	**42**	**31**	**76**
Of the total carrying amount:					
Core department and agencies	-	3	40	31	74
NDPBs and other designated bodies	-	-	2	-	2
	-	**3**	**42**	**31**	**76**

All software licenses are acquired separately.

All information technology (IT) assets are internally generated. IT assets are initially classified as assets under construction and are not amortised until they meet the recognition criteria under IAS 38 Intangibles, at which time they are reclassified as IT. More details on amortisation charges relating to intangible assets are presented in note 4.3.

9. Investments and loans in the public sector

	Ordinary Shares £m	Other investments £m	Loans £m	Core dept and agencies £m	Group £m
At 1 April 2022 (restated)	2,156	442	1,168	3,766	537
Additions	424	124	182	730	55
Revaluations	-	(32)	-	(32)	-
Impairments	-	(14)	(6)	(20)	-
Repayments	-	(1)	(217)	(218)	(15)
At 31 March 2023 (restated)	**2,580**	**519**	**1,127**	**4,226**	**577**
Additions	486	206	238	930	219
Revaluations	-	(50)	-	(50)	-
Impairments	-	(27)	-	(27)	-
Repayments	-	-	(10)	(10)	(10)
At 31 March 2024	**3,066**	**648**	**1,355**	**5,069**	**786**
Of the totals:					
At 31 March 2023 (restated)					
Current	-	-	522	522	522
Non-current	2,580	519	605	3,704	55
At 31 March 2023 (restated)	**2,580**	**519**	**1,127**	**4,226**	**577**
At 31 March 2024					

	Ordinary Shares £m	Other investments £m	Loans £m	Core dept and agencies £m	Group £m
Current	-	-	748	748	748
Non-current	3,066	648	607	4,321	38
At 31 March 2024	**3,066**	**648**	**1,355**	**5,069**	**786**

Ordinary Shares in the public sector

Core department and agencies

Ordinary Shares held by core department in bodies inside the departmental boundary

Ordinary Shares within the departmental boundary are accounted for in line with IAS 27 and are carried at historical cost less any provision for impairment and are eliminated on consolidation.

British Business Bank plc (BBB)

The Secretary of State holds 3,066,211,265 ordinary shares in BBB (31 March 2023: 2,580,311,265), each with a nominal value of £1. The core department invested in additional share capital during the year of £486 million (31 March

2023: £424 million). The core department's holding had a cost of £3,066 million at 31 March 2024 (31 March 2023: £2,580 million).

BBB's principal objective is to address long-standing, structural gaps in the supply of finance and bring together in one place Government finance support for small and mid-sized businesses.

BIS (Postal Services Act 2011) Company Limited

The Secretary of State holds one ordinary share in BIS (Postal Services Act 2011) Company Limited with a nominal value of £1.

The principal objective of the company is to dispose of the assets transferred to it from the Royal Mail Pension Plan (RMPP).

Postal Services Holding Company Limited (PSH)

The Secretary of State holds 50,005 ordinary shares in PSH which is 100% of the issued share capital at a historic cost of £430 million at 31 March 2024 (31 March 2023: £430 million). The core department through the Secretary of State also owns one special share in PSH, relating to certain areas for which Special Shareholder's consent is required.

The core department's valuation of the holding in PSH after impairment was nil at 31 March 2024 (31 March 2023: nil). PSH is currently in the process of liquidation due to the cessation of its primary activities.

The principal objective of the company prior to cessation was to hold and manage its shares in Post Office Limited (POL), which prior to cessation were transferred to the core department.

Ordinary Shares held by the core department in bodies outside the departmental boundary

Shares in bodies outside the departmental boundary are carried at fair value through other comprehensive income.

Post Office Limited (POL)

The Secretary of State holds 50,005 ordinary shares at a nominal value of £1 each, which is 100% of the issued share capital, and holds a special share with nominal value of £1. This shareholding is held at fair value. There is no active market for these shares so the net asset value of POL is a reasonable measure of fair value. The fair value of the investments, held by the core department, as at 31 March 2024 was nil (31 March 2023: nil). The core department invested no additional share capital during the year (31 March 2023: nil).

The principal objective of POL is to provide retail post office services through a national network of branches.

Other investments in the public sector

Regional fund loans

The core department has investments in Northern Powerhouse Investment Fund, Midlands Engine Investment Fund and Cornwall and Isles of Scilly Fund. The funds provide commercially-focused finance to help small and medium sized enterprises start up and grow.

The total carrying amount at 31 March 2024 is £529 million (31 March 2023: £385 million). These are equity investments held at cost under IAS 27.

The investments are in consolidated bodies and eliminated on consolidation.

The Start-up Loans Company

The core department provides funding to British Business Bank to fund loans made by The Start-up Loans Company at below market rates to entrepreneurs unable to obtain finance elsewhere. This funding is repayable to the Department to the extent that capital and interest payments have been received by the Company from its borrowers.

The total carrying amount at 31 March 2024 is £119 million (31 March 2023: £134 million), held at fair value through profit or loss.

The funding is to a consolidated body and eliminated on consolidation.

Loans in the public sector

	Fleetbank Senior Loan Note £m	Celsa Steel UK £m	Post Office Limited – Term Loan £m	Post Office Limited – Working Capital Facility £m	Core dept and agencies £m	Group £m
At 1 April 2022 (restated)	632	17	52	467	1,168	537
Additions	127	-	-	55	182	55
Impairments	(6)	-	-	-	(6)	-
Repayments	(203)	(14)	-	-	(217)	(15)
At 31 March 2023 (restated)	**550**	**3**	**52**	**522**	**1,127**	**577**
Additions	19	-	-	219	238	219
Repayments	-	(3)	(7)	-	(10)	(10)
At 31 March 2024	**569**	**-**	**45**	**741**	**1,355**	**786**

Core department and agencies

Fleetbank Funding Limited Loan (Enable Funding programme)

The core department's loan to Fleetbank Funding Limited supports the Enable Funding programme, managed by the British Business Bank. This was launched in November 2014 to improve the provision of asset and lease finance to smaller UK businesses.

The carrying amount as at 31 March 2024 is £569 million (31 March 2023: £550 million). The loans are reported at amortised cost under IFRS 9. Collateral held by Fleetbank Funding Limited to mitigate credit risk for the assets intended to fund repayment of the core department loan is judged to provide sufficient security that the department has set the provision for credit losses at £nil (31 March 2023: £nil).

The loan is to a consolidated body and eliminated on consolidation.

Post Office Limited (POL) Loan

The core department has made available to POL a revolving loan facility of up to £950 million. This is to help the company fund its daily in-branch working capital requirements to deliver services through the network such as social benefits payments and access to cash. An additional short-term facility of up to £50 million to fund its same day liquidity requirements has been made available if required. These facilities will expire on 31 March 2025.

The carrying amount of the revolving loan facility at 31 March 2024 was £741 million (31 March 2023: £522 million). The facility is reported at amortised cost under IFRS 9. Lending under the facility is secured by a first floating charge over all Post Office assets, with the exception of some defined exclusions, and prohibition of the creation by the Post Office of any other security over the charged assets. On the basis that the loans are fully collateralised against cash and cash equivalents, there is not expected to be any loss in the event of default, hence the expected credit loss on this loan is £nil (31 March 2023: £nil).

The core department has also provided a term loan to POL of £52 million on 1 April 2021. Repayments commenced in 2023-24 of £7 million per year. The carrying amount at 31 March 2024 was £45 million (31 March 2023: £52 million). The term loan is reported at amortised cost under IFRS 9. On the basis that the term loan has not missed any interest or principal repayments to date, and the loans are fully collateralised against security up, there is not expected to be any loss in the event of default, and hence the expected credit loss on this loan is £nil (31 March 2023: £nil).

These loans are to a non-consolidated body and not eliminated on consolidation.

Special Shares

The Secretary of State holds one special share in each of the entities listed below. The list includes a summary of the significant terms of shareholding, and not a comprehensive record. Further details can be obtained from the annual report and financial statements of each body or their Articles of Association.

The core department does not recognise the special or ‘golden’ shares on its Statement of Financial Position in line with the FReM.

Postal Services Holding Company Limited – £1 Special Rights Preference Share

- Created in January 2001 (formerly called Royal Mail Holdings plc)
- It may be redeemed at any time by the shareholder

Note: The company is now in members' voluntary liquidation and control of its affairs has been passed to the Joint Liquidators.

Post Office Limited ("POL") – £1 Special Rights Redeemable Preference Share

- Created in April 2012
- Special Shareholder is entitled to attend and speak at any general meeting or any meeting of any other class of shareholders of POL, but the Special Share does not carry voting rights or any other rights at any such meeting.
- It may be redeemed at any time by the Special Shareholder. POL cannot redeem the Special Share without prior consent of the Special Shareholder.

10. Investments and loans in the private sector

	Launch investments £m	Future Fund £m	Other equities £m	Loans £m	Investment funds £m	Departmental Group £m
At 1 April 2022 (restated)	636	1,036	129	1,055	3,482	6,338
Additions	-	-	73	249	663	985
Capitalised Interest	-	-	-	16	-	16
Revaluations	58	(166)	(39)	-	(104)	(251)
Impairments (net of reversals)	-	-	-	(22)	-	(22)
Repayments	(261)	(19)	-	(361)	(335)	(976)
Reclassifications	-	-	7	-	(7)	-
At 31 March 2023 (restated)	**433**	**851**	**170**	**937**	**3,699**	**6,090**
Additions	-	-	41	289	689	1,019
Capitalised Interest	-	-	-	22	-	22
Revaluations	70	(42)	(6)	-	(109)	(87)
Impairments (net of reversals)	-	-	-	(21)	-	(21)
Repayments	(46)	(10)	(1)	(209)	(349)	(615)
At 31 March 2024	**457**	**799**	**204**	**1,018**	**3,930**	**6,408**
Of the totals:						

	Launch investments £m	Future Fund £m	Other equities £m	Loans £m	Investment funds £m	Departmental Group £m
At 31 March 2023 (restated):						
Current	42	-	-	-	-	42
Non-current	391	851	170	937	3,699	6,048
	433	**851**	**170**	**937**	**3,699**	**6,090**
At 31 March 2024:						
Current	44	-	-	-	-	44
Non-current	413	799	204	1,018	3,930	6,364
	457	**799**	**204**	**1,018**	**3,930**	**6,408**
At 31 March 2023 (restated):						
Core department and agencies	433	851	1	-	135	1,420
NDPBs and other designated bodies	-	-	169	937	3,564	4,670
	433	**851**	**170**	**937**	**3,699**	**6,090**
At 31 March 2024:						
Core department and agencies	457	799	-	-	146	1,402
NDPBs and other designated bodies	-	-	204	1,018	3,784	5,006
	457	**799**	**204**	**1,018**	**3,930**	**6,408**

Please refer to note 18 for detail of classification of investments and loans in the private sector between amortised costs and fair value through profit or loss and discussion of fair value hierarchies.

Core department and agencies

The most significant loans and investments are detailed below:

Future Fund: Convertible loan notes and equity holdings

Future Fund investments are held by the core department. The scheme launched on 20 May 2020 as a COVID-19 business support scheme and was open to new applicants until 31 January 2021. The scheme is administered by the British Business Bank (BBB) on behalf of the core department. The Department issued interest-bearing Convertible Loan Notes (CLNs) on commercial terms to eligible businesses, in amounts from £125,000 to £5 million, subject to at least equal match funding from private investors. The policy aim was to support the development trajectory of innovative, high-growth, UK-based businesses impacted by COVID-19.

CLNs mature on the third anniversary of issue, at which point the borrower has the option of a) repaying the outstanding loan along with a redemption premium, b) converting it to an equity share to be held by the Department or c) extending the maturity date for a maximum of two further years, subject to specific criteria being met. As at 31 March 2024, the portfolio comprises 155 CLNs, of which 133 have been extended, and 716 equity holdings.

	Convertible loan notes £m	Equity holdings £m	Total £m
Balance at 1 April 2023	**244**	**607**	**851**
Additions	-	-	-
Transfers (conversions to equity)	(223)	223	-
Fair value gains/(losses)	3	(45)	(42)
Exits	(8)	(2)	(10)
Balance at 31 March 2024	**16**	**783**	**799**

Future Fund CLNs and equity shares are financial assets measured at fair value through profit or loss. Equity shares arise primarily as a result of CLNs being converted into shares following financing events. They can also arise following sales or initial public offerings of investee companies in which investors, including the Department, receive consideration in the form of shares in the acquiring entity.

An external expert has been engaged as valuer and has developed the valuation model, for which it owns the intellectual property. Both the external expert and BBB provide inputs and assumptions to the model. Overall responsibility for the valuation remains with the Department, which retains the right to override any valuation that is suggested by the external expert. The Department did not override any aspects of the valuation at the reporting date.

Valuation of CLNs

Valuation of CLNs is based on the outstanding debt and estimations of the value of the borrower's option to convert to equity and future financial performance of the borrower should the option to convert be exercised.

The fair value of the option to convert is based on a risk-neutral framework, checked against real world parameters to ensure that the valuations are reasonable. The amount of equity to which the CLN would be converted is known and the equity value estimate is informed based on information provided as part of the conversion. The valuation considers market data alongside company specific data in arriving at estimated fair values.

Adjustments are applied to account for short-term liquidity risk where the borrower's cash holding is less that the amount the Department estimates it will need to fund its operations over the following six months. In 2023-24 an additional adjustment has been applied to value CLNs at £nil where they have less than 3 months until maturity and where their cash holding is estimated to be insufficient both to fund operations and repay the CLN.

The Department values extended CLNs at 10% of the original loan value which reflects the expectation of the average recoverable percentage for these notes.

Valuation of equity holdings

For equity shares, conversion or exit events (i.e. shares issued in a new company in exchange for existing shares) are used as an equity value anchor point for each holding given that, at this point, the Department's equity amount is known, as are the contractual conversion mechanisms or agreed terms for shareholders. Equity values are reviewed quarterly on a triggered basis, subject to agreed thresholds relating to various factors (see below). Equity values from exit events are also reviewed each quarter and updated based on information submitted by the investee companies or prevailing capital market pricing.

Factors that trigger valuation reviews include:

- Actual or potential events of default on company borrowing.
- Actual or potential further financing rounds of the companies and the pricing of these rounds.
- Market and sector movements, including movements in sector indices.
- Company-specific financial and non-financial information such as cash balances, revenue and EBITDA, employee growth and KPI improvement/deterioration.

The valuation of converted equity relies primarily on the Average Price Per Share (APPS) for each equity holding which is derived from observable market parameters such as recent funding rounds and conversion events. The valuation of the equity holding based on APPS is then overlaid with adjustments which are based on market movements, individual company performance, and an assessment of cash depletion (where the company's cash holding is less that the amount the Department estimates it will need to fund its operations over the next six months).

There are limitations to the data included in the valuation model. Valuations rely on company specific information being provided by investee companies on a quarterly basis. This information is taken from an online portal at the reporting date and contains data from the latest submission from each company. Given that the information is self-reported by the companies, there is a risk that inconsistencies could arise which may impact on the valuation. A dedicated team within BBB monitors data quality within the online portal to reduce this risk.

The fair value of the Future Fund as at 31 March 2024 was £799 million (31 March 2023: £851 million).

Repayable Launch Investment

Under the provisions of the 1982 Civil Aviation Act, the core department has provided funding to companies for a proportion of non-recurring eligible design and development capital costs on civil aerospace development products. Each product supported is covered by separate contractual terms and conditions, with periodic repayments falling due when products are delivered or at other specific points.

The investments are reported at fair value through profit or loss. Fair value gains or losses are recognised directly in the SoCNE.

Measurement

Contract valuations are based on estimated future receipt streams, discounted to present value. The receipt streams are estimated using external forecasts of the variables that drive them such as aircraft or engine deliveries. This is a change from the prior years when the forecasts relied to a greater extent on internal management judgement. The effect of this change has been to increase the overall valuation as at 31 March 2024 from £313 million to £457 million (31 March 2023: £252 million to £433 million and 1 April 2022: £463 million to £636 million). Comparative values for prior years have been restated to reflect this change.

The value for 'Repayments' in 2022-23 includes the proceeds of settlement during 2022-23 of one of the contracts by way of cancellation of the Department's rights to forward receipts in exchange for a lump sum payment from the counterparty.

Sensitivity analysis

The receipt stream estimates on which the valuations are based are influenced by the interaction of key drivers such as aircraft or engine deliveries and economic variables. A Monte-Carlo based approach has been developed which uses the software package @Risk to assess the level of uncertainty associated with the valuations. The valuation model is run thousands of times, applying random changes to the key model input parameters in each iteration within set ranges deemed by the Department to be feasible. The key input parameters that are flexed include the externally provided delivery forecasts and economic variables used as inflation measures.

Each iteration of the model produces a valuation estimate for the portfolio consistent with the specific input parameter values applied to that iteration. Ninety per cent of these valuation estimates fell within the range of £408 million to £498 million as at 31 March 2024 (31 March 2023: £387 million to £472 million).

Risk

The investments are exposed to risks which could impact receipt streams, including future market downturns in the aircraft manufacturing sector which can impact product delivery volumes and the utilisation rates of aircraft. Receipt streams are also exposed to risks relating to the timing of decisions in the sector to improve or replace aircraft or engines.

The total value of the investments as at 31 March 2024 is estimated at £457 million (31 March 2023: £433 million).

Angel CoFund

Investment Funds includes a holding of £128 million (31 March 2023: £112 million) by the Core Department in Angel CoFund (ACF). The core department has determined that ACF investments are classified as ‘fair value through profit and loss financial assets’ in accordance with IFRS 9, with fair value gains and losses being recognised directly in the SoCNE. The Angel CoFund makes equity investments of between £100,000 and £1 million in smaller business in the UK. It invests alongside strong syndicates of business angels to support business with strong growth potential.

Measurement and carrying value

The ACF investments are recognised at fair value, which is considered to be the expected return due to DBT. The ACF Fund Manager produces quarterly net asset value (NAV) Fund valuations of DBT's claim which comprise a) valuations for each of the underlying portfolio companies in line with IPEV guidelines and b) other assets or liabilities relating to the claim, for example tax liabilities or cash balances.

The carrying value of the ACF investments at 31 March 2024 was £128 million (31 March 2023: £112 million).

Departmental group

Private sector loans

British Business Bank (BBB) and Fleetbank Funding Ltd (FFL) have entered into loan agreements with parties within the private sector. The loans are reported at amortised cost under IFRS 9. The amortised cost valuations include expected credit loss (ECL) provisions. Further information on ECL provisions are given in note 18.

As at 31 March 2024, £1,018 million of loans were held by NDPBs and other designated bodies (31 March 2023: £937 million).

Loans and investments held by British Business Bank

The value of loans and investments held by BBB to bodies outside the Departmental group as at 31 March 2024 was £503 million (31 March 2023: £462 million). The conditions attached to each investment vary depending on the details of the arrangement. Repayment schedules have been agreed and all loans are expected to be repaid at the end of the loan term.

	31 March 2024	31 March 2023
	£m	£m
Business Finance Partnership	123	125
Investment Programme	211	155
Start Up Loans	169	182
	503	**462**

Further information on the loans held by BBB is included within note 12.1 of the BBB 2024 Annual Report and Accounts (https://www.british-business-bank.co.uk/about/research-and-publications/annual-report-and-accounts-2024).

Loans held by Fleetbank Funding Limited

During 2023–24, FFL made loans of £41 million (31 March 2023: nil) to private companies through the Enable Loan Programme scheme. The value of loans held by FFL as at 31 March 2024 was £516 million (31 March 2023: £475 million).

Private sector shares

At 31 March 2024 £204 million of private sector shares were held by NDPBs and other designated bodies (31 March 2023: £170 million). These were held by BBB (31 March 2024: £202 million (31 March 2023: £155 million)) and BIS (Postal Services Act 2011) Company Ltd (31 March 2024: £1 million (31 March 2023: £1 million)). These are measured at ‘fair value through profit or loss’, with fair value movements going directly to the SoCNE.

The fair values are estimated based on a variety of valuation techniques, adopted by the investment managers that comply with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines or the valuation guidelines produced by the British Venture Capital Association (BVCA). Valuation techniques used include the use of earnings multiples, discounted cash flows analysis, and net asset values.

Investment funds

BBB, BIS (Postal Services Act 2011) Company Limited, Northern Powerhouse Investment Limited, Midlands Engine Investments Limited and Cornwall and Isle of Scilly Investments Limited hold investment funds. The value invested by NDPBs and other designated bodies at 31 March 2024 was £3,785 million (31 March 2023: £3,564 million). In accordance with IFRS 9, the investments are measured at ‘fair value through profit or loss’ with fair value movements going directly to the SoCNE.

BBB held investment funds

BBB held investment funds valued at £3,211 million at 31 March 2024 (31 March 2023: 2,992 million).

	31 March 2024	31 March 2023
BBB held investment funds	**£m**	**£m**
British Patient Capital	1,345	1,222
Business Finance Partnership	176	224
Investment Programme	616	623
Enterprise Capital Funds	462	440
Managed Funds	251	207
UK Innovation Investment Fund	148	136
Regional Angels Programme	110	102
Other BBB funds	103	38
	3,211	**2,992**

The value of the investments are predominantly based on the net asset values of the respective funds as at the reporting date. The managers of the funds apply IFRS valuation methodologies or apply the International Private Equity and Venture Capital (IPEV) Valuation Guidelines. The purpose of these investments are as follows:

- British Patient Capital invests in commercially viable venture and venture growth capital funds;
- Business Finance Partnership invests in funds which lend to medium-sized businesses;
- The Investment Programme makes commercial investments that stimulate at least the same amount of private sector investment and encourage new providers into the market and the growth of smaller lenders;

- Enterprise Capital Funds are commercially-focused funds that bring together private and public money to make equity investments in high-growth businesses;
- Managed Funds channels institutional capital to innovative, high-growth companies so they might meet their full growth potential;
- UK Innovation Investment Fund supports the creation of viable investment funds targeting UK high-growth technology-based businesses;
- The Regional Angels Programme is designed to address regional imbalances in the availability of angel finance, and to increase the amount of capital available to smaller businesses with high-growth potential; and
- Other BBB funds cover a variety of investment funds focusing on investing in commercially viable businesses.

Regional investment funds

The total value of investments held by Northern Powerhouse Investment Limited, Midlands Engine Investments Limited and Cornwall and Isle of Scilly Investments Limited is £477 million (31 March 2023: £471 million). The funds invest to promote growth in small and medium sized entities.

Other investments

The fair value of investments held by BIS (Postal Services Act 2011) Company Limited (BPSA) as at 31 March 2024 was £97 million (31 March 2023: £101 million). These investments primarily comprised investments in European and North American unquoted shares.

11. Trade and other receivables

	31 March 2024		31 March 2023	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Amounts falling due within one year				
Trade receivables	66	79	51	66
VAT and other taxation	9	25	12	12
Prepayments	16	22	12	19
Accrued income	70	76	77	76
Guarantee premium income	23	23	80	80
Redundancy payments service	33	33	35	35
Receivable from DESNZ	247	247	-	-
Other receivables	42	17	331	274
Total	**506**	**522**	**598**	**562**
Amounts falling due after more than 1 year				
Trade receivables	22	22	22	22
Guarantee premium income	5	5	3	3
Redundancy payments service	53	53	48	48
Other receivables	-	1	-	1
Total	**80**	**81**	**73**	**74**

Core department and agencies

Trade receivables

An Expected Credit Loss (ECL) of £4.9 million (31 March 2023 £5.7 million) is provided for on trade receivables as at 31 March 2024. We do not provide for ECL on government departments and other public sector debts, as the Department is confident amounts owed by other public bodies will be repaid in full.

Accrued income

Following closure of the Trade Credit Reinsurance Scheme, a net receivable of £50 million from insurers held by the Core Department as at 31 March 2023 was settled during 2023-24.

Receivable from DESNZ

The £247 million receivable from Department for Energy Security and Net Zero (DESNZ) represents the net amount owed by the Department for Science, Innovation and Technology (DSIT) to DBT comprising a) £1,841 million of cash paid over to DSIT at the start of 2023-24 to fund cash payments made from the former BEIS bank account by DSIT on behalf of DBT pending transfer of processing to the DBT Oracle system less b) £1,594 million of net cash payments actually made by DSIT during 2023-24. For administrative convenience, the liability has been assigned by DSIT to DESNZ to pay over to DBT in part settlement of DESNZ's own net payable to DSIT which had resulted from similar processing by DSIT of DESNZ transactions over the same period.

Redundancy Payment Service (RPS)

The RPS receivable is held at amortised cost and is shown at estimated recoverable value. This is calculated by the Agency using a model which is approved by HMRC. The RPS receivable is based on a calculation of historical recovery trends and current expenditure. The model calculates the recoverable debt as £86 million as at 31 March 2024 (31 March 2023: £83 million). In line with IFRS 9, RPS debts have been grouped into similar types, in this case they have been grouped between preferential or non-preferential debts. Analysis of historic trends of recovery of these types of debts has revealed that the best estimate of recovery is 6.6% for non-preferential and 32.7% for preferential (31 March 2023: 6.6% for non-preferential and 33.5% for preferential).

Other receivables

Other receivables due within one year held by the core department includes nil (2022-23: £271 million) in relation to estimated COVID-19 business support grants payments due back to the Department from local authorities. As at 31 March 2024, there were no outstanding grant payments due back to the Department.

12. Cash and cash equivalents

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Balance at 1 April	834	1,214	990	1,290
Net change in cash and cash equivalents	1,685	1,718	(156)	(76)
Total	**2,519**	**2,932**	**834**	**1,214**
Of the total, balances were held at:				
The Government Banking Service (GBS)	2,518	2,730	833	1,048
Commercial banks and cash in hand	1	202	1	166
Total	**2,519**	**2,932**	**834**	**1,214**

Cash held in commercial banks for Partner organisations is the cash held for funding of operating activities of these entities. Cash held by commercial banks include Northern Power House Investment Limited £59 million (2022-23: £27 million), Fleetbank Funding Limited £51 million (2022-23: £73 million) and Midland Engines Investment Limited £48 million (2022-23: £20 million).

13. Trade and other payables

	31 March 2024		31 March 2023	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Amounts falling due within one year				
Trade payables	66	73	22	31
VAT, social security and other taxation	2	6	2	5
Accruals	738	762	234	249
Deferred income	3	5	8	9
Lease liabilities	14	18	16	22
Amounts issued from the Consolidated Fund for Supply but not spent at year end	2,446	2,446	696	696
Consolidated Fund extra receipts due to be paid to the Consolidated Fund				
received	73	73	138	138
receivable	1	1	-	-
Amounts owed to DESNZ	64	64	41	41
Amounts owed to FCDO	30	30	35	35
Other payables	11	30	6	23
Total	**3,448**	**3,508**	**1,198**	**1,249**
Amounts falling due after more than 1 year				

	31 March 2024		31 March 2023	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Deferred income	1	1	-	-
Lease liabilities	113	126	113	129
Other payables	-	49	-	97
Total	**114**	**176**	**113**	**226**

Core department and agencies

Consolidated Fund

Amounts issued from the Consolidated Fund for Supply but not spent at year end

This liability represents the amount drawn down from the Consolidated Fund in excess of the net cash requirement of then Core department and agencies for the year and is repayable to the Fund.

Consolidated Fund extra receipts due to be paid to the Consolidated Fund

Consolidated Fund extra receipts (CFERs) are funds that pass through a department's accounts but may not be retained by them and is surrendered to the Consolidated Fund. This is the net of CFER balances that are received by DBT and paid over to HMT during the year.

Accruals

Accruals have increased from the prior year due to new accruals to the Post Office in relation to compensation schemes, Group Litigation Order and new branch IT of £195 million (2022-23: nil). Additional accruals as at 31 March 2024 include accruals for Innovation UK Research for automobile aerospace & automotive programme for £161 million (2022-23: nil) and Automotive Energy Supply Corporation programme for £148 million (2022-23: nil).

13.1 Liquidity analysis of lease liabilities

	31 March 2024		31 March 2023	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Buildings				
Due not later than one year	18	24	18	22
Due later than one year and not later than five years	58	70	54	68
Due later than five years	58	59	66	70
Total lease payments	**134**	**153**	**138**	**160**
Less interest element	(7)	(9)	(9)	(9)
Lease liabilities	**127**	**144**	**129**	**151**

13.2 Movement in lease liabilities

	31 March 2024		31 March 2023	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Balance at 1 April	130	150	170	197
Additions	8	10	3	5
Repayments	(15)	(20)	(16)	(24)
Remeasurement	3	2	(29)	(29)
Finance Costs	1	2	1	2
Balance at 31 March	**127**	**144**	**129**	**151**

The most significant lease held by DBT relates to the Old Admiralty Building, for further information see note 7.

13.3 Deferred Tax liability

	31 March 2024		31 March 2023	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Deferred Tax at 1 April	**-**	**160**	**-**	**198**
Movement in the year	-	(17)	-	(38)
Adjustment in respect of prior periods	-	(9)	-	-
Deferred Tax at 31 March	**-**	**134**	**-**	**160**

The tax liability primarily relates to British Business Bank's deferred corporation tax of £134 million (2022-23: £160 million).

Further information about deferred tax recognition policy can be found in Note 1 – Accounting Policies.

14. Loan guarantees and loan commitments

	2023-24		2022-23	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Opening balance	11,296	11,506	15,837	16,030
Issued in year	139	180	128	184
Net remeasurement	(970)	(992)	1,189	1,150
Expired without call	(267)	(267)	(48)	(48)
Payments on called guarantees	(3,822)	(3,822)	(5,810)	(5,810)
Total	**6,376**	**6,605**	**11,296**	**11,506**
Of the total:				
Loan guarantees	6,376	6,376	11,296	11,296
Loan commitments	-	229	-	210
Total	**6,376**	**6,605**	**11,296**	**11,506**
Of the total:				
Current	6,376	6,431	11,296	11,335
Non-current	-	174	-	171
Total	**6,376**	**6,605**	**11,296**	**11,506**

Core department and agencies

Financial guarantees

The total estimated liability for loan guarantees of £6,376 million as at 31 March 2024 for the core department (31 March 2023: £11,296 million) relates to the following schemes:

Scheme	31 March 2024 £m	31 March 2023 £m
Bounce Back Loans Scheme (BBLS)	5,186	9,708
Coronavirus Business Interruption Loan Scheme (CBILS)	645	1,102
Coronavirus Large Business Interruption Loan Scheme (CLBILS)	29	52
Recovery Loan Scheme (RLS)	510	422
Other loan guarantee schemes	6	12
Total	**6,376**	**11,296**

In 2020 UK commercial finance providers were invited to participate in loan guarantee schemes to facilitate access to debt finance by businesses across the UK adversely impacted by the COVID-19 pandemic. Eligible businesses could apply to lenders accredited under the following schemes for loans, with the Department assuming all or part of the credit risk incurred by lenders up to set limits per borrower and within specific allocations to each lender, which were set by the British Business Bank. Of the schemes in the table below, BBLS, CBILS and RLS Phases 1 & 2 related to the pandemic as did CLBILS. RLS Phase 3 is not related to the pandemic and has replaced the previous Enterprise Financial Guarantee scheme.

	BBLS	CBILS	RLS Phases 1&2	RLS Phase 3
Scheme opened to borrower applications	4 May 2020	23 March 2020	6 April 2021	1 August 2022
Scheme closed to borrower applications	31 March 2021	31 March 2021	30 June 2022	-
Facility longest maximum duration	Six years, extendable to ten years at borrower discretion under 'Pay As You Grow' option	Three and six years, extendable to up to ten years for forbearance purposes in line with usual lender forbearance policy	Three and six years depending on the type of the facility	Three and six years depending on the type of the facility
Facility type	Term loans	Term loans Asset Finance Invoice Finance Overdrafts	Term loans Asset Finance Invoice Finance Overdrafts	Term loans Asset Finance Invoice Finance Overdrafts
Maximum facility	£50,000	£5,000,000	£10 million for applications approved prior to 1 January 2022 £2 million for applications approved after 1 January 2022	£2,000,000

	BBLS	CBILS	RLS Phases 1&2	RLS Phase 3
Government guarantee	100%	80%	80% for applications approved prior to 1 January 2022 70% for applications approved after 1 January 2022	70%
Number of approved guarantee facilities outstanding as at 31 March 2024	1,033.0 thousand	54.5 thousand	15.8 thousand	7.5 thousand
Value of approved guarantee facilities outstanding as at 31 March 2024	£18,465 million	£6,642 million	£2,409 million	£1,164 million
Total amount guaranteed as at 31 March 2024	£18,465 million	£5,314 million	£1,833 million	£815 million

Recovery Loan Scheme Phase 3 supports small and medium sized businesses to access the finance they need to grow and invest. The scheme was extended to borrowers on 1 August 2022, with maximum borrowing per business in Great Britain of £2 million and £1 million for businesses subject to the Northern Ireland Protocol with the European Union. Durations of loan facilities are from three months to six years with the core department assuming 70% of the lender credit risk. From 1 July 2024, the scheme has been extended and rebranded to the Growth Guarantee Scheme.

A guarantee is recognised on the Statement of Financial Position and included in the liability when a lender makes an offer of a loan facility to a borrower. There is no direct relationship between the Department and borrowers; quantification of the guarantees in terms of numbers and amounts above is based on information provided by lenders. The schemes are operated on behalf of the Department by the British Business Bank (BBB) via the network of accredited lenders.

Liability measurement

In accordance with the FReM and IFRS 9 for these guarantees (note 1), the guarantee liabilities are measured at a value equal to the guaranteed proportion of lifetime expected credit losses (ECL) on the underlying loan facilities. They are not crystallised obligations at the reporting date but present value estimates of future expected payments to reimburse guarantee holders for credit losses incurred less any amounts expected to be recovered from borrowers subsequent to a guarantee claim.

The liabilities are estimated using IFRS 9 compliant ECL models developed by a third party specialist in conjunction with BBB specifically for these schemes. The models are operated by BBB within a formal control environment and in accordance with the Bank's internal governance procedures and the Department's framework for business critical models which complies with quality assurance best practice in the government's 'Review of quality assurance of government models' by Sir Nicholas Macpherson. The models apply assumptions which have a material impact on the reported liabilities. Key modelling assumptions are set by expert judgement and reviewed by subject matter experts in the Department and Bank. Independent assurance on the original model design was provided by the Government Actuary's Department.

For each individual guarantee, the model estimate of probability of default over the lifetime of the underlying loan facility is combined with an estimate of the outstanding exposure at default (taking account of the contractual repayment profile and estimates of the outstanding balances at default) and with an estimate of the amount likely to be recovered post-default (taking into account the type of collateral held by the lender where relevant), to estimate the ECL value, i.e., the expected value estimate of the guarantee liability. Model estimates are adjusted at scheme level if considered necessary to ensure reported liability values reflect all relevant reasonable and supportable information.

Estimation uncertainty – BBLS CBILS and RLS

Whilst all schemes are subject to significant estimation uncertainty, the liabilities for BBLS, CBILS and RLS are material to the department's financial position and therefore estimation uncertainty may result in material changes to the estimates in future reporting periods as more data becomes available. Liability values are estimated by the model for each underlying loan facility based on data from lenders and other sources. Key data includes:

a. the amount guaranteed at origination in the scheme for each loan and its contractual repayment profile and status (whether performing, past due or in default);

b. borrower credit reference information from third parties;

c. macroeconomic forecasts from independent specialist economic analysts; and

d. for BBLS, the probability that the loan may have been contracted fraudulently by the borrower, that is in deliberate contravention of borrower eligibility criteria.

Uncertainty risk in the modelled liability relates primarily to estimates of:

a. probability of default of individual loans which is materially impacted by:

   ii. the effect of current and future macroeconomic conditions on borrowers' ability to repay and

    iii. for BBLS, level of borrowing in breach of scheme rules due to fraud or error

b. recoveries from borrowers post claim.

The analysis below indicates the sensitivity of the model estimates to changes in inputs. The changes applied do not constitute forecasts and the impacts shown are to model estimates before application of post-model adjustments which have been disclosed separately.

a) Probability of default (prior to adjustment for future macroeconomic conditions and fraud risk)

Probability of default is subject to uncertainty, in particular arising from the unconventional credit policy and underwriting of the underlying loans compared to any other loan portfolio in the lending industry. The analysis below shows the impact on the model liability estimate had the model estimate of probability of default for each loan facility been lower or higher by the percentages shown. This analysis is applied to probability of default as standalone excluding sensitivities to future macroeconomic conditions and fraud risk.

Sensitivity analysis: Impact on model liability estimate of changes to probabilities of default	BBLS £m	CBILS £m	RLS £m
Probabilities of default for BBLS loans lower by 20%	(583)	-	-
Probabilities of default for CBILS and RLS loans lower by 33%	-	(113)	(104)
Model liability estimate	6,245	645	510
Probabilities of default for CBILS and RLS loans higher by 50%	-	162	137
Probabilities of default for BBLS loans higher by 25%	686	-	-

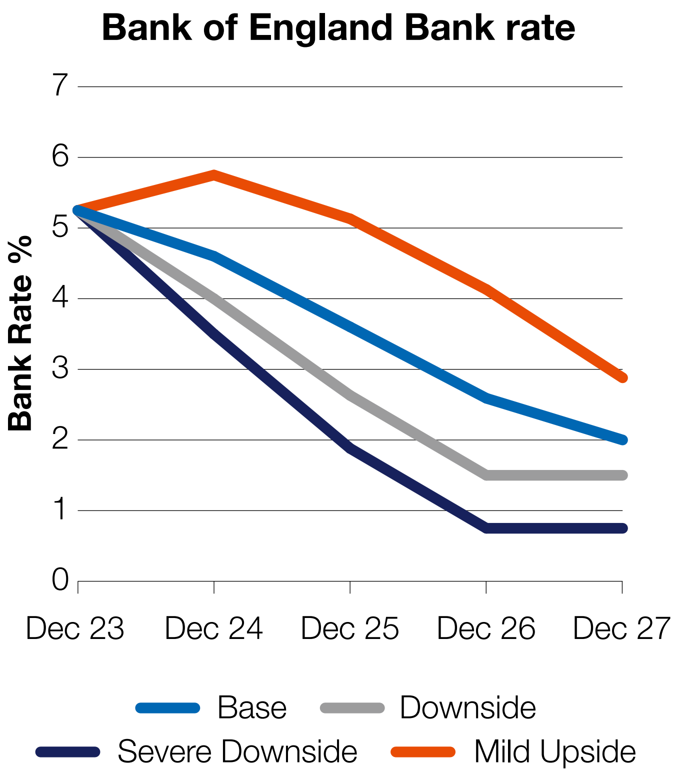
The percentage changes are relative, meaning (by way of an illustrative example only) that an increase of 20% to a probability of default of 1% would increase probability of default to 1.2%. The percentage changes take into account the risk profiles of the individual schemes. The CBILS and RLS loan portfolio are subject to lenders' credit policy and underwriting reviews, with risk profiles more closely aligned to commercial lending portfolios, meaning they have a lower risk profile than the BBLS loan portfolio.

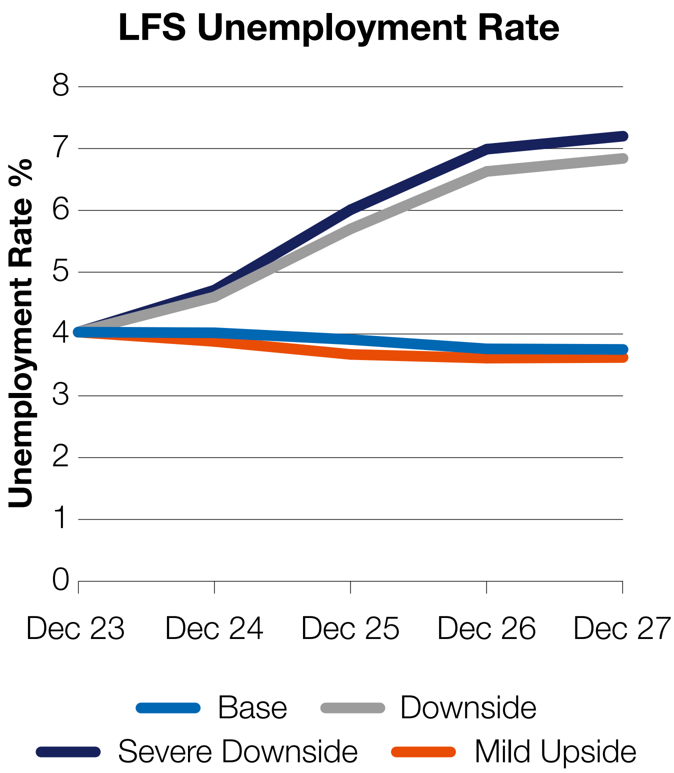
The sensitivities for CBILS and RLS have been set as the equivalent of a one notch movement downwards or upwards on the Moody's granular rating scale from the model estimates of probability of default. Lower percentage changes have been applied to BBLS as a borrower self-certification product without the usual commercial lender credit policy and underwriting procedures and with higher model estimates of probability of default which limit the scope for credit quality deterioration. The percentages for BBLS are equivalent to half a notch movement on the Moody's granular rating scale.

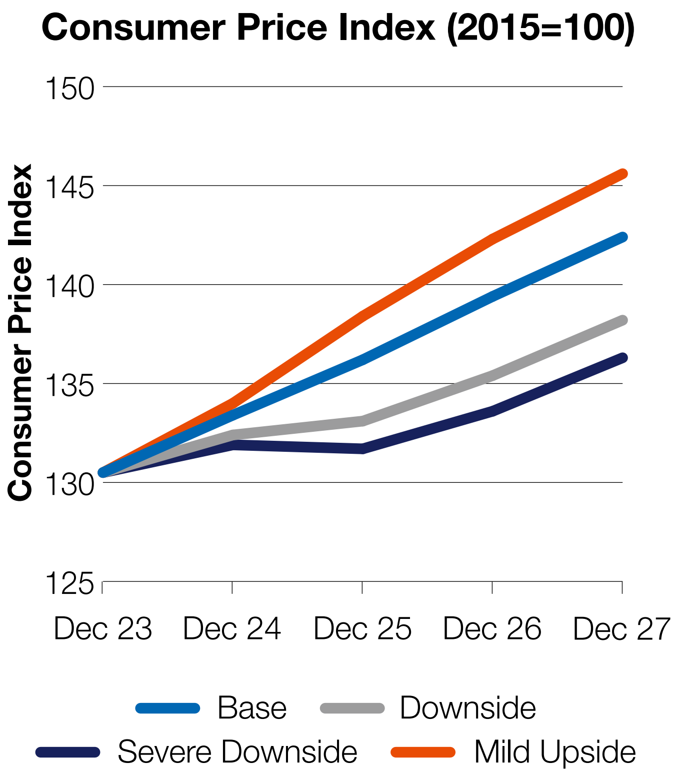
The model adjusts the estimate of probability of default for each loan facility to take account of i) forward macroeconomic conditions and, for BBLS, ii) levels of borrowing in breach of scheme rules due to fraud or error:

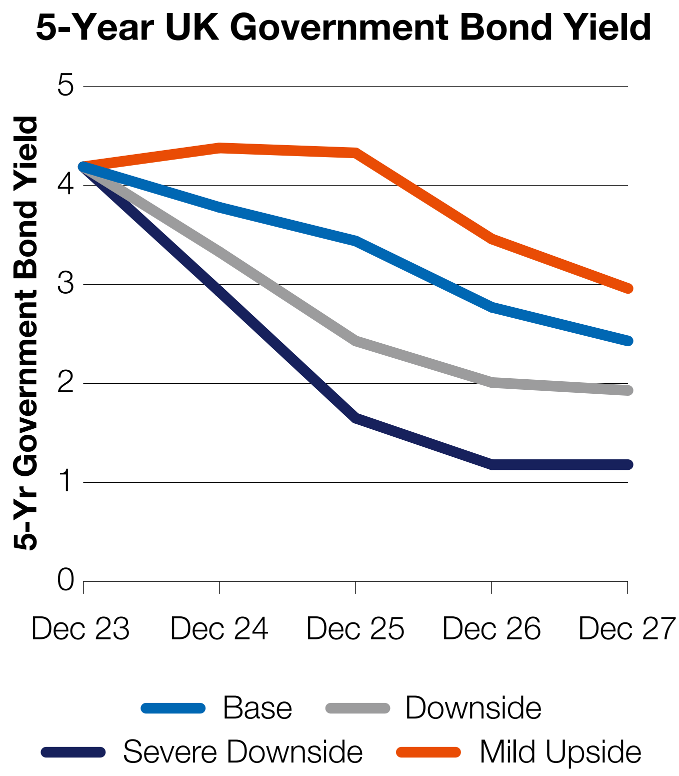
i) Forward macroeconomic conditions

A probability weighted view of forward economic conditions is applied by the model to adjust probability of default, based on potential scenarios provided by an independent specialist economic forecasting firm.









Source: Oxford Economics

Economic scenarios provided by Oxford Economics for IFRS 9 ECL measurement, March 2024.

The above charts show the values of economic indicators for the different scenarios over the four year period from December 2023 which were applied in the model with the following weightings:

Scenario	Probability weighting in model
Mild Upside	10%
Base	60%
Downside	20%
Severe Downside	10%

The sensitivity analysis below shows the impact on the model liability estimates had the probability of each individual economic scenario shown been set at 100% with zero probability for the others.

Sensitivity analysis: Impact on model liability estimate of 100% weighting applied to individual economic scenarios	BBLS £m	CBILS £m	RLS £m
Mild Upside	(252)	(33)	(28)
Base	(270)	(34)	(31)
Model liability estimate	6,245	645	510
Downside	598	74	68
Severe Downside	675	87	77

ii) Risk of borrowing in breach of scheme rules due to fraud or error

The risk of guarantee claims for loan defaults arising from borrowing in breach of scheme rules due to fraud or error despite lender checks having been undertaken in accordance with scheme loan eligibility criteria is considered to be material for BBLS only.

The estimate of residual fraud and error remaining in the 'open' BBLS loan portfolio is an input to the ECL calculation and is subject to uncertainty, partly due to data limitations. In 2023-24 the Department undertook a review of the approach taken to estimating both the level of fraud and error within the portfolio, and the residual loss rate as a result of that fraud and error. The latter is an input into the BBLS ECL calculation.

The review focused on three important components of the residual fraud estimate:

1. The estimate of the lifetime rate of fraud and error incidence for all BBLS lending,

2. The estimate of the lifetime rate of losses arising from incidences fraud and error, ('the fraud emergence rate'). This is an estimate of the proportion of facilities estimated to be suspected fraud and error that will result in a loss to the Department.

3. The rate of lender detection of fraud and error in the closed book. This is used to derive an estimate of the proportion of total fraud and error which remains in the open book.

The review gave rise to changes to the approach adopted in previous years, which represents a change in accounting estimate under the definition of IAS 8. The change is not considered to arise from a prior-year error, but rather as a result of additional data and evidence being available that wasn't available in the previous year. As a consequence, the Department has not undertaken a remeasurement and restatement of the ECL as reported in the 2022-23 comparative values.

Applying the revised approach results in a lifetime estimate of the incidence of fraud and error in the BBLS portfolio at 31 March 2024 of 9.7% and a residual fraud and error rate in the open book of 2.8%. Had the same approach to estimation been applied at 31 March 2023, the lifetime estimate of the incidence of fraud and error would have been 8.0%, compared with an estimate of 8.9% as applied to the 2022-23 comparatives and the residual fraud and error rate would have been 2.3% compared with 4.4%. This is illustrated in the table below.

	31 March 2024	31 March 2023	
	Estimate	Original Estimate	Revised Estimate
Lifetime Fraud and Error Incidence Rate	9.7%	8.9%	8.0%
Lifetime Fraud and Error Loss Rate	6.8%	5.9%	5.3%
ECL Fraud and Error Loss Rate	2.8%	4.4%	2.3%

Lifetime fraud and error incidence rate

The estimate of lifetime fraud and error incidence rate is based on an analysis of fraud risk indicators within a statistically representative sample of 1,067 BBLS facilities ('the sample'). The estimate for the sample is then extrapolated across the full BBLS population of 1,547,155 facilities. Facilities within the sample that had previously been identified as having one of the fraud risk indicators present were re-analysed using data that was not available at the previous year-end. This resulted in a reduction in the estimate of the lifetime fraud and error incidence rate based on the March 2023 position from 8.9% to 8.0%. However, since the previous year-end Lender performance data has identified additional facilities in the sample which had not previously been identified as being suspected fraud and error, which has increased the estimate to 9.7%.

Lifetime fraud and error loss rate

The lifetime fraud and error loss rate ('loss emergence rate') estimate is an estimate of the proportion of those facilities estimated to be fraud and error that will result in loss. This estimate is derived from the default performance of the sample, wherein defaults and arrears represent loss, and full repayments or guarantee removals represent no loss. For facilities in the sample which are on schedule an estimate is made of the proportion that will default (resulting in loss) before maturity. Previously this estimate used the take-up rate of the ‘pay as you grow’ borrower option across the BBLS portfolio as a proxy for distress and likely future defaults. The revised approach uses the BBLS lifetime PD for this purpose. This a more appropriate and evidence-based approach, which better reflects the evolving risk profile of a maturing book.

ECL fraud and error loss rate

To derive an estimate of the fraud and error rate to be used as an input to the ECL calculation, the level of fraud and error within the defaulted book is assessed and deducted from the lifetime fraud and error loss rate estimate to derive the level of residual fraud remaining in the open book. At 31 March 2023 the Department assessed that, of the 5.9% estimated lifetime fraud and error losses, 4.4% was still to be realised with 1.5% having been realised.

Analysis of Lender detected fraud and error in the BBLS population when compared to the sample, indicates that Lenders do not identify all instances of fraud loss. This means that there is a risk of underestimating the amount of fraud loss that has already been incurred. Low fraud detection rate by Lenders is in some cases due to limited access to data that would indicate suspicion of fraud or error. Furthermore, Lenders may be less likely to mark a facility as suspected fraud where the borrower has a history of on-schedule payments, as they would be unable to prove 'Intent'.

It is therefore considered appropriate to use the Lender detected fraud and error rate in the sample to scale up the estimate of realised fraud and error in the 'closed' loan book, in order to derive the residual fraud remaining in the 'open' book. Using this approach, and an estimated Lender detection rate of 49.9% at March 2023, gives rise to a revised residual fraud and error rate estimate at March 2023 of 2.3% compared to 4.4% used in the original calculation.

Fraud and error loss range estimates

The following analysis presents a range of residual fraud estimate outputs based on the reasonable range of inputs in relation to the three components of the ECL residual fraud estimate described above.

Name	Rate of Fraud/ Error	Emergence Rate	Detection Rate	Residual Fraud Rate
High End Estimate	11.4%	73.8%	76.1%	**5.1%**
Central Estimate	9.7%	70.2%	65.1%	**2.8%**
Low End Estimate	7.9%	66.7%	54.1%	**0.5%**

Data limitations

The fraud and error loss estimate is based on analysis of the sample against a number of fraud risk indicators. However, it is recognised that there are a number of fraud risk indicators which the sampling exercise did not take into account. Whilst work has been performed to validate the potential impact of these risk indicators, there is not currently sufficiently robust data available to quantify their impact.

The risk indicators identified and not considered in the sampling work performed include turnover inflation, misuse of funds, backdated director appointment, unusual activity, dissolution objections and sole traders. The Department has worked to quantify the impact of these indicators on the fraud rate estimate. The impact of these fraud risk indicators either cannot be supported by verifiable or observable evidence, or it would require undue cost or effort in order to produce a robust estimate, and as such, have not been included within the fraud rate estimate at year end.

The estimate of loss as a result of fraud is based on the default performance to date of facilities from the sample that were identified as ‘suspected fraud’, and also of facilities across the wider BBLS population. However as further repayment data becomes available, the estimate could change.

Whilst there are limitations to the data supporting the estimate, the Department has used all supportable information that is available at the year end, to determine its estimate of fraud in the BBLS portfolio.

CBILS, CLBILS and RLS

Fraud is considered to be material for BBLS only and as such an explicit fraud rate has not been built into the ECL calculations for CBILS, CLBILS and RLS. For these schemes estimated fraud losses are integrated into the credit loss estimates. An assessment has been made over the levels of fraud in the CBILS and RLS, the only schemes of these three which have a liability that is material to the accounts.

The evaluation of information currently available supports the Department's assessment that the schemes are not affected by elevated levels of fraud. Normal control and verification procedures carried out in the banking industry were required to be applied by lenders in advance of CBILS and RLS loans being awarded, this significantly reduced the risk within the portfolio. Therefore, losses as a result of fraud in the CBILS and RLS portfolio are not expected to be either materially different from a commercial lending book, or material in their own right.

The assessment of fraud within these schemes is based on the levels of suspected fraud detected by Lenders at 31 March 2024, which is the best available data that can be used for this purpose. For both CBILS and RLS, lenders have flagged less than 1% of the drawn loan value as being suspected fraud. It should be noted that facilities identified by lenders as suspected fraud will not all ultimately default and result in a loss to the Department.

b) Recoveries post guarantee claim

The model estimates comprise expected values estimates for the amounts to be paid out on guarantee claims less the Department's share of estimated recoveries from borrowers post claim. The schemes are deemed to be non-investment grade, with a 40% variation in recoveries appropriate based on industry studies. The analysis shows the impact on the model liability estimates had the estimates of amounts to be recovered been higher or lower by 40%.

Sensitivity analysis: Impact on model liability estimate of changes in estimate of recoveries post guarantee claim	BBLS £m	CBILS £m	RLS £m
Recovery amounts higher by 40%	(47)	(64)	(51)
Model liability estimate	6,245	645	510
Recovery amount lower by 40%	47	64	51

Adjustments to model estimates

Post model adjustments (PMA) have been made to the total model liability estimates for the schemes as shown below, based on expert management judgement.

a) 'Cures' post model adjustment

The ECL model has two definitions of default both of which accord with the IFRS 9 standard of credit impairment (stage 3). These are 'Lender Demand' and '90+ Days Past Due'. In determining whether a loss has occurred, a facility must first default under either definition. The ECL model assumes that following such a default, all facilities will progress to claim with a recovery rate defined by the facility's Loss Given Default (LGD) at a portfolio level.

Portfolio performance data shows that the probability of a loss differs between the 'Lender Demand' and '90+ Days Past Due' default populations. This means that the single LGD parameter is not granular enough to model the total expected losses between the default populations. To recognise this limitation, a post model adjustment has been applied to account for the probability of a no-loss outcome (cure). The PMA is expected to be applied on a temporary basis pending enhancement of the BBLS LGD model component, which will be undertaken during 2024-25.

This post model adjustment is not applicable for schemes other than BBLS as at 31 March 2024 because they have much longer recovery and workout periods from default than BBLS which means there is insufficient recovery data to accurately recalibrate LGD at this stage.

b) Inflation post-model adjustment

At March 2023 a PMA was applied to the ECL for all schemes, to recognise a model limitation where the historic data used to develop the model outputs did not include a period of high inflation combined with below-inflation interest rates, which was present in the economic environment at that time. As the economy has now passed through that period of high inflation combined with below-inflation interest rates, it is considered that this PMA is no longer appropriate.

The breakdown of the reported liabilities for the various schemes showing the total model liability and the Cures and the High Inflation PMA adjustments is shown in the table below.

	31 March 2024			31 March 2023		
	BBL £m	CBILS £m	RLS £m	BBL £m	CBILS £m	RLS £m
Model liability estimate	6,245	645	510	9,348	1,026	391
Cures PMA	(1,059)	-	-	-	-	-
Inflation PMA	-	-	-	360	77	31
Total	**5,186**	**645**	**510**	**9,708**	**1,103**	**422**

Additional model uncertainty in relation to BBLS Pay As You Grow (PAYG)

There is uncertainty over the performance of the BBLS portfolio due to the existence of a small but growing population of facilities which no longer have access to further Pay As You Grow (PAYG) options. Under PAYG borrowers were offered any combination of a capital repayment holiday; up to three interest only repayment periods; a term extension to 10 years. At 31 March 2024, 35% of BBLS borrowers had taken advantage of at least one PAYG option, and 2% of borrowers had exhausted all options. The proportion of borrowers which have exhausted all options is expected to increase in the coming months.

The BBLS PD model is built and calibrated on the behaviours of borrowers with access to PAYG options. Initial indicators suggest that the default rate of borrowers that have exhausted PAYG options are higher than those observed to date, and that the existing model design may not effectively measure this risk. However, this emergence has not stabilised sufficiently in order to quantify any associated model adjustment. Pending further outcome data, it is not yet possible to calibrate the BBLS PD model in response, and nor is it possible to derive an evidence-based Post Model Adjustment to be held as an overlay.

It is expected that in 2024-25 outcomes will stabilise sufficiently to support a calibration of the model to accurately quantify this potential difference in risk.

Departmental Group

Loan commitments

The £229 million loan commitment (31 March 2023: £210 million) relates to Enterprise Capital Funds (ECF) liabilities in the British Business Bank, see note 18 for further information.

15. Provisions

	Post Office Limited £m	Postmaster redress £m	British Shipbuilders £m	Other £m	Departmental Group £m
At 1 April 2022 (restated)	579	-	109	17	705
Provided in year	58	122	6	2	188
Written-back in year	(122)	-	-	(4)	(126)
Utilised in year	(43)	-	(7)	(2)	(52)
Change in discount rate	3	-	(21)	-	(18)
Discount unwind	3	-	1	-	4
At 31 March 2023 (restated)	**478**	**122**	**88**	**13**	**701**
Provided in year	729	791	-	10	1,530
Written-back in year	(206)	-	(11)	(2)	(219)
Utilised in year	(174)	(33)	(6)	(2)	(215)
Change in discount rate	(2)	(1)	(7)	-	(10)
Discount unwind	15	4	3	-	22
At 31 March 2024	**840**	**883**	**67**	**19**	**1,809**
Of the total:					
To be settled within one year	363	503	7	9	882
Later than 1 year and not later than 5 years	477	380	22	9	888

	Post Office Limited £m	Postmaster redress £m	British Shipbuilders £m	Other £m	Departmental Group £m
Later than 5 years	-	-	38	1	39
At 31 March 2024	**840**	**883**	**67**	**19**	**1,809**
Of the total:					
Core department and agencies	840	883	67	16	1,806
NDPBs and other designated bodies	-	-	-	3	3
At 31 March 2024	**840**	**883**	**67**	**19**	**1,809**

Departmental group

Provisions have been presented at the Departmental group level.

The provision liabilities have been discounted to present value using discount rates as provided annually by HMT. Discounting as at 31 March 2023 and 31 March 2024 has been applied to nominal cash flows which include allowance for future inflation where necessary, using either a forecast specific to the cash flows or forecast of consumer price inflation provided by HMT. In most years, these rates will change and the impact of this is included in the “Change in discount rate” movement of provisions. Rates as provided by HMT are set out in the table below.

	31 March 2024		31 March 2023	
	Nominal discount rate	Annual inflation rate (applied cumulatively)	Nominal discount rate	Annual inflation rate (applied cumulatively)
Within one year	4.26%	3.60%	3.27%	7.40%
Between one and two years	4.26%	1.80%	3.27%	0.60%
Between two and five years	4.26%	2.00%	3.27%	2.00%
Between five and ten years	4.03%	2.00%	3.20%	2.00%
After ten years	4.72%	2.00%	3.51%	2.00%

Allowances for future inflation and discounting can impact on reported liabilities significantly; uninflated, undiscounted equivalent values are provided in the descriptions of the provisions below to illustrate the effect.

Post Office redress schemes

Provisions are measured as best estimates, based on information available to the Department at the time of authorisation of these accounts. The Department has provided for the full estimated costs of payments to claimants which comprise amounts for redress and for their legal expenses. No allowance has been made for contributions that may be received from external parties. The provisions do not therefore include any potential recoveries. The Government remains fully committed to ensuring redress is provided to the affected claimants in full and in a timely manner and set aside around £1.8 billion in the Autumn Budget 2024, in addition to amounts already paid up to March 2024, to provide redress to victims of the Post Office Horizon scandal.

Measurement of the provisions includes assumptions with respect to numbers of claimants and average amounts likely to be paid to claimants. However, detail on these assumptions has not been disclosed in these accounts to avoid prejudice to settlement discussions which are undertaken on a case-by-case basis.

Post Office Limited

Post Office Limited has undertaken to make payments under two schemes to individuals (postmasters and former postmasters) in relation to previous versions of Post Office Limited's Horizon IT system:

a. those who had been wrongly convicted of fraud, theft and false accounting, later overturned through the courts (the Overturned Convictions (OC)),

b. those who were affected by financial discrepancies (the Horizon Shortfall Scheme (HSS)),

and in relation to two further schemes:

c. those who were not previously paid during a period of suspension (Suspension Remuneration Review (SRR)), and

d. those who were impacted by operational and policy issues separate to the Horizon schemes (the Post Office Process Review (PPR)).

Post Office Limited will be unable to fund the full amount estimated to be payable itself and still continue to maintain levels of public service provision deemed necessary by the Department.

As the sole shareholder in Post Office Limited, the Secretary of State has undertaken to provide an amount of funding to Post Office Limited to support payments for approved claims to the extent that Post Office Limited is unable to fund them without adverse impact on its services to the public. The Department is expecting to fully fund all future redress payments associated with the OC, HSS, SRR, and PPR schemes.

	HSS £m	OC £m	SRR £m	PPR £m	Total £m
Opening balance	95	320	63	-	**478**
Provided in year	713	-	-	16	**729**
Written-back in year	-	(191)	(15)	-	**(206)**
Utilised in year	(140)	(29)	(5)	-	**(174)**
Change in discount rate	-	(2)	-	-	**(2)**
Discount unwind	3	10	2	-	**15**
At 31 March 2024	**671**	**108**	**45**	**16**	**840**
Undiscounted provision	717	121	46	18	902

These liabilities are uncertain both in relation to total amount and timing of payments. The estimate is based on information provided by the Post Office which is reviewed and discounted to present value by the Department.

Horizon Shortall Scheme (HSS)

The main driver for the provision increase during 2023-24, and uncertainty with respect to estimation, relates to the potential increase in claims that might result from a mass mail out to potential claimants undertaken by the Post Office Limited. The Post Office anticipates a response rate of approximately 25% - 30% to the ongoing mass mail out, which is seeking to invite new claimants to the HSS and invite existing claimants who have not yet settled to consider whether they wish to accept the Fixed Sum Offer of £75,000. The Post Office anticipates that the vast majority of eligible new claimants will accept the Fixed Sum Offer. However, due to the early stage of the process and therefore limited data on which to base this estimate, the eventual outcome could vary significantly from these assumptions. Different response rates to the mass mail out would cause the provision liability to change:

- A reduced response rate of 15% would reduce the liability by £251 million to £420 million
- An increased response rate of 40% would increase the liability by £175 million to £846 million

Uncertainty arises also in relation to the extent to which claims are approved at the Fixed Sum Offered of £75,000 or other amounts, should claimants choose not to accept the fixed option. This, however, would have a lower impact on the liability than a change in the response rate assumption noted above. The Department's provision value does not incorporate the cost of top-up payments for those claimants whose cases had reached full and final settlement or where offers had been made as these were recognised via accrued expenditure in the accounting period, at an amount of £133 million.

Overturned Convictions (OC)

The provision for funding the OC scheme has reduced in 2023-24 due to legislation now in place to overturn any remaining convictions. All those whose convictions were overturned by the Post Office (Horizon System) Offences Act 2024 or the Post Office (Horizon System) Offences (Scotland) Act 2024 will be entitled to apply for redress directly from the Department via the Horizon Convictions Redress Scheme rather than the OC scheme. Individuals whose convictions were overturned prior to the Act will continue to receive payments in redress from the Post Office through the OC scheme. Individuals who were not postmasters and were prosecuted but not convicted can also seek redress via the OC scheme. Claimants within scope of the new legislation who have their conviction overturned will be eligible to apply for the Horizon Convictions Redress Scheme. The Department's latest and best estimate is that there will be no additional claimants into the OC scheme outside of the existing cohort of convictions that were overturned via the relevant appeals court before the Act was passed. The provision now also includes an amount for individuals who were not postmasters and were prosecuted but not convicted.

The main uncertainty with respect to provision measurement relates to potential settlement values. The provision estimate from the Post Office takes into account settlements made to date, ongoing discussions with those whose claims are currently being assessed as part of the OC process, and the announcement on 18 September 2023 regarding an option of a £600,000 fixed sum offer. As an indication of the sensitivity of the provision estimate to this assumption:

- A 25% reduction in the average payout would reduce the provision by £29 million to £79 million
- A 25% increase in the average payout would increase the provision by £29 million to £137 million

Postmaster Redress Schemes

The Department is delivering two schemes in addition to the HSS and OC schemes administered by the Post Office Limited:

	GLO £m	HCRS £m	Total £m
Opening balance	122	-	**122**
Provided in year	93	698	**791**
Utilised in year	(33)	-	**(33)**
Change in discount rate	(1)	-	**(1)**
Discount unwind	4	-	**4**
At 31 March 2024	**185**	**698**	**883**
Undiscounted provision	194	747	941

Group Litigation Order

The Post Office Group Litigation Order (GLO) scheme will provide additional payments to members of the group litigation 'Alan Bates and others v Post Office Limited' given the extent to which court-awarded payments were consumed by the claimants' legal costs.

The main uncertainty with respect to provision measurement is in relation to the average payout of claims. The scheme has now made a substantial number of offers from which an average payout for remaining claims has been estimated. As an indication of the uncertainty associated with the provision estimate, the Department considers that the outturn is likely to fall within the following range:

- Low: the provision could decrease by £20 million to £165 million
- High: the provision could increase by £63 million to £248 million

Horizon Convictions Redress Scheme (HCRS)

The Horizon Convictions Redress Scheme (HCRS) was announced on 13 March 2024 and is being administered directly by the Department. The Post Office (Horizon System) Offences Act 2024 and Post Office (Horizon System) Offences (Scotland) Act 2024 quash Horizon-related convictions where they meet the criteria set out in the Acts. The HCRS scheme will allow those whose convictions have been quashed to more quickly and efficiently seek fair and full redress to help rebuild their lives. Subject to safeguards to mitigate the risk of fraud, these individuals will be eligible for redress. This includes the upfront offer of £600,000 or the option to potentially claim more via the full individual claim assessment process. This represents a potential liability for the Department direct to postmasters.

There is significant uncertainty associated with the provision estimate, related primarily to the potential number of total eligible claimants, the proportion of claimants who will choose to accept the fixed sum offer, and the expected settlement per claimant for fully assessed claims. To date, only a relatively small number of claims have been fully settled on the HCRS, and none through the full individual claim assessment process, given the scheme only launched on 30 July 2024 and assumptions have therefore largely been informed from data from other schemes. The provision estimate takes into account uptake of the fixed sum offer to date on other schemes and the anticipated number of eligible claims. For settlement outside of the fixed sum DBT used three separate sources of available evidence to determine an expected settlement figure, this analysis was done as part of the modelling associated with the introduction of the fixed sum option on the OC scheme in the summer of 2023. Although data was limited DBT deemed that it should be included in the analysis of any reasonable estimate. Settlement data following on from this continues to be extremely limited and DBT therefore deemed it appropriate to continue to use this modelling as part of a best estimate.

As an indication of uncertainty in relation to the provision estimate, the Department considers the value to likely fall within the following range of potential outcomes:

- Maintaining all other assumptions and:
  - lowering the number of anticipated eligible claims by 39% would reduce the provision by £278m.
  - lowering the anticipated settlement estimate by 25% would reduce the provision by £110m.
- Maintaining all other assumptions and:
  - increasing the number of anticipated eligible claims by 21% would increase the provision by £149m.

- increasing the anticipated settlement estimate by 25% would increase the provision by £109m.
- increasing the anticipated settlement estimate by 50% would increase the provision by £218m.
- increasing the anticipated settlement estimate by 100% would increase the provision by £437m.

British Shipbuilders

The provision is an estimate of the cost to the Department for future personal injury compensation claims for former employees of British Shipbuilders and its subsidiaries arising primarily from exposure to asbestos. The Government assumed responsibility for the liabilities of the former Corporation on its abolition in March 2013 under The Public Bodies (Abolition of British Shipbuilders) Order 2013. The discounted liability as at 31 March 2024 is £67 million (31 March 2023: £88 million); the undiscounted liability, including allowance for future inflation, as at 31 March 2024 is £101 million (31 March 2023: £118 million). The estimated liability is based on an actuarial review as at 31 March 2024 and includes allowance for future inflation judged appropriate by the actuary. The current estimate is that liabilities will extend up to 2063.

The long-term latency periods of disease claims considered means there is uncertainty in estimating the reserve. The uncertainty is particularly in relation to predicting the future number of claims and the costs associated with such claims due to external factors such as medical advances, court rulings and inflation. The liability has been measured using the ‘central estimate’ from the most recent actuarial assessment, performed as at 31 March 2024. This concluded that the central estimate of £101 million of total future claim payments as at that date was likely to fall within a range of potential total payments of £65 million to £226 million. These figures are undiscounted but include allowance for future inflation.

16. Contingent liabilities

The Departmental group has the following contingent liabilities for which the risk of crystallisation is considered greater than remote but is not thought probable. Amounts disclosed reflect the best estimate of the possible liability. These are summarized by the nature and purpose of the contingent liability:

Core department – unquantifiable contingent liabilities

Post Office Limited

DBT has historically strongly supported Post Office Limited (POL) and the post office network as it provides vital public services to millions of customers across the United Kingdom. Significant funding has already been provided and committed to POL to ensure its policy objectives have been met, including mitigating risks arising from certain legacy claims connected with the Horizon IT system. While working with POL to transition to a self-funded model, DBT intends to continue to develop solutions to support POL in settling its liabilities as they fall due, subject to HMT consent and subject to the application of the Subsidy Control Act 2022, where such liabilities threaten the ability of POL to continue to provide its vital public services. As such there is a possible likelihood that, should unexpected liabilities arise within POL that threatens its ability to function as a going concern, DBT would provide funding to settle some or all of these theoretical liabilities. As at 31 March 2024 the quantum of any possible liability is unquantifiable.

At 31 March 2024, POL had borrowed £741 million from DBT under the revolving capital loan facility and had an outstanding balance of £45 million on a term loan from DBT. On the basis that the loans are fully collateralised against the assets of POL, there is not expected to be any loss in the event of default, hence the ECL on this loan is £nil. If POL were to default on its repayments to DBT, and this led to a call on the assets of POL, this would create a liquidity challenge for POL which would need be addressed by DBT. This forms part of the above unquantified contingent liability disclosed.

Others

There are a number of potential liabilities for the Departmental group in respect of claims from suppliers, employees and third parties which depend on actual or potential proceedings. The timing and amounts of any liabilities are uncertain.

Core department – quantifiable contingent liabilities

	31 March 2024
Paid in capital subscription for the Common Fund for Commodities (CFC) Government is committed to the payment of a subscription of (2022-23 £2.24m) in the form of Promissory Notes to be redeemed on request by the fund.	£2.24 million
Callable capital subscription for the Common Fund for Commodities (CFC) Government is committed to the payment of a subscription of (2022-23 £1.96m) to the fund.	£1.96 million

Departmental group – quantifiable contingent liabilities

Insolvency Service – Legal Cases

Legal Cases: Due to the nature of the work undertaken by the Agency, there are a number of ongoing legal cases giving rise to contingent liabilities. The legal cases included as contingent liabilities all relate to either present obligations or probable obligations where reliable estimates cannot be made or possible obligations where the Agency has issued civil proceedings through the courts, and the outcome is dependent on court rulings and findings not wholly within the Agency's control. The Agency has 59 contingent liabilities relating to defended cases where it is possible but not probable that payment may be made in the future. The aggregate value of these cases has been estimated using a standard multiplier based on historic trend and is estimated at £5.2 million. Further details of these cases cannot be disclosed, as in accordance with IAS 37.92, the Agency considers that further disclosure for any contingent liability connected to legal proceedings could seriously prejudice ongoing litigation.

17. Capital and other commitments

Total minimum payments for capital, leases and other commitments.

	2023-24		2022-23	
	Core & Agency £m	Dept Group £m	Core & Agency £m	Dept Group £m
Contracted Capital Commitments	384	4,109	587	2,983
Other financial commitments	98	98	47	47
Total	**482**	**4,207**	**634**	**3,030**

17.1 Capital commitments

Departmental group

The most significant commitments that DBT Group has entered into include:

Capital Commitment	Detail
Post Office Loan (POL)	Capital commitments of £209 million (31 March 2023: £428 million) relate to undrawn amounts on the working capital facility with POL as at 31 March 2024.
Angel Co Fund	Capital commitments of £28 million (31 March 2023: £40 million) relate to undrawn amounts of the total funds committed as at 31 March 2024
ENABLE Funding	Capital commitments of £147 million (31 March 2023: £119 million) relate to undrawn amounts on the loan as at 31 March 2024
British Business Bank (BBB)	Investment commitments of £3,560 million (31 March 2023: £2,174 million) for BBB related to undrawn investment commitments.
Northern Powerhouse Investment Limited (NPIL)	£52 million (31 March 2023: £88 million) relating to capital calls to be utilised over the next six years.
Midlands Engine Investments Limited (MEIL)	£40 million (31 March 2023: £58 million) relating to capital calls to be utilised over the next seven years.
BIS (Postal Services Act 2011) Company Limited	£68 million (31 March 2023: £67 million) for capital calls relating to investments in respect of the private equity and property funds financial instruments.

For a breakdown of the line “Other financial commitments” please see tables below.

17.2 Other contractual commitments

The Departmental group has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) for subscriptions to international bodies and various other expenditures. Future payments to which the Departmental group is committed are as follows:

	31 March 2024		31 March 2023	
	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Not later than one year	45	45	30	30
Later than 1 year and not later than 5 years	47	47	17	17
Later than 5 years	6	6	-	-
Total	**98**	**98**	**47**	**47**

18. Financial instruments

The carrying amounts of financial instruments in each of the IFRS 9 categories are shown below:

		31 March 2024		31 March 2023	
	Note	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Financial assets					
At amortised cost					
Cash and cash equivalents	12	2,519	2,932	834	1,214
Receivables (a)	11	500	505	582	541
Public sector loans (b)	9	1,355	786	1,127	577
Investments and loans to private sector	10	-	1,018	-	937
Total financial assets at amortised cost		**4,374**	**5,241**	**2,543**	**3,269**
At fair value through profit or loss (FVTPL)					
Repayable launch investments	10	457	457	433	433
Future Fund investments	10	799	799	851	851
Public sector loans (b)	9	119	-	134	-

		31 March 2024		31 March 2023	
	Note	Core dept and agencies £m	Group £m	Core dept and agencies (restated) £m	Group (restated) £m
Other investments and loans to private sector	10	146	4,134	136	3,869
Total financial assets at FVTPL		**1,521**	**5,390**	**1,554**	**5,153**
Financial liabilities					
At amortised cost					
Payables (a)	13	(2,820)	(2,916)	(1,069)	(1,217)
Total financial liabilities at amortised cost		**(2,820)**	**(2,916)**	**(1,069)**	**(1,217)**
At fair value through profit or loss (FVTPL)					
Loan commitment liabilities	14	-	(229)	-	(210)
Total financial liabilities at FVTPL		**-**	**(229)**	**-**	**(210)**
Financial guarantee liabilities					
Financial guarantee liabilities (c)	14	(6,376)	(6,376)	(11,296)	(11,296)
Total financial guarantee liabilities		**(6,376)**	**(6,376)**	**(11,296)**	**(11,296)**

Notes:

a. The amounts disclosed above as payables and receivables exclude any assets or liabilities which do not arise from a contractual arrangement.

b. Public sector loans classified at amortised cost consist of loans to Post Office Limited and Fleetbank Funding Limited (Enable funding programme). Public sector loans classified as fair value through profit and loss consist of loans to British Business Bank for the Start-up Loans Company, Public sector loans to Northern Powerhouse Limited, Midlands Engine Investments Limited and Cornwall and Isles of Scilly Investments Limited are accounted for at cost under IAS 27 – Separate Financial Statements, so are excluded. See note 9 for further detail.

c. Under an adaptation of the FReM for IFRS (note 1), financial guarantees for the BBLS, CBILS, CLBILS, and RLS schemes (note 14) are measured at lifetime expected credit losses which is not a measure of fair value but is to be treated as such for the purpose of comparison of fair value to the value in the SOFP.

d. Ordinary shares in British Business Bank, BIS (Postal Services Act 2011) Company Limited, and Postal Services Holding Company Limited (PSH) are excluded, as these are consolidated in the Departmental group and are held at cost. See note 9 for further detail.

Financial risk management

IFRS 7 ‘Financial Instruments: Disclosure’ requires the disclosure of information which will allow users of financial statements to evaluate the significance of financial instruments on the Departmental group’s financial performance and position and the nature and extent of its exposure to risks arising from these instruments.

As the cash requirements of the Departmental group are largely met through the estimates process, financial instruments play a more limited role in creating risk than would apply to a private sector body of a similar size. Note Repayable Launch Investments risk management has been considered separately in note 10, and financial guarantee liabilities risk sensitivity analysis has been disclosed in note 14.

The Departmental group is however exposed to credit, market (including foreign currency risk and interest rate risk), and liquidity risks due to the specific programmes and activities undertaken in pursuance of the Departmental group's objectives.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Significant credit risks can be summarised below.

Financial assets are written off, from an accounting perspective when there is no realistic prospect of receiving further return. Decisions are made on a case-by-case basis, as to whether the Department considers repayment realistic. Examples of reasons for write offs may include, business insolvency, an Individual Voluntary Arrangement (IVA), bankruptcy, when a debt becomes statute barred and others.

The table below describes the guaranteed and loan exposures at 31 March 2024 aligned to Moody's credit rating. This table only includes the Covid schemes, RLS, Enable Guarantees and Enable Funding (including Enterpise Financial Guarantee Scheme).

Rating	12 month Exposure £m	Lifetime Exposure not impaired £m	Lifetime Exposure impaired £m
Aaa to Caa	1,500	11,396	-
Caa to C	6	12,600	-
D	-	-	2,573

Core department and agencies

Investment funds

Investee companies may not perform as expected and the Departmental group may not recover its initial investment. The Core Department minimises the risk by monitoring the overall performance of the funds and to secure value for the Core Department as an investor. This includes a full evaluation of each business case submitted prior to committing funds.

Financial guarantees

The Core Department is exposed to credit risk from borrower default on lending against which the Department has issued guarantees, primarily in relation to the Bounce Back Loan Scheme (BBLS), Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large

Business Interruption Loan Scheme (CLBILS) and Recovery Loan Scheme (RLS) (note 14). The guarantees were issued to lenders and do not impact on the contractual obligation of borrowers to repay loans. Proportions of lending guaranteed are 100% for BBLS and 80% for CBILS and CLBILS, and 80% or 70% for RLS. An estimate of collateral security held by lenders for CBILS, RLS and CLBILS, which will reduce the Department's exposure, has been included in the reported liability. Any payment by the Department under a guarantee entitles it to a commensurate proportion of sums subsequently recovered from the borrower.

As at 31 March 2024 the Core Department was exposed to total guaranteed lending under these schemes of £28,075 million (31 March 2023: £41,894 million). The guarantees will expire over the next ten years as the underlying debt is repaid. The Department's reported liability of £6,370 million as at 31 March 2024 (31 March 2023: £11,284 million) has been measured as the present value of expected payments to reimburse guarantee holders for credit losses incurred less amounts expected subsequently to be recovered from borrowers, that is, as lifetime expected credit losses as defined for financial guarantees by IFRS 9. Accredited scheme lenders are responsible for collections and recoveries of amounts advanced to borrowers. Lenders are required to follow their own recovery processes, whilst fulfilling their regulatory responsibility to ensure fair and consistent treatment of customers. For BBLS, a recoveries framework, developed in conjunction with lenders, provides guidance to lenders on best practice in the context of the scheme rules. Lenders' operation of the schemes, including recoveries processes and performance, is assessed and reviewed by the British Business Bank.

Financial guarantees have also been issued under the Enterprise Financial Guarantee and ENABLE schemes. The Enterprise Financial Guarantee Scheme facilitates lending to viable businesses with the maximum obligation capped at £56 million at 31 March 2024 (31 March 2023: £81 million). The ENABLE guarantee scheme aims to encourage lending to smaller businesses with the Department guaranteeing a portion of net losses on designated loan portfolios of participating banks in excess of an agreed 'first loss' threshold. As at 31 March 2024 the Department had approved guarantee facilities with a potential maximum liability of £869 million (31 March 2023: £583 million). An aggregate liability of £6 million for both schemes as at 31 March 2024 (31 March 2023: £12 million) has been reported on the Statement of Financial Position.

Collateral

The core Department holds collateral over some loans held at amortised cost. Loan assets thus secured as at 31 March 2024 comprise £741 million of lending by the core department to Post Office Limited (31 March 2023: £522million) (refer to note 9 for further detail, including discussion on ECL measurement). DBT has also provided an additional term loan with a carrying value of £45 million as at 31 March 2024, (31 March 2023: £52 million) this is fully collateralised and more information can be found in notes 11 and 16.

Collateral is taken into account in estimation of expected credit losses (ECL) on the secured assets.

Departmental Group

British Business Bank investments

The British Business Bank (BBB) investments are assessed by BBB's Valuation Committee. BBB produces credit risk ratings for its investments based upon a risk grading of the financial obligor and the estimated Loss Given Default on that investment. Risk drivers which are assessed in setting the ratings include the financial viability and lending safety of the investment and, if available, the rating assigned by an external credit agency. Further risk management is applie through new product approval processes that assess past default and loss rates, due diligence of delivery partners underwriting methods and portfolio performance reviews that occur on a quarterly basis.

Market risk BBB schemes

Three equity asset portfolios in BBB are deemed materially sensitive. Analysis for 2024 indicates that a 29% increase or decrease in the value of BPC investments could result in a gain or loss of approximately £455.2 million, while a 7% change in BBI investments could lead to a gain or loss of around £91.9 million. Similarly, a 25% increase or a

26% decrease in BBFL investments could result in a gain of £121.7 million or a loss of £126.6 million, respectively. For 2023, a 29% change in BPC investments could result in a gain or loss of approximately £418.6 million, a 7% change in BBI investments could lead to a gain or loss of around £90.3 million, and a 25% increase or a 26% decrease in BBFL investments could result in a gain of £114.8 million or a loss of £119.3 million. These ranges are considered reasonable based on historical data and market movements.

Further qualitative and quantitative disclosures, and sensitivity analysis can be found in the annual report and accounts of British Business Bank Plc (company number 08616013)."

British Business Bank loan commitment liabilities

BBB's ECF loan commitments were designated to be measured at FVTPL (fair value through profit or loss) and the credit risk is, therefore, reflected in their fair value. These had a fair value of £229 million as at 31 March 2024 (31 March 2023: £210 million).

Collateral

The Departmental group holds collateral over some loans held at amortised cost. Loan assets thus secured as at 31 March 2024 comprise £111 million of lending by British Business Bank (31 March 2023: £81 million), the nature of the BBB related collateral is mostly made up of plant, machinery, vehicles and soft assets.

Fleetbank funding has collateral comprising asset finance receivables. Fleetbank assets are fully collateralised.

Collateral is taken into account in estimation of expected credit losses (ECL) on the secured assets.

Credit risk rating and loss allowance

The Departmental group has the following financial assets subject to the expected credit loss model:

- Trade receivables, contract assets, and lease receivables
- Loans, bonds, and term deposits
- Cash and cash equivalents

Trade receivable, contract assets and lease receivables

The Core Department applies the IFRS 9 simplified approach using an allowance matrix to measure the lifetime expected loss allowance for trade receivables in accordance with the FReM guidance. Trade receivables are grouped based upon credit risk characteristics and the number of past due days. Default is defined as 90 days past due. The loss rates are estimated using the historic data for each aging group. Forward-looking information such as macroeconomic factors and entity specific situations are considered for entities with significant outstanding balances. Balances with other core central government departments are excluded from recognising stage-1 and stage-2 impairments following the FReM adaptations.

Loans, bonds, and term deposits

Where possible, the Departmental group monitors changes in credit risk by tracking published external credit ratings. For all assets other than those held by British Business Bank (BBB), an internal credit rating system, which was developed based on other established methodologies, was used to assign credit risks for loans that do not have external credit rating. 12-month and lifetime probabilities of default are based upon Moody's published research on the global default rate adjusted for historical repayment data and any macro-economic pressures which could impact the entity's ability to repay the loan.

The BBB investments are assessed by BBB's Valuation Committee. BBB produces credit risk ratings for its investments based upon a risk grading of the financial obligator and the estimated Loss Given Default on that investment. Further details can be found in BBB's annual report and accounts.

The table below shows an analysis of credit quality of loans, bonds and term deposits. It indicates whether assets were subject to a 12-month ECL or lifetime ECL allowance, and whether they were credit-impaired.

Low risk financial assets are fully collateralised, medium and high-risk financial assets are split between medium and high by considering the circumstances of the individual assets. The table below shows the total asset values in each category:

	31 March 2024				31 March 2023 (restated)			
	12 month ECL £m	Lifetime ECL not impaired £m	Lifetime ECL impaired £m	Total £m	12 month ECL	Lifetime ECL not impaired £m	Lifetime ECL impaired £m	Total £m
Low risk financial assets	1,302	-	-	1,302	1,049	-	-	1,049
Medium risk financial assets	328	-	-	328	269	-	-	269
High risk financial assets	169	28	-	197	179	38	-	217
Defaulted financial assets	-	-	22	22	-	-	24	24
Total gross carrying amounts	**1,799**	**28**	**22**	**1,849**	**1,497**	**38**	**24**	**1,559**
Loss allowance	(17)	(6)	(21)	(44)	(14)	(14)	(20)	(48)
Carrying amount	**1,782**	**22**	**1**	**1,805**	**1,483**	**24**	**4**	**1,511**

The Departmental group does not hold any loans, bonds and term deposits measured at FVTOCI.

The movement in the allowance for impaired loans, bonds and term deposits at amortised cost during the year was as follows:

	31 March 2024				31 March 2023 (restated)			
	12 month ECL £m	Lifetime ECL not impaired £m	Lifetime ECL impaired £m	Total £m	12 month ECL	Lifetime ECL not impaired £m	Lifetime ECL impaired £m	Total £m
Balance at 1 April	(14)	(14)	(20)	**(48)**	(14)	(11)	(30)	**(55)**
Additions	(13)	-	-	**(13)**	(10)	-	-	**(10)**
Net remeasurement	6	10	2	**18**	4	(1)	12	**15**
Transfer to credit loss 12 month	-	(3)	(1)	**(4)**	-	(3)	(2)	**(5)**
Transfer to credit loss not impaired	3	-	(1)	**2**	3	-	(1)	**2**
Transfer to credit loss impaired	1	1	-	**2**	2	1	-	**3**
Written-off	-	-	3	**3**	1	-	1	**2**
Balance at 31 March	(17)	(6)	(17)	**(40)**	(14)	(14)	(20)	**(48)**

Cash and cash equivalents

The Departmental group held cash and cash equivalents of £2,932 million as at 31 March 2024 (31 March 2023: £1,214 million). The cash and cash equivalents are held with banks and financial institutions which are rated AA – to AA+ based on S&P ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Departmental group considers that cash and cash equivalents have a low credit risk based on the external credit ratings of the holding parties.

Market risk

Market risk is the risk that fair values and future cash flows will fluctuate due to changes in market prices. Market risk generally comprises of foreign currency risk, interest rate risk and other market risk.

a) Foreign currency risk

Core and Agency

The core department is exposed to a small amount of currency risk with respect to Repayable Launch Investment contracts where income due from aircraft or engine sales may initially be based in US dollars, but it is minimal in the context of the overall Repayable Launch Investment portfolio. Otherwise the core department's exposure to foreign currency risk during the year was insignificant. Foreign currency income was negligible, and foreign currency expenditure was a small percentage of total expenditure (less than 1%).

All material assets and liabilities are denominated in pounds sterling.

Departmental Group

BIS (Postal Services Act 2011) Company Limited is subject to minor foreign currency risk through the maintenance of bank accounts in foreign currencies (predominantly US dollar and euros) to deal with day-to-day overseas transactions. British Business Bank (BBB) is subject to minor foreign currency risk through investment funds which have an internal investment mandate and are denominated in euros or US dollars, and through equity held in listed companies valued in a foreign currency.

b) Interest rate risk

Core Department

The Core Department does not invest or access funds from commercial sources and therefore the interest rate risk the Department is exposed to is immaterial.

Departmental Group

BBB holds both fixed and variable rate investments. Interest rate risk is regularly monitored to ensure that the mix of fixed and variable borrowing is appropriate. BBB does not use derivatives to hedge interest rate risk.

c) Other market risk

Core Department

The Core Department is exposed to wider risks relating to the performance of the economy as a whole. The main risks resulting from a downward movement in the economy include failures of investee companies of investment funds and loan defaults. For further information on the assessment of market risk in relation to Repayable Launch Investments and Future Funds, see note 10.

Future Funds investments

The Core Department is exposed to equity price risk in respect of Future Fund investments held and classified on the balance sheet as financial assets held at fair value through profit and loss. The equity rights are held mostly in unquoted high-growth technology companies and are valued by specialist external advisors who apply valuation methodologies in compliance with recognised accounting standards and following International Private Equity and Venture Capital Valuation (IPEV) guidelines. These valuations are subject to market risk.

The Core Department seeks to manage this risk by routinely monitoring the reported performance of these investments, employing stringent investment appraisal processes on a quarterly basis. Market risk is further mitigated through the diversity of the portfolio of investments. As part of the process of ensuring reliable valuation, movements on the following market indices are monitored:

- Market Industry Index, mapping companies to their relevant sector
- Synthetic Index across all UK Companies mapped to sub-sectors
- Small Cap Index, using FTSE Small-Cap Benchmark as a measure

Departmental Group

Equity price risk arises from the uncertainty about the future prices of financial instruments held and classified on the balance sheet as financial assets held at fair value through profit and loss. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements. The Group is exposed to equity price risk in respect of equity rights and investments held by the Group and classified on the balance sheet as financial assets at FVTPL. These equity rights are held mostly in unquoted high-growth technology companies and are valued by the managers of the fund who apply valuation methodologies in compliance with IFRS or other recognised accounting standards such as UKGAAP. Most of the Group's investment funds apply IFRS valuation methodologies or apply the IPEV Guidelines. These valuations are subject to market movements. The departmental group seeks to manage this risk by routinely monitoring the reported performance of these investments, employing stringent investment appraisal processes on a quarterly basis.

The valuations of fair value through profit or loss financial assets are based on the valuations provided by the fund managers in line with International Private Equity and Venture Capital (IPEV) Valuation Guidelines or the valuation guidelines produced by the British Venture Capital Association (BVCA). Valuation techniques used include the use of earnings multiples, discounted cash flows analysis, and net asset values. The performance of these funds are monitored regularly. For further information on the investment funds, see note 10.

Three equity asset portfolios in BBB are deemed materially sensitive. Analysis for 2024 indicates that a 29% increase or decrease in the value of BPC investments could result in a gain or loss of approximately £455 million, while a 7% change in the value of BBI investments could lead to a gain or loss of around £92 million. Similarly, a 25% increase or a 26% decrease in the value of BBFL investments could result in a gain of £122 million or a loss of £127 million, respectively. For 2023, a 29% change in the value of BPC investments could result in a gain or loss of approximately £419 million, a 7% change in the value of BBI investments could lead to a gain or loss of around £90 million, and a 25% increase or a 26% decrease in the value of BBFL investments could result in a gain of £115 million or a loss of £119 million. These ranges are considered reasonable based on historical equity market data and market movements, however these ranges assume historic ranges are a reliable estimation of future movements.

Further qualitative and quantitative disclosures, and sensitivity analysis can be found in the annual report and accounts of British Business Bank Plc (company number 08616013).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Core Department and Agencies

In common with other government departments, the future financing of its liabilities is to be met by future grants of Supply, voted annually by Parliament. There is no reason to believe that future approvals will not be forthcoming, therefore, on this basis the liquidity risk to the Core Department and its Agencies is minimal.

Departmental group

Information about the Departmental group’s objectives, policies and processes for managing and measuring risk can be found in the Governance Statement.

Maturity analysis for non derivative financial liabilities

Maturity analysis

		31 March 2024						31 March 2023					
		Core dept and agencies			Group			Core dept and agencies			Group		
	Note	On demand £m	Due within 1 year £m	Due greater than 1 year £m	On demand £m	Due within 1 year £m	Due greater than 1 year £m	On demand £m	Due within 1 year £m	Due greater than 1 year £m	On demand £m	Due within 1 year £m	Due greater than 1 year £m
At amortised cost													
Payables (a)	13	-	(2,707)	(113)	-	(2,741)	(175)	-	(956)	(113)	-	(991)	(226)
Total financial liabilities at amortised cost		**-**	**(2,707)**	**(113)**	**-**	**(2,741)**	**(175)**	**-**	**(956)**	**(113)**	**-**	**(991)**	**(226)**
At fair value through profit or loss (FVTPL)													
Loan commitment liabilities	14	-	-	-		(55)	(174)	-	-	-	-	(39)	(171)
Total financial liabilities at FVTPL		-	-	-	-	(55)	(174)	-	-	-	-	(39)	(171)
Financial guarantee liabilities													
Financial guarantee liabilities (c)	14	(6,376)			(6,376)			(11,296)			(11,296)		
Total financial guarantee liabilities		**(6,376)**		**-**	**(6,376)**		**-**	**(11,296)**		**-**	**(11,296)**		**-**

Financial instruments: fair value

The table below analyses financial instruments at fair value. Where no market price is available, fair value is estimated by discounting expected future cash flows.

Departmental group

	31 March 2024		31 March 2023 (restated)	
	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m
Financial assets				
At amortised cost				
Cash and cash equivalents	2,932	2,932	1,214	1,214
Receivables	505	505	541	541
Public sector loans	784	786	571	577
Investments and loans to private sector	1,016	1,018	949	937
Total financial assets at amortised cost	**5,237**	**5,241**	**3,275**	**3,269**
At fair value through profit or loss (FVTPL)				
Repayable launch investments	457	457	433	433
Future Fund investments	799	799	851	851
Other investments and loans to private sector	4,134	4,134	3,869	3,869
Total financial assets at FVTPL	**5,390**	**5,390**	**5,153**	**5,153**
Financial liabilities				
At amortised cost				
Payables	(3,054)	(3,054)	(1,355)	(1,355)
Total financial liabilities at amortised cost	**(3,054)**	**(3,054)**	**(1,355)**	**(1,355)**
At fair value through profit or loss (FVTPL)				
Loan commitment liabilities	(229)	(229)	(210)	(210)
Total financial liabilities at FVTPL	**(229)**	**(229)**	**(210)**	**(210)**
Financial guarantee liabilities				
Financial guarantee liabilities	(6,376)	(6,376)	(11,296)	(11,296)
Total financial guarantee liabilities	**(6,376)**	**(6,376)**	**(11,296)**	**(11,296)**

Core and Agencies

	31 March 2024		31 March 2023 (restated)	
	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m
Financial assets				
At amortised cost				
Cash and cash equivalents	2,519	2,519	834	834
Receivables	500	500	582	582
Public sector loans	1,281	1,355	1,037	1,127
Total financial assets at amortised cost	**4,300**	**4,374**	**2,453**	**2,543**
At fair value through profit or loss (FVTPL)				
Repayable launch investments	457	457	433	433
Future Fund investments	799	799	851	851
Public sector loans	119	119	134	134
Investments and loans to private sector	146	146	136	136
Total financial assets at FVTPL	**1,521**	**1,521**	**1,554**	**1,554**
Financial liabilities				
At amortised cost				
Payables	(2,958)	(2,958)	(1,207)	(1,207)
Total financial liabilities at amortised cost	**(2,958)**	**(2,958)**	**(1,207)**	**(1,207)**
Financial guarantee liabilities				
Financial guarantee liabilities	(6,376)	(6,376)	(11,296)	(11,296)
Total financial guarantee liabilities	**(6,376)**	**(6,376)**	**(11,296)**	**(11,296)**

Financial instruments: fair value hierarchy

The table below analyses financial instruments carried at fair value by the Departmental Group, by valuation method. The different levels are defined as:

- Level 1 – uses quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – uses inputs for the assets or liabilities other than quoted prices, that are observable either directly or indirectly;
- Level 3 – uses inputs for the assets or liabilities that are not based on observable market data, such as internal models or other valuation methods.

	31 March 2024				31 March 2023 (restated)			
	Level 1 £m	Level 2	Level 3 £m	Total £m	Level 1 £m	Level 2	Level 3 £m	Total £m
Financial assets								
At fair value through profit or loss (FVTPL)								
Repayable launch investments	-	-	457	457	-	-	433	433
Future Fund investments	-	-	799	799	-	-	851	851
Investments and loans to private sector	39	25	4,070	4,134	29	12	3,828	3,869
Total financial assets at FVTPL	**39**	**25**	**5,326**	**5,390**	**29**	**12**	**5,112**	**5,153**
Total financial assets measured at fair value	**39**	**25**	**5,326**	**5,390**	**29**	**12**	**5,112**	**5,153**
Financial liabilities								
At fair value through profit or loss (FVTPL)								
Loan commitment liabilities	-	-	(229)	(229)	-	-	(210)	(210)
Total financial liabilities at FVTPL	**-**	**-**	**(229)**	**(229)**	**-**	**-**	**(210)**	**(210)**
Total financial liabilities measured at fair value	**-**	**-**	**(229)**	**(229)**	**-**	**-**	**(210)**	**(210)**

Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

Specific valuation techniques used to value financial instruments include:

- for details regarding the fair value measurement of RLI’s and Future Fund investments, refer to note 10.

- other techniques, such as discounted cash flow analysis or for non-quoted ordinary shares and investment funds that are not actively traded, the net assets of the company/ underlying fund are used – these are classified as level 3.

The tables below show the changes in level 3 instruments:

	31 March 2024				
	Repayable launch investments £m	Future Fund investments £m	Investments and loans to private sector £m	Loan commitment liabilities £m	Total £m
Balance at 1 April 2023	433	851	3,828	(210)	4,902
Additions	-	-	729	-	729
Repayments/ disposals	(46)	(10)	(350)	(41)	(447)
Revaluations	70	(42)	(139)	22	(89)
Transfers	-	-	2	-	2
Balance as at 31 March 2024	**457**	**799**	**4,070**	**(229)**	**5,097**

	31 March 2023 (restated)				
	Repayable launch investments £m	Future Fund investments £m	Investments and loans to private sector £m	Loan commitment liabilities £m	Total £m
Balance at 1 April 2022	636	1,036	3,501	(539)	4,634
Additions	-	-	723	(451)	272
Repayments/ disposals	(261)	(19)	(335)	-	(615)
Revaluations	58	(166)	(61)	780	611
Transfers	-	-	-	-	-
Balance as at 31 March 2023	**433**	**851**	**3,828**	**(210)**	**4,902**

19. Related-party transactions

The core department is the parent of the bodies listed in note 20 ‘Entities within the departmental boundary’ – these bodies are regarded as related parties and various material transactions have taken place during the reporting period between members of the Departmental group. The related parties of the consolidating bodies are disclosed in their respective accounts.

DBT has had transactions with other government departments, central government bodies or trading funds. The material transactions have been with HMT, Post Office Limited, Foreign, Commonwealth and Development Office, UK Research and Innovation (UKRI), Cabinet Office, Government Legal Department, and HM Revenue and Customs (HMRC).

No minister, member of the DBT Board, key manager or other related party have undertaken any material transactions with DBT during the year. Details about the Board Members’ remuneration are included in the remuneration report.

20. Entities within the departmental boundary

The table below shows the list of DBT organisations included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2023 (known as the Designation Order), and amendments from the Government Resources and Accounts Act 2000 (Estimate and Accounts) (Amendment) Order 2023 (known as the Amendment Order).

Section (a) includes bodies consolidated within the Departmental group accounts. Section (b) includes bodies within the Departmental group but not consolidated – such as where net assets are not considered material to the Departmental group accounts.

As a result of changes made in the 2022–23 Designation Order and Amendment Order some additional bodies are now included in the Departmental group accounts boundary. Boundary changes have not impacted on previously reported financial results.

The status of ”Other public body” is a formally established organisation that is publicly funded to deliver a public or government service, though not as a ministerial department.

(a) Bodies consolidated in departmental group accounts for 2023-24

Designated bodies	Status	Notes
Agencies		
Companies House	Executive agency	–
Insolvency Service	Executive agency	–
NDPBs and other designated bodies		
Advisory, Conciliation and Arbitration Service	NDPB	Consolidated by Department
Central Arbitration Committee	NDPB	Consolidated by ACAS
Certification Office for Trade Union and Employers' Associations	Other public body	Consolidated by ACAS, the Certification Office operates with the support of ACAS
BIS (Postal Services Act 2011) Company Limited	Other public body	Consolidated by Department
British Business Bank plc	Other public body	Consolidated by Department
BBB Patient Capital Holdings Limited	Other Public Body – Public Limited Company	Consolidated by British Business Bank plc
British Business Investments Ltd	Limited Company (Subsidiary of BBB)	Consolidated by British Business Bank plc
British Business Finance Ltd	Limited Company (Subsidiary of BBB)	Consolidated by British Business Bank plc
British Business Financial Services Ltd	Limited Company (Subsidiary of BBB)	Consolidated by British Business Bank plc
British Business Aspire Holdco Ltd	Limited Company (Subsidiary of BBB)	Consolidated by British Business Bank plc
British Patient Capital Limited	Limited Company (Subsidiary of BBB)	Consolidated by British Business Bank plc
Nations and Regions Investments Limited	Limited Company (Subsidiary of BBB)	Consolidated by British Business Bank plc

Designated bodies	Status	Notes
The Start-Up Loans Company	Limited Company (Subsidiary of BBB)	Consolidated by British Business Bank plc
Competition Service	NDPB	Consolidated by Department
Competition Appeal Tribunal	NDPB	Consolidated by Department
Cornwall and Isles of Scilly Investments Limited	Other public body	Consolidated by Department
Fleetbank Funding Limited	Other public body	Consolidated by Department
The Financial Reporting Council Limited	Other public body	Consolidated by Department
UK Accounting Standards Endorsement Board Limited	Other public body	Consolidated by The Financial Reporting Council Limited
Industrial Development Advisory Board	Expert committee	The Industrial Development Advisory Board (IDAB) is a statutory body established under the 1982 Industrial Development Act (IDA). IDAB is an Expert Committee under the Department for Business and Trade (but can and does provide advice to ministers across government). No accounts produced. Funded by the core department. Costs are included as part of the core department.

Designated bodies	Status	Notes
Low Pay Commission	NDPB	No accounts produced as costs are included in the core department's expenditure
Midlands Engine Investments Limited	Other public body	Consolidated by Department
Northern Powerhouse Investments Limited	Other public body	Consolidated by Department, company is controlled by the Department and administered by BBB
Office of Manpower Economics	Office of department	No accounts produced as costs are included in the core department's expenditure.
Postal Services Holding Company Limited	Other public body	Company in liquidation. Former holding company for the government's investment in Post Office Limited.
Regulatory Policy Committee	NDPB	No accounts produced as costs are included in the core department's expenditure.
Trade Remedies Authority	Executive NDPB	Consolidated by Department
Office of the Regulator of Community Interest Companies	Office holder	No accounts produced as costs are included in Companies House expenditure.

(b) Bodies not consolidated in departmental group accounts for 2023-24

Designated bodies	Status	Notes
British Hallmarking Council	NDPB	Turnover and net assets are not material to departmental group accounts.
East Midlands Early Growth Fund Limited	Other public body	Recorded as investment in core department accounts. Turnover and net assets are not material to departmental group accounts.
Groceries Code Adjudicator	Other public body – office holder	Turnover and net assets are not material to departmental group accounts.
Pubs Code Adjudicator	Other public body – office holder	Turnover and net assets are not material to departmental group accounts.
Small Business Commissioner	NDPB	Turnover and net assets are not material to departmental group accounts.

21. Events after the reporting period

Non-adjusting events

HMT's Approval of netting off agreement

On the 20 October 2023, HMT approved the netting-off agreement of Companies House for the enforcement of the late filing penalties scheme (LFP). Companies House proposed to recover all administration costs concerning enforcement action from the income of monetary penalties. This is to be applied from the 1 April 2024. The netting-off agreement is to cover all costs of debt collection, and the appeals process associated with the administration of the scheme. Companies House will continue to pay the monetary penalties collected to the government's Consolidated Fund, after netting off appropriate costs of enforcement. Monetary penalties are currently accounted for and reported in the Trust Statement.

Increasing fees from 1st May 2024

The Economic Crime and Corporate Transparency Act 2023 received Royal Assent on the 26 October 2023. Due to the introduction of the new legislation, there is significant new activity that will need to be carried out, namely querying powers, intelligence, enforcement and identity verification services. New intelligence and enforcement activities will be carried out by Companies House and the Insolvency Service. The new measures were introduced from the 4 March 2024. Fees will be increasing from the 1 May 2024 to cover the cost of the new activity. Companies House forecast revenue to increase to £215.9 million for 2024/25 (from £90.5 million in 2023-24) due primarily to the introduction of the new fees.

Incorporation of a new Company

Since the reporting date, the British Business Bank (BBB) has incorporated a new Company, BBB Patient Capital Advisory Services Limited on 19 April 2024. This event does not provide evidence of conditions that existed at the end of the reporting period. The incorporation of BBB Patient Capital Advisory Services Limited is intended to support the Departmental group's delivery of a new investment programme. At this stage, it is not possible to provide a reasonable estimate of the financial effect of this event.

HMT's announcement of new plans to align key institutions

On 9 July 2024, HM Government announced its new plans to align key institutions, including the British Business Bank, under the National Wealth Fund that will boost growth and unlock investment. On 14 October 2024 a subsequent Green Paper on the National Wealth Fund was published, which detailed plans for the NWF to build on existing capabilities and capitalisation of the UK

Infrastructure Bank, with additional funding of £5.8 billion over the course of the Parliament. The NWF will operate as an Arm's length body with HMT being the sponsor Department. At this stage, the impact on the British Business Bank is unknown, but they look forward to the reforms which will ensure they can mobilise the UK's deep pools of institutional capital by harnessing their pipeline of investments and track record as the UK's largest investor in venture capital.

21.1 Date Accounts authorised for issue

The Departmental Accounting Officer authorised these Accounts for issue on the day they were certified.

22. Machinery of Government change

On 7 February 2023, the Prime Minister announced the creation of 3 new departments, splitting the policy responsibilities of the Department for Business, Energy and Industrial Strategy (BEIS) between these 3 key departments:

- **The Department for Business and Trade (DBT)** will be a single, coherent voice for business inside government, focused on growing the economy with better regulation, new trade deals abroad, and a renewed culture of enterprise at home.

- **The Department for Energy Security and Net Zero (DESNZ)** will focus on giving the UK cheaper, cleaner, more secure sources of energy – cutting bills, cutting emissions, and cutting our dependence on international energy supplies, like those of Putin's Russia.
- **The Department for Science, Innovation and Technology (DSIT)** will make sure the UK is the country where the next great scientific discoveries are made – and where the brightest minds and the most ambitious entrepreneurs will turn those ideas into companies, products and services that can change the world.

DBT (the core department) was created on 7 February 2023 comprising all the former Department for International Trade (DIT) and business responsibilities of the former BEIS.

The creation of DBT is accounted for as a transfer by merger. This means that the Group accounts reflect the combined entity's result as if DIT and remaining elements of BEIS had always been combined. The results in the accounts relate to activities undertaken by the new Department from 1 April 2023 to 31 March 2024, adjusted to achieve uniformity of accounting policies. In accordance with the transfer by merger principles, prior year balances have been restated to aid comparability with 2023-24.

DBT Group

From 1 April 2023, the DBT Departmental Group Boundary contained the entities listed in Note 20. These were all transferred from former BEIS with the exception of Trade Remedies Authority, which was transferred from former DIT.

The departmental changes announced in February 2023 resulted in the following Machinery of Government changes effective from 1 April 2023:

- The transfer into DBT of certain BEIS functions, whilst also retaining previous DIT functions.
- The transfer into DSIT of certain BEIS, former DCMS and CO functions.
- The transfer into DESNZ of certain BEIS functions.
- Responsibility for national security and investment policy moved from BEIS to the CO.

Accounting Policies

Accounting policies are disclosed in Note 1 to the Accounts. On creation of DBT, accounting policies are unchanged compared to those in the 2022-23 accounts of the former core departments and groups other than a) to set the capitalisation threshold for non-current tangible and intangible assets for the new core department to £10,000 (it had been £3,000 in the former DIT) and

b) to recognise amounts relating to loan guarantee calls later recovered from lenders on an accrual rather than cash basis.

The creation of DBT is accounted for as a transfer by merger and the Group accounts reflect the new department's results as if its responsibilities had always been combined. As a Transfer by Merger, the carrying value of the assets and liabilities of the combining bodies or functions are not adjusted to fair value on consolidation.

Allocation of former BEIS balances and transactions

Each of the 3 new departments were required to produce an annual report with consolidated accounts for the period ending 31 March 2024. To facilitate this, the opening SOFP balances at 1 April 2023 had to be offboarded from the BEIS core ledger, split between the new departments and onboarded to the new departmental ledgers.

The 3 new departments were also required to restate prior year financial statements on the basis that 3 departments had always existed, with restatement of the SOFP covering both 31 March 2022 and 31 March 2023.

Allocation of balances at 1 April 2023

Allocation of former BEIS balances at 1 April 2023 to the 3 new departments was undertaken via 2 separate stages:

Cost centre allocation: Balances at 31 March 2023 were first allocated based on cost centre. Cost centres directly attributable to the 3 new departments were identified, isolated and transferred accordingly.

Detailed analysis: The remaining balances at 31 March 2023 underwent detailed analysis with input from other teams within the Department where necessary, allocating all remaining account lines within the SOFP to the relevant new departments. For example, items on the receivable's ledger without a cost centre or programme code required invoice analysis to ascertain which department the receivable belonged to.

March 2023 general bank account cash in the former BEIS core department has been allocated to DBT, DSIT and DESNZ on the basis of 2023–24 Vote on Account (VoA) splits of supply drawn down between the 3 departments. These splits have been submitted to HMT. The Department considered alternative ways of splitting the former BEIS general bank account balance, such as using the split of working capital between DSIT, DESNZ and DBT as a basis for the split. This analysis did not produce a materially different allocation of cash between the 3 departments as at 31 March 2023.

Development of the 1 April 2022 SOFP

Development of the allocation of balances at 1 April 2022 for the 3 new departments from the former BEIS core department was undertaken in 3 separate stages.

Cost centre allocation – approached in the same manner as 1 April 2023 allocation.

Allocation based on understanding of business: The remaining balances at 1 April 2022 were reviewed to determine whether further direct allocations to departments could be made based on the understanding of the business of each of the 3 new departments, for example, UKSBS shares being directly allocated to DSIT. In addition, trade receivables, trade payables (including goods received not invoiced), PPE and intangible assets were analysed in detail to split between the 3 new departments.

Split using 31 March 2023 allocations – Following the first 2 stages a residual balance remained where the cost centre approach and understanding of business approach proved unsuccessful. For this residual balance, the split of remaining balances between the 3 departments was actioned based on the percentage splits calculated for the 31 March 2023 SOFP on the assumption that these were broadly the same. The largest balances allocated based on 31 March 2023 percentage splits were cash (and therefore supply payable) and general fund reserves.

Allocation of 2022–23 and 2023–24 SOCNE transactions

Similar to allocation of balances at 31 March 2023, allocation of former BEIS transactions for 2022-23 and 2023-24 to the 3 new departments was undertaken in 2 separate stages (the former BEIS ledger remained open until accounting period 8 in 2023-24, with some immaterial balances continuing to hit the ledger until accounting period 12):

Cost centre allocation: 2022–23 and 2023–24 transactions were first allocated based on cost centre. Cost centres directly attributable to the 3 new departments were identified, isolated, and transferred accordingly.

Detailed analysis: The remaining transactions underwent detailed analysis with input from other teams within the Department where necessary, allocating all remaining transactions from the general ledger to the relevant the new departments. This included shared costs for areas such as corporate services, with costs split on a transactional basis.

23. Restatements

As described in note 22, the Department for Business and Trade was created on 7 February 2023 and financial reporting for it commenced from 1 April 2023. Comparative balances for the prior year (SoCNE for 2022-23 and SoFP as at 31 March 2023 and 1 April 2022) have been included in these accounts in the amounts they would have been had the Core department and its agencies and group operated during 2022-23 on the same basis as in 2023-24. The tables below show balances from the 2022-23 accounts of the predecessor departments

(BEIS and DIT) relating to functions carried out by the new department, its agencies and group during 2023-24 with some additional restatement of those balances.

The materiality level for the new group is significantly lower than materiality in the much larger former BEIS group. This has brought into scope new areas of focus for accounting judgements, which has included work to ensure that the figures included in the accounts are materially correct. Known errors from the prior year BEIS accounts, which had been unadjusted because not material for BEIS, have been revisited in the context of the new group and corrected where necessary. Some additional adjustments have also been made. The resulting restatements and re-presentations of BEIS balances are shown in columns headed ‘Other prior period adjustments’ in the tables below and described further in a separate explanatory table.

Restatement of DBT Core and agencies

As at 31 March 2023

	BEIS and BEIS agencies £m	DIT £m	Other prior period adjustments £m	Restated balance as at 31 March 2023 £m
Consolidated Statement of Comprehensive Net Expenditure – 2022-23				
Loan interest	(35)	-	7	(28)
Other income	(403)	(20)	(124)	(547)
Income from operating activities	**(438)**	**(20)**	**(117)**	**(575)**
Staff costs	272	319	-	591
Grants and subsidies	576	15	-	591
Provisions expense (provisions)	37	-	4	41
Provisions expense (loan guarantees)	1,255	-	(5)	1,250
Provisions expense (other)	5	-	-	5
Net remeasurement of financial assets not held at fair value	6	-	14	20
Net remeasurement of financial assets at fair value	122	-	17	139
Other depreciation, impairment and revaluation expense	20	18	-	38
Other operating expenditure	646	235	53	934

	BEIS and BEIS agencies £m	DIT £m	Other prior period adjustments £m	Restated balance as at 31 March 2023 £m
Total operating expenditure	**2,939**	**587**	**83**	**3,609**
Finance expenditure	3	1	-	4
Net expenditure	**2,504**	**568**	**(34)**	**3,038**
Other comprehensive net expenditure				
Items which will not be reclassified to net operating expenditure:				
Net (gain) / loss on revaluation of intangible assets	-	(1)	-	(1)
Items which may be reclassified subsequently to net operating expenditure				
Net movement on Redundancy Payments Service debtors	(7)	-	-	(7)
Comprehensive net expenditure for the year	**2,497**	**567**	**(34)**	**3,030**

	BEIS and BEIS agencies £m	DIT £m	Other prior period adjustments £m	Restated balance as at 31 March 2023 £m
Consolidated Statement of Financial Position as at 31 March 2023				
Non-current assets				
Property, plant and equipment	54	102	-	156
Intangible assets	44	30	-	74
Investments and loans in the public sector	3,764	-	(60)	3,704
Investments and loans in the private sector	1,201	-	177	1,378
Trade and other receivables	73	-	-	73
Total non-current assets	**5,136**	**132**	**117**	**5,385**
Current assets				
Investments and loans in the public sector	522	-	-	522
Investments and loans in the private sector	38	-	4	42
Trade and other receivables	689	29	(120)	598
Cash and cash equivalents	805	29	-	834
Total current assets	**2,054**	**58**	**(116)**	**1,996**
Total assets	**7,190**	**190**	**1**	**7,381**
Current liabilities				
Trade and other payables	(1,369)	(153)	324	(1,198)
Loan guarantees and Loan commitments	(11,304)	-	8	(11,296)

	BEIS and BEIS agencies £m	DIT £m	Other prior period adjustments £m	Restated balance as at 31 March 2023 £m
Provisions	(248)	(2)	-	(250)
Total current liabilities	**(12,921)**	**(155)**	**332**	**(12,744)**
Total assets less current liabilities	**(5,731)**	**35**	**333**	**(5,363)**
Non-current liabilities				
Trade and other payables	4	(90)	(27)	(113)
Loan guarantees and Loan commitments	(5)	-	5	-
Provisions	(467)	-	18	(449)
Total non-current liabilities	**(468)**	**(90)**	**(4)**	**(562)**
Total assets less total liabilities	**(6,199)**	**(55)**	**329**	**(5,925)**
Taxpayers' equity and other reserves				
General fund	(6,074)	(56)	329	(5,801)
Revaluation reserve	(125)	1	-	(124)
Total equity	**(6,199)**	**(55)**	**329**	**(5,925)**

Restatement of DBT Group

As at 31 March 2023

	BEIS, BEIS agencies and NDPBs £m	DIT and DIT NDPB £m	Other prior period adjustments £m	Restated balance as at 31 March 2023 £m
Consolidated Statement of Comprehensive Net Expenditure – 2022-23				
Loan interest	(190)	-	7	(183)
Other income	(464)	(19)	(140)	(623)
Income from operating activities	**(654)**	**(19)**	**(133)**	**(806)**
Staff costs	416	329	-	745
Grants and subsidies	499	-	-	499
Provisions expense (provisions)	40	-	4	44
Provisions expense (loan guarantees)	1,255	-	(5)	1,250
Provisions expense (other)	22	-	-	22
Net remeasurement of financial assets not held at fair value	41	-	16	57
Net remeasurement of financial assets at fair value	327	-	13	340
Other depreciation, impairment and revaluation expense	24	20	-	44

	BEIS, BEIS agencies and NDPBs £m	DIT and DIT NDPB £m	Other prior period adjustments £m	Restated balance as at 31 March 2023 £m
Other operating expenditure	672	239	39	950
Total operating expenditure	**3,296**	**588**	**67**	**3,951**
Finance expenditure	28	1	-	29
Net expenditure	**2,670**	**570**	**(66)**	**3,174**
Other comprehensive net expenditure				
Items which will not be reclassified to net operating expenditure:				
Net (gain) / loss on revaluation of intangible assets	-	(1)	-	(1)
Items which may be reclassified subsequently to net operating expenditure				
Net movement on Redundancy Payments Service debtors	(7)	-	-	(7)
Comprehensive net expenditure for the year	**2,663**	**569**	**(66)**	**3,166**

	BEIS, BEIS agencies and NDPBs £m	DIT and DIT NDPB £m	Other prior period adjustments £m	Restated balance as at 31 March 2023 £m
Consolidated Statement of Financial Position as at 31 March 2023				
Non-current assets				
Property, plant and equipment	77	102	-	179
Intangible assets	44	32	-	76
Investments and loans in the public sector	55	-	-	55
Investments and loans in the private sector	5,779	-	269	6,048
Trade and other receivables	74	-	-	74
Total non-current assets	**6,029**	**134**	**269**	**6,432**
Current assets				
Investments and loans in the public sector	522	-	-	522
Investments and loans in the private sector	38	-	4	42
Trade and other receivables	764	29	(231)	562
Cash and cash equivalents	1,185	29	-	1,214
Total current assets	**2,509**	**58**	**(227)**	**2,340**
Total assets	**8,538**	**192**	**42**	**8,772**
Current liabilities				
Trade and other payables	(1,414)	(156)	321	(1,249)
Loan guarantees and Loan commitments	(11,343)	-	8	(11,335)

	BEIS, BEIS agencies and NDPBs £m	DIT and DIT NDPB £m	Other prior period adjustments £m	Restated balance as at 31 March 2023 £m
Provisions	(248)	(2)	-	(250)
Total current liabilities	**(13,005)**	**(158)**	**329**	**(12,834)**
Total assets less current liabilities	**(4,467)**	**34**	**371**	**(4,062)**
Non-current liabilities				
Trade and other payables	(109)	(90)	(27)	(226)
Deferred tax liability	(174)	-	14	(160)
Loan guarantees and Loan commitments	(176)	-	5	(171)
Provisions	(469)	-	18	(451)
Total non-current liabilities	**(928)**	**(90)**	**10**	**(1,008)**
Total assets less total liabilities	**(5,395)**	**(56)**	**381**	**(5,070)**
Taxpayers' equity and other reserves				
General fund	(5,270)	(57)	381	(4,946)
Revaluation reserve	(125)	1	-	(124)
Total equity	**(5,395)**	**(56)**	**381**	**(5,070)**

Restatement of Statement of Financial Position for DBT Core and agencies

As at 1 April 2022

	BEIS and BEIS agencies £m	DIT £m	Other prior period adjustments £m	Restated balance as at 1 April 2022 £m
Consolidated Statement of Financial Position as at 1 April 2022				
Non-current assets				
Property, plant and equipment	92	110	-	202
Intangible assets	37	30	-	67
Investments and loans in the public sector	3,304	-	(20)	3,284
Investments and loans in the private sector	1,408	-	133	1,541
Trade and other receivables	65	-	-	65
Total non-current assets	**4,906**	**140**	**113**	**5,159**
Current assets				
Investments and loans in the public sector	482	-	-	482
Investments and loans in the private sector	223	-	40	263
Trade and other receivables	2,326	33	(138)	2,221
Cash and cash equivalents	988	2	-	990
Total current assets	**4,019**	**35**	**(98)**	**3,956**

	BEIS and BEIS agencies £m	DIT £m	Other prior period adjustments £m	Restated balance as at 1 April 2022 £m
Total assets	**8,925**	**175**	**15**	**9,115**
Current liabilities				
Trade and other payables	(2,023)	(127)	227	(1,923)
Loan guarantees and Loan commitments	(15,849)	-	12	(15,837)
Provisions	(63)	(3)	-	(66)
Total current liabilities	**(17,935)**	**(130)**	**239**	**(17,826)**
Total assets less current liabilities	**(9,010)**	**45**	**254**	**(8,711)**
Non-current liabilities				
Trade and other payables	(47)	(99)	-	(146)
Loan guarantees and Loan commitments	(18)	-	18	-
Provisions	(659)	-	23	(636)
Total non-current liabilities	**(724)**	**(99)**	**41**	**(782)**
Total assets less total liabilities	**(9,734)**	**(54)**	**295**	**(9,493)**
Taxpayers' equity and other reserves				
General fund	(9,609)	(55)	295	(9,369)
Revaluation reserve	(125)	1	-	(124)
Total equity	**(9,734)**	**(54)**	**295**	**(9,493)**

Restatement of Statement of Financial Position for DBT Group

As at 1 April 2022

	BEIS, BEIS agencies and NDPBs £m	DIT and DIT NDPB £m	Other prior period adjustments £m	Restated balance as at 1 April 2022 £m
Consolidated Statement of Financial Position as at 1 April 2022				
Non-current assets				
Property, plant and equipment	119	112	-	231
Intangible assets	36	31	-	67
Investments and loans in the public sector	55	-	-	55
Investments and loans in the private sector	5,916	-	159	6,075
Trade and other receivables	66	-	-	66
Total non-current assets	**6,192**	**143**	**159**	**6,494**
Current assets				
Investments and loans in the public sector	482	-	-	482
Investments and loans in the private sector	223	-	40	263
Trade and other receivables	2,333	33	(138)	2,228
Cash and cash equivalents	1,288	2	-	1,290
Total current assets	**4,326**	**35**	**(98)**	**4,263**
Total assets	**10,518**	**178**	**61**	**10,757**

	BEIS, BEIS agencies and NDPBs £m	DIT and DIT NDPB £m	Other prior period adjustments £m	Restated balance as at 1 April 2022 £m
Current liabilities				
Trade and other payables	(2,154)	(128)	227	(2,055)
Loan guarantees and Loan commitments	(15,888)	-	12	(15,876)
Provisions	(63)	(3)	-	(66)
Total current liabilities	**(18,105)**	**(131)**	**239**	**(17,997)**
Total assets less current liabilities	**(7,587)**	**47**	**300**	**(7,240)**
Non-current liabilities				
Trade and other payables	(171)	(100)	-	(271)
Deferred tax liability	(192)	-	(6)	(198)
Loan guarantees and Loan commitments	(172)	-	18	(154)
Provisions	(662)	-	23	(639)
Total non-current liabilities	**(1,197)**	**(100)**	**35**	**(1,262)**
Total assets less total liabilities	**(8,784)**	**(53)**	**335**	**(8,502)**
Taxpayers' equity and other reserves				
General fund	(8,659)	(54)	335	(8,378)
Revaluation reserve	(125)	1	-	(124)
Total equity	**(8,784)**	**(53)**	**335**	**(8,502)**

			31 March 2023				1 April 2022	
	Current / Non-current	SoCNE	Core dept and agencies SoFP	SoCNE	Group SoFP	Core dept and agencies SoFP	Group SoFP
	£m	£m	£m	£m	£m	£m	£m
Restatement: Revaluation of Repayable Launch Investments from BEIS core accounts using solely external forecasts of the variables that drive investment receipts rather than forecasts derived partly by internal management judgement.							
Net remeasurement of financial assets at fair value		(8)	-	(8)	-	-	-
Investments and loans in the private sector	Non-current	-	177	-	177	133	133
Investments and loans in the private sector	Current		4		4	40	40
General Fund		-	(181)	-	(181)	(173)	(173)
Re-presentation: The portion of fair value movement on Repayable launch investments reported in BEIS core accounts in prior years as relating to interest income is now reported as part of fair value movement.							
Loan interest		7	-	7	-	-	-
Net remeasurement of financial assets at fair value		(7)	-	(7)	-	-	-

			31 March 2023			1 April 2022	
	Current / Non-current	SoCNE	Core dept and agencies SoFP	SoCNE	Group SoFP	Core dept and agencies SoFP	Group SoFP
	£m	£m	£m	£m	£m	£m	£m
Re-presentation: Assets and liabilities relating to Trade credit reinsurance in BEIS core accounts aggregated into net amounts receivable from insurers as amounts receivable and payable are settled net, both contractually and in practice.							
Trade and other receivables	Current	-	(152)	-	(152)	(138)	(138)
Trade and other payables	Current	-	139	-	139	108	108
Loan guarantees and Loan commitments	Current	-	13	-	13	30	30
Restatement: Derecognise provision in BEIS core accounts not meeting IFRS recognition criteria (cost of administration of future British Shipbuilders compensation claims)							
Provisions expense (provisions)		4	-	4	-	-	-
Other operating expenditure		1	-	1	-	-	-
Provisions	Non-current	-	18	-	18	23	23
General Fund		-	(18)	-	(18)	(23)	(23)

			31 March 2023			1 April 2022	
	Current / Non-current	SoCNE	Core dept and agencies SoFP	SoCNE	Group SoFP	Core dept and agencies SoFP	Group SoFP
	£m	£m	£m	£m	£m	£m	£m
Restatement: Derecognise payable from BEIS core accounts not meeting IFRS recognition criteria.							
Trade and other payables	Current	-	26	-	26	26	26
General Fund		-	(26)	-	(26)	(26)	(26)
Restatement: Derecognise accrual from BEIS core accounts not meeting IFRS recognition criteria.							
Trade and other payables	Current	-	22	-	22	22	22
General Fund		-	(22)	-	(22)	(22)	(22)
Restatement: Recognition of accrued amounts recoverable from lenders subsequent to payment of loan guarantee claims by BEIS core (change in accounting recognition policy for recoveries from lenders from cash basis to accruals basis)							
Provisions expense (loan guarantees)		(5)	-	(5)	-	-	-
Trade and other receivables	Current	-	5	-	5	-	-
General Fund		-	(5)	-	(5)	-	-

			31 March 2023			1 April 2022	
	Current / Non-current	SoCNE	Core dept and agencies SoFP	SoCNE	Group SoFP	Core dept and agencies SoFP	Group SoFP
	£m	£m	£m	£m	£m	£m	£m
Re-presentation: Reclassify as 'Current' those loan guarantee liabilities for the core department which had been reported by BEIS as 'Non-current' in prior years (the Department does not have the right to defer settlement of guarantee calls for at least twelve months after the reporting period)							
Loan guarantees and Loan commitments	Current	-	(5)	-	(5)	(18)	(18)
Loan guarantees and Loan commitments	Non-current	-	5	-	5	18	18
Restatement: £6 million of funding received from the European Regional Development Fund by the BEIS core department in 2022-23 and applied to financing the Cornwall and Isles of Scilly Investment Fund omitted from 2022-23 accounts							
Other income		(6)	-	(6)	-	-	-
Investments and loans in the public sector	Non-current	-	6	-	-	-	-
Trade and other receivables	Current	-	-	-	6	-	-
General Fund		-	(6)	-	(6)	-	-

			31 March 2023			1 April 2022	
	Current / Non-current	SoCNE	Core dept and agencies SoFP	SoCNE	Group SoFP	Core dept and agencies SoFP	Group SoFP
	£m	£m	£m	£m	£m	£m	£m
Re-presentation: Amount receivable from British Business Bank, aggregated with payables in prior year in the BEIS core department accounts, now reported with receivables.							
Trade and other receivables	Current	-	27	-	27	-	-
Trade and other payables	Non-current	-	(27)	-	(27)	-	-
Restatement: Impairment of core department investment in Midlands Engine Investment Fund which had not been included in the 2022-23 BEIS accounts because of timing difference between authorisation of the latter accounts and those of the Fund							
Net remeasurement of financial assets not held at fair value		14	-	-	-	-	-
Investments and loans in the public sector	Non-current	-	(14)	-	-	-	-
General Fund		-	14	-	-	-	-
Restatement: Revaluation of investment by BEIS core department in The Start-up Loans Company (part of British Business Bank) as correction of non-material error in the BEIS prior year accounts							

			31 March 2023			1 April 2022	
	Current / Non-current	SoCNE	Core dept and agencies SoFP	SoCNE	Group SoFP	Core dept and agencies SoFP	Group SoFP
	£m	£m	£m	£m	£m	£m	£m
Net remeasurement of financial assets at fair value		32	-	-	-	-	-
Investments and loans in the public sector	Non-current	-	(52)	-	-	(20)	-
General Fund		-	52	-	-	20	-
Restatement: Release of deferred income liability to income relating to excess fees received by Insolvency Service and recognition of 'Consolidated Fund extra receipts due to be paid to the Consolidated Fund' (CFER payable); related to restatement of 2022-23 accounts of Insolvency Service after authorisation of BEIS 2022-23 accounts (see note 1(r) in Insolvency Service 2022-23 accounts). Reduction in CFER payable required consequent reductions in 'Amounts issued from the Consolidated Fund for Supply but not spent at year end' (Supply payable)							
Other income		(66)	-	(66)	-	-	-
Trade and other payables (deferred income)	Current	-	137	-	137	71	71
Trade and other payables (CFER payable)	Current	-	(137)	-	(137)	(71)	(71)
Trade and other payables (Supply payable)	Current	-	137	-	137	71	71

					31 March 2023		1 April 2022
			Core dept and agencies		Group	Core dept and agencies	Group
	Current / Non-current	SoCNE	SoFP	SoCNE	SoFP	SoFP	SoFP
	£m	£m	£m	£m	£m	£m	£m
General Fund		-	(137)	-	(137)	(71)	(71)
Re-presentation: Disaggregation of income and expenditure relating to Redundancy Payments Service that had been reported net in BEIS accounts							
Other operating expenditure		52	-	52	-	-	-
Other income		(52)	-	(52)	-	-	-
Re-presentation: Capitalised interest on amortised cost investments held by British Business Bank reported as interest income rather than impairment expense as had been the case in the BEIS Group accounts							
Net remeasurement of financial assets not held at fair value		-	-	16	-	-	-
Other income		-	-	(16)	-	-	-
Restatement: Adjustment to deferred tax liability for British Business Bank (BBB) not included in BEIS 2022-23 accounts because of timing difference between authorisation of the latter accounts and those of the Company							

			31 March 2023			1 April 2022	
	Current / Non-current	SoCNE	Core dept and agencies SoFP	SoCNE	Group SoFP	Core dept and agencies SoFP	Group SoFP
	£m	£m	£m	£m	£m	£m	£m
Other operating expenditure		-	-	(11)	-	-	-
Deferred tax liability	Non-current	-	-	-	11	-	-
General Fund		-	-	-	(11)	-	-
Restatement: Change in allocation of carried interest on investments held by British Business Investment Limited (part of British Business Bank group)							
Net remeasurement of financial assets at fair value		-	-	11	-	-	-
Other operating expenditure		-	-	(3)	-	-	-
Investments and loans in the private sector	Non-current	-	-	-	(11)	-	26
Deferred tax liability	Non-current	-	-	-	3	-	(6)
General Fund		-	-		8	-	(20)

				31 March 2023		1 April 2022	
			Core dept and agencies		Group	Core dept and agencies	Group
	Current / Non-current	SoCNE	SoFP	SoCNE	SoFP	SoFP	SoFP
	£m	£m	£m	£m	£m	£m	£m
Restatement: Revaluation of investments held by BIS (Postal Services Act 2011) Company Limited not included in BEIS 2022-23 accounts because of timing difference between authorisation of the latter accounts and those of the Company							
Net remeasurement of financial assets at fair value		-	-	17	-	-	-
Investments and loans in the private sector	Non-current	-	-	-	(17)	-	-
General Fund		-	-	-	17	-	-
Restatement: Revaluation of investments held by Fleetbank Funding Limited not included in BEIS 2022-23 accounts because of timing difference between authorisation of the latter accounts and those of the Company							
Investments and loans in the private sector	Non-current	-	-	-	120	-	-
Trade and other receivables	Current	-	-	-	(117)	-	-
Trade and other payables	Current	-	-	-	(3)	-	-

Annexes V1

Annex A – Statistics

The statistics annex provides additional technical and methodological information on some of the statistics and performance measures used in the DBT Annual Report and Accounts.

Export and ODI Wins

DBT records export deals, contracts, sales or agreements where there has been support provided by our export promotion operations as an Export Win or an ODI Win.

An Export Win or ODI Win record is created using a digital framework which registers information entered by a lead officer from the DBT network. Lead officers are responsible for the quality and accuracy of the data they enter. Once the Win has been entered, the customer that received support is required to confirm the Win through a separate online form. A Win counts once it has been confirmed by the customer and this must be done within 12 months of the company winning the deal. The metric only captures customers DBT has assisted who have realised a deal, not those DBT has worked with but have not reached a deal. This report reflects Export Wins that have been confirmed in 2023-24 and supported during 2022-23 and 2023-24.

The Win metric contains some inherent characteristics that will always present challenges in assuring value and data accuracy. The metric relies heavily on the relationships DBT staff have with customers, and the information customers are prepared to share. Although guidance is provided to help establish the Win value, the specific expectations and forecast values up to a five-year period are subjective. Some deals are very complex, involving global supply chains and in-market requirements for local supply / presence and the ask of customers to separate export value from others is a distinction that is artificial for them. The information captured, represents a snapshot at a certain point in time based upon what the customer is willing, or able, to provide.

In 2023-24 there was a larger than normal increase in the value of Export Wins, this includes a small number of 'mega-wins' (valued above £500 million), contributing to an 85% increase in the total value of wins compared to 2022-23, but just a 7% increase in the number of individual wins supported.

From 2023-24 a new methodology has been introduced to include Wins where support has been provided to an overseas company to help import from the UK, in addition to those Wins achieved by UK companies, therefore caution is advised when comparing to previous years.

Retained EU Law

On 22 January 2024, the Retained EU Law (REUL) Parliamentary Report was laid before Parliament. It detailed the previous Government’s programme of revocation and reform of REUL, now known as assimilated law, since the Retained EU Law Act 2023 (the REUL Act) received royal assent on 29 June 2023 under the previous Government.

Section 17 of the REUL Act requires regular updates to the retained EU law dashboard and the publication of a Report on the revocation and reform of retained EU law. Under the legislation, the Report must:

a. provide a summary of the data on the REUL / assimilated law dashboard;

b. set out the ‘progress that has been made in revoking and reforming’ REUL / assimilated law during the reporting period to which the Report relates;

c. set out His Majesty’s Government’s plans to revoke and reform REUL / assimilated law in subsequent reporting periods.

Export client survey

The export client survey interviews approximately 4,000-5,000 businesses who have accessed DBT’s export promotion services each year. The survey aims to track client perceptions of quality of support and advice provided by DBT; provide a measure of reported impact on businesses of DBT's services; and understand what drives performance and how services can be improved over time.

A service delivery is a record of a DBT service delivered to a UK registered company. Examples of service deliveries include recorded instances of significant assistance provided to businesses, events attended by businesses that DBT officials have organised, funded or helped to organise, and uptake of DBT's digital export promotion services. The Export Client Survey uses these records to identify businesses eligible to be interviewed.

Satisfaction rates refer to questions in the survey that ask businesses how satisfied they were with their overall experience of the DBT export promotion service they accessed. Businesses are asked to provide a score from zero to ten, with ten being the most positive response. Scores of seven to ten are banded into 'satisfied', scores of four to six are banded into 'neutral' and scores of zero to three are banded into 'dissatisfied'.

The most recent data published by the Department refers to the survey of business supported between April 2022 and March 2023.

Utilisation rate of trade preferences for tariff reductions

Preference Utilisation Rates (PURs) measure the extent to which tariff preferences provided by trade agreements are being used, in goods where preferential tariff rates are available and lower than the Most Favoured Nation (MFN) rate i.e. tariffs that apply to imports from any WTO member. Imports are considered eligible for a preference if there is one or more preferential tariff available for that good from the specified partner country in the month of reporting, and that preferential rate is lower than the tariff that would otherwise apply. The PUR is presented as a percentage, reflecting the value of goods imported under trade preferences, as a share of the total value of imports eligible for preferences.

88.1% of goods imported into the UK in 2023 made use of trade preferences for tariff reductions where available. The PUR for goods imported into Great Britain from the EU27 was 91%. The PUR for goods imported into the UK from the 69 non-EU countries where a trade agreement was in force in 2023 was 80.6%. 80.5% of goods exported from Great Britain to the EU in 2023 made use of trade preferences for tariff reductions where available. Data is sourced from HMRC overseas trade in goods statistics, country of origin basis, published October 2024 (imports) and Eurostat preference data, country of origin basis, published December 2024 (exports).

The PUR calculation excludes those UK imports that entered tariff-free through processing relief – importers may apply to pay less duty on goods they trade for processing or repair through inward or outward processing. Even if raw data is considered sufficiently robust it may not account for factors which distort the results for PUR, such as temporary suspension of MFN tariffs for certain products. Data excludes trade between Northern Ireland and the EU.

PURs can be used to formulate an evidence-based approach to improving Free Trade Agreement outcomes and informing future negotiating strategies. DBT use the data to identify which goods sectors have sub-optimal preference utilisation and offer tailored UK export support.

Market Access Barriers

The Digital Market Access Service (DMAS) is the central repository for all trade barriers reported to the UK government by businesses, either via trade officials in the UK and overseas, or directly through the 'Report a Market Access Barrier' service on great.gov.uk. Once barriers have been added to DMAS, they are assessed and given a high-level qualitative rating. Status indicators are attributed to specific barriers and are used to provide a broad indication of the latest position, including marking it as resolved when the issue has been addressed.

The basis for counting the number of barriers resolved within a period has previously been changed. The approach now counts barriers for when the resolution was reported to have occurred, rather than when the system was updated to reflect the status as resolved. Therefore, market access barrier statistics published prior to and including financial year 2020-21 are not comparable to more recent years.

In 2023-24, 157 barriers were resolved (fully and in part). These barriers are estimated to be worth more than £14.6 billion to UK businesses over five years.

These valuation estimates are not intended as definitive predictions of the expected benefits to UK exports, nor an analysis of the wider impacts on the UK economy. Rather they provide an indication of the potential size of the opportunity associated with addressing a specific market access barrier. They are expressed as the potential export benefit over a five-year period following resolution of the barrier. We have published an analytical working paper setting out the methodology developed to produce indicative estimates of the value associated with a barrier.

Trade Remedies

Trade remedy investigations are conducted by the Trade Remedies Authority (TRA) as an independent Non-Departmental Public Body. The WTO stipulates that new trade remedies investigations should be completed within 18 months. In 2023-24, the body completed three new investigations, averaging 17.7 months, meeting the WTO's timeframe 100% of the time. Additionally, the TRA completed 6 transition investigations taking an average of 17.2 months, down from the 23 months reported in 2022-23 ARA. The TRA also completed an additional seven other types of investigations in 2023-24. More detail on the TRA's programme of work can be found in the TRA Annual Report and Accounts 2023-24.

Global Trade Alert

UK goods exports estimated to be at risk from harmful trade policies and harmful subsidies are calculated by the Global Trade Alert and are taken from the 31st Global Trade Alert Report. The measure needs to be interpreted with caution as while policy interventions may constitute a risk to UK exports, this doesn't necessarily mean they are having an impact.

Only those harmful interventions implemented after November 2008 count towards these totals therefore, the estimates indicate the exposure of national exports to crisis-era policy intervention that favours domestic commercial interests. The trade data used in the estimation is taken from UN Comtrade and at the six-digit level of the Harmonised System product classification. For each product exported by a nation, the foreign markets accounted for in this estimate are those where bilateral exports exceeded $1 million for the given product.

Calculations also take into account when a harmful policy intervention comes into force and, where relevant, lapses. When an intervention lasts for only part of a year, the trade flow is discounted by the fraction of the year the harmful measure is not in force.

Business Perceptions Survey

For the main stage of the survey, a total of 2,000 telephone interviews, lasting an average of 25 minutes, were conducted using Computer Assisted Telephone Interviewing (CATI). Interviews were carried out between 5th January and 10th March 2022. As in previous waves, all interviews were conducted with the person at the business responsible for legal and compliance issues.

As there were some changes to the questionnaire for this wave, the survey was cognitively tested to check how the questionnaire flows and assess respondent understanding and comprehension of the new questions. A total of seven respondents took part in the cognitive testing.
The purpose of the survey was made clearer by adding further information to the survey introduction and an explanation of what is meant by ‘regulation’ and ‘regulator’ were also added.

There was also a pilot testing phase consisting of 30 interviews, with monitoring and evaluation of the questionnaire flow and respondent understanding carried out by the research team. Data was then sense-checked, and pilot findings collated.

The sample was sourced from the Market Location commercial business database. A stratified random sampling approach was used, with businesses selected based on industry sector, size, and UK nation. The questionnaire used for the 2022 was structured as follows:

- Business profile, performance and challenges;
- Business perceptions of compliance with and burden of regulation;
- Government's approach to regulation;
- Dealings with regulators in general;
- Use and cost of external compliance support;
- Changes to the burden of regulation in the next year.

FDI projects

FDI is defined as a cross border investment made by a non UK resident entity where the direct investor acquires at least 10% of the voting power or ownership. DBT's definition of FDI projects covers a wide range of investment, including those projects which are not announced by companies. Whereas these DBT statistics record the number of FDI projects and jobs created/

safeguarded, ONS statistics are the official source for the value of inward and outward FDI stocks at the UK level. See the published ONS FDI statistics for further information.

Data and information related to investment projects are recorded on an internal database accessible by teams across DBT. When revenue generating activities have begun, the record undergoes a robust verification process where an independent team reviews the information attached to each project to check for quality, accuracy and consistency of data. All projects must meet the same established standards and criteria to be classified as a success, and there must be sufficient evidence recorded showing that the investment decision has been made, the UK company is fully registered, and that the company has started activities on the UK site. DBT figures in this report only include recorded inward FDI projects which received support from DBT and/or one of its regional and local partners. Various external sources and FDI project and company databases have been used to identify, qualify and report eligible 'non involved' FDI projects.

Job figures included in this report are estimates, made at the start of each investment project and are provided by the investor. New jobs capture total jobs likely to be created within three years from the start of the project. Safeguarded jobs include those jobs which were retained due to the additional/ new inward investment.

Figures reported for the UK nations and English regions comprise single site projects plus multiple UK sited projects. Multiple site projects created 8,154 jobs in 2023-24. It has been possible to redistribute 2,966 of these jobs across the relevant regions, but 5,188 jobs are unallocated due to a lack of information relating to the distribution of the new jobs across locations.

Capital investment in this report is the sum of Venture Capital and Large Capital investments supported by DBT. Some of this investment meets the criteria to be classified as FDI whilst some is non-FDI capital investment. DBT measured capital investment by the capital or foreign equity value of the investment only. Values are recorded in pound sterling, applying the exchange rate at the time of the investment announcement if necessary. Venture Capital attracts overseas investment from corporate venture capitalists and venture capital funds into high-value start-ups, growth companies and funds. Large capital involves overseas institutional investment into large capital projects in real estate, infrastructure and energy.

Gross Value Added (GVA) figures are estimated, developed using DBT's analysis into the economic impact of FDI. Estimates are made by applying the sector specific multipliers detailed in DBT's research report to either the number of new jobs generated from FDI projects, or the capital expenditure invested by the FDI projects. This is determined by whether a sector is deemed as labour intensive or capital intensive. The estimated impacts published are the minimum level of GVA expected over 3 years.

British Business Bank

The British Business Bank's (BBB) core programme numbers are based on management information collected by the BBB across its different programmes, covering both debt and equity finance. This data provides information on the amount of finance the BBB has drawn down and the flow of finance facilitated, which includes private sector finance leveraged in alongside the BBB's funding.

Drawdown is a transactional event where a delivery partner (for example, a bank lender) draws committed funds as part of a financial arrangement.

Flow of finance is the gross amount of finance received by a business as a result of the BBB's programmes. Flow includes contributions from private sector investors and is measured at cost in GBP.

Source: BBB ARA 2024 – p23 – https://www.british-business-bank.co.uk/about/research-and-publications/annual-report-and-accounts-2024

The Government backed Start Up Loan scheme numbers are based on management information collected by the Start Up Loans Company (SULCo) on behalf of the BBB. Start Up Loans (SUL) was launched in 2012.

Percentages relating to female-led businesses or businesses led by ethnic minorities are calculated using self-reported diversity information, provided to SULCo by loan applicants.

Source: https://www.startuploans.co.uk/about/the-start-up-loans-company/history-impact-achievements/1bn-milestone

The stock of finance and number of SMEs supported by Growth Guarantee Scheme (formerly Recovery Loan Scheme) are based on management information published by the BBB each quarter, which is sourced directly from relevant lenders under the schemes.

Data is as of 31 March 2024, and extracted at close of business on the 16 April 2024, from the information continuously submitted to the BBB's portal by accredited lenders. The portal is used by the BBB and lenders to administer the facilities. Portal data is dependent on lenders submitting accurate and timely data and is not real-time.

The schemes have been through multiple iterations, including RLS 1 and 2, and now GGS (formerly RLS 3). RLS 1 was launched in December 2021 and RLS 1 and 2 closed to new applications in June 2022. GGS (formerly) RLS 3 launched in August 2022 and remains open to new applications.

RLS 1 and 2 and GGS data are collected and published separately. The total value of RLS and GGS drawn downs and facilities are added together to produce combined totals.

Source: Recovery Loan Scheme (iterations 1 & 2) Performance Data as at 31 March 2024 | British Business Bank (british-business-bank.co.uk)

Small and Medium Enterprise (SME) finance perceptions

The SME Finance Monitor regularly surveys SMEs about their perceptions of economic challenges and access to finance.

The Q4 2023 report is mostly based on a total of 17,010 interviews with SMEs, conducted across the four quarters of 2023 (all using the new questionnaire). Data from previous years is also included and mostly follows the same question set and 4-wave collection approach.

The structure of the SME market is such that each 'All SME' figure quoted will be heavily influenced by the views of those with 0 employees, who make up three quarters of the SME population. As the views of these smallest SMEs can differ markedly from their larger peers, an 'All employers' figure is now also reported for some key questions, that is those SMEs with 1-249 employees.

To qualify for interview, SMEs must meet the following criteria in addition to sample quotas set by size, sector and region:

- Not 50%+ owned by another company
- Not run as a social enterprise or as a not-for-profit organisation
- Turnover of less than £25m

- The respondent was the person in charge of managing the business's finances.

Source: SME Finance Monitor (Q4 2023)
https://www.bva-bdrc.com/sme-finance-monitor/#reports

Equity Deals

The data used in this analysis is downloaded through Beauhurst. This is a subscribed database collecting and collating public data on UK private businesses. The data is based on publicly available data and is built bottom up from the activities of individual companies.

Beauhurst classifies equity deals into four stages; seed, venture, growth and established. These stages reflect product development, commercialisation, sales, and profitability levels in the recipient company. The reported 'growth' stage combines growth and established stages.

- **Seed stage** encompasses young companies with a small team, and low valuation (which varies by sector) that have received lower levels of funding relative to the sector. There is a degree of uncertainty in their product-market fit or they are just getting started with the process of getting regulatory approval. Funding is likely to come from grant-awarding bodies, equity crowdfunding, and business angels.
- **Venture stage** covers companies that have been in existence for a few years and are in the process of gaining market traction rapidly growing sales. The

venture stage does not solely correspond to funding by venture capitalists, as other investor types also provide funding to venture stage companies.

- **Growth stage** businesses are more developed with multiple offices or branches and substantial revenue streams (some of which may be profitable). The growth stage includes later stage VC-backed companies seeking to grow their core market, expand into new markets, or create new products/services.
- **Established stage** companies have been trading for 15+ years, or 5-15 years with a three-year consecutive profit of £5m+ or turnover of £20m+. As you may expect, these businesses usually have several offices and a widely-recognised brand. Funding at this stage is often deployed by corporates, private equity firms, banks and specialist debt funds, or major international investors.

Beauhurst collects its data primarily from publicly available sources, including:

- SH01 forms – Beauhurst monitors all SH01 forms filed to Companies House, which are forms that companies submit when they want to issue new shares. Beauhurst uses AI-driven technology to sift through these forms and identify relevant deals.
- News outlets – Beauhurst monitors news outlets for announcements about companies that have raised funds.

- Accelerator programs – Beauhurst tracks the graduating cohorts of accelerator programs across the UK. Beauhurst uses a news monitoring tool to identify press announcements about companies that have graduated from an accelerator.

Beauhurst also has a team of experts who verify the data, and they constantly revisit it to make sure it's accurate.

Beauhurst's fundraising data includes information on every equity fundraise in the UK, including those that aren't announced to the public. This analysis is only concerned with investments and deals that have been publicly announced. This includes deals that have been announced via a government regulatory organisation, a press release, a news source, or have been confirmed with investees or investors. Although equity deals involving family and friends are not explicitly excluded, they are typically not publicly announced, and therefore not captured by our figures.

As the data is collected primarily from publicly available sources, Beauhurst takes no responsibility for the accuracy or otherwise of the data.

Data is collected in real time and is updated every day, meaning that the data on Beauhurst is subject to revision as new or additional information is released on previous fundraisings. The current data has been extracted on 30th October 2024 and therefore is accurate as at this date.

The data extracted through the 'advanced search' feature includes the following parameters:

Find fundraisings where all the following apply:

- form of funding is any of Equity
- and the recipient company has all of the following criteria:
    - head office (where known, otherwise registered address) is UK
- and is an announced fundraising
- and company's stage of evolution (at time of fundraising) is one of Seed, Venture or Growth or Established

(This above step should be run separately for 1) Seed, 2) Venture and 3) Growth or Established and this will provide the summary number of deals and value in the summary statistics tab)

- and date of fundraising is between 01/04/2023 – 31/03/2024

The method of extraction follows the BBB methodology employed in the Small Business Equity Tracker 2024 (page 87), to include "announced fundraisings only", and therefore won't be comparable to the BEIS ARA for 2022-23 which followed a different methodology.

Source: https://www.beauhurst.com/blog/how-we-source-investment-data/

https://www.beauhurst.com/blog/stages-evolution-companies/

Bounce Back Loan Scheme (BBLS) Enforcement

The number of insolvent disqualifications are based on Insolvency Service enforcement outcomes management information published as a 'transparency' release.

This statistic relates specifically to director disqualifications under section 6 of the Company Directors Disqualification Act (1986), which covers unfit conduct in relation to an insolvent or dissolved company. The total number of Insolvent Disqualifications and the number relating to COVID-19 financial support schemes are read from Table 2 (section 1.1) of the Transparency release. The percentage is derived from these two numbers and rounded to the nearest 1%. The statement that COVID-19 financial support scheme abuse relates predominantly to BBLS is derived from internal management information held by DBT and the Insolvency Service.

Data for the current financial year are updated monthly, and occasionally data for the previous financial year are also updated. Where revisions are made, this is highlighted within the publication. There is also a full history of all such updates published on the Insolvency Service Enforcement Outcomes Management Information Transparency Data landing page. The data used for the AR&A were published on 10 September 2024.

Source: https://www.gov.uk/government/publications/insolvency-service-enforcement-outcomes-management-information/insolvency-service-enforcement-outcomes-2023-24

BBLS Recovery Scheme

HMT – Funds recovered through completed Account Freezing Forfeitures £401,766. Cash Detention Forfeitures, Listed Asset Forfeiture and Confiscation Orders and Compensation Orders also fall under this category but were nil.

Direct to Lenders – NATIS Investigations/Financial Intelligence cases where funds are returned to directly Lenders £8,202,580. This includes Orders that are set aside to allow for repayment.

Post Office

The core department has undertaken to provide an amount of funding to the Post Office to support payments made to individuals (postmasters and former postmasters) under four compensation schemes. The valuation of these provisions is the Post Office management's best estimate of the most likely outcome of potential future payments. The provisions require several significant estimates and assumptions to be made including number of eventual claimants, distribution of heads of loss and assessments of loss of earnings. Further information can be found in the Post Office Limited's published accounts.

The Department has also recognised a provision in relation to the "G L O" (Group Litigation Order) Scheme and the recently announced "HCRS" (Horizon Convictions Redress Scheme) scheme. The HCRS scheme looks to provide financial redress to postmasters across the UK who had their convictions quashed by the Acts. HCRS is in its infancy and therefore increases the level of estimation uncertainty but represents the core department's best estimate of the future liability at the reporting date.

Civil Enforcements

Director disqualification is the process whereby a person is disqualified, for a specified period, from becoming a director of a company, or directly or indirectly being concerned or taking part in the promotion, formation, or management of a company without permission from the court.
2. These statistics relate to individuals that are subject to a bankruptcy or debt relief order in England and Wales, where the individual is considered to have been dishonest or blameworthy.

COVID-19 grant schemes

The number of criminal investigations into Business Support Grants (BSG) fraud are those investigations that the National Investigation Service (NATIS) had' open' (under investigation) at the end of FY 2023-2024. These Investigations are or were being dealt with by NATIS Investigators with a view to gathering enough evidence to support a charging decision from Crown Prosecution Service (CPS). This follows the Triage and Intelligence Development process that identifies suitable cases to progress to the next stage. Actions are then undertaken to progress the investigation led by our Investigation team, supported by our Criminal Finances Unit, Intelligence Unit and Digital Forensics Unit.

Product Safety and Standards

The percentage of UK consumers reporting confidence that products sold in the UK are safe is sourced from the Office of Product Safety and Standards (OPSS) Product Safety and Consumers: Wave 5. The main findings are based on a representative sample of 10,182 people from across the UK collected through online research methods, surveyed between 23rd November to 11th December 2022. An additional telephone survey of 250 offline adults, surveyed between 24th November 2022 to 3rd January 2023 who are very low or non-internet users was conducted in parallel with each online survey.

The full research technical report can be found here: https://assets.publishing.service.gov.uk/media/657852b0095987001295deaf/opss-product-safety-and-consumers-wave-5-technical-report.pdf

Trade agreements secured

The percentage of UK trade with countries or territories with which the UK has secured a trade agreement as at 31 March 2024. It is based on the overall value of UK's bilateral trade with these partner countries covering all exports and imports of goods and services. This is the case even for agreements that cover only goods or only services. ‘Secured’ refers to agreements that are in effect, or else have been signed or agreed in principle or concluded negotiations. It includes trade with the European Union plus Andorra, San Marino, EU overseas territories and UK crown dependencies. It also includes other trade agreements signed but not in force including Comoros (under the economic partnership agreement with Eastern and Southern African countries), and Malaysia and Brunei (under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership). A full list of UK trade agreements in effect can be found here https://www.gov.uk/guidance/uk-trade-agreements-in-effect. This measure does not estimate the value or impact of the trade agreements themselves.

Source: ONS UK total trade: all countries, seasonally adjusted: April to June 2024

Annex B – Sector sponsorship

The Department continues to follow strictly the recommendations of the Committee on Standards in Public Life and Cabinet Office guidelines on handling sponsorship arrangements with the private sector. During 2023- 2024, DBT agreed the following private sector sponsorship (only sponsorship exceeding £5,000 for a single event is shown here).

Sponsor	Amount	Event	Event Date
Sponsorship secured by Government Commercial Sponsorship Team (GCST)			
Citigroup Global Markets Limited	£125,000 + VAT	Northern Ireland Investment Summit	12-13 September 2023
HSBC	£250,000 + VAT	Global Investment Summit 2023	27 November 2023
Barclays	£250,000 + VAT	Global Investment Summit 2023	27 November 2023
Lloyds Bank	£250,000 + VAT	Global Investment Summit 2023	27 November 2023
Sponsorship secured by another DBT team; contract signed by GCST			
Clifford Chance	130,000 Chinese Yen + VAT Equivalent: £14,164.54 + VAT	China International Fair for Trade in Services (CIFTIS)	2 – 6 Sept 2023

MBDA	$15,000 AUD + VAT Equivalent: £7,825.14 + VAT	UK Events and Functions Indo Pacific Maritime 2023	7 November 2023
Ove Arup and Partners International Limited	Value in Kind approx. £15,000	Infrastructure session of the 27th Uzbek-British Trade & Industry Council	29 November 2023
Kraken Technologies Ltd	£6,000+VAT	British Music Embassy Opening Night Reception	9 March 2024
Octopus Energy Generation	£18,000 inclusive of VAT	DBT Green Builders of Tomorrow Competition	February-April 2024
Contracts signed by another DBT team			
KBR	$15,000 AUD + VAT Equivalent: £7,825.14 + VAT	UK Events and Functions Indo Pacific Maritime 2023	7 November 2023
Babcock Pty Ltd	$15,000 AUD + VAT Equivalent: £7,825.14 + VAT	UK Events and Functions Indo Pacific Maritime 2023	7 November 2023

Overseas: Cash Received

Sponsor	Amount (£)	Event Note
BISC	£1,601	SIAM
Emmerson	£18,182	SIAM

Overseas: Non-cash sponsorship

Sponsor	Amount (£)	Event Note
TMS Mining	£5,000	Mining Indaba
CMS CEPCOR	£5,000	Mining Indaba
ARDENT Limited	£8,000	Mining Indaba
TRIBE TECH GROUP	£5,500	Mining Indaba
British Geological Survey	£5,000	Mining Indaba
International Geoscience Services	£8,000	Mining Indaba
MCLAREN APPLIED	£5,000	Mining Indaba
RSK Environment Limited	£8,000	Mining Indaba
Mine Tech Services	£6,500	Mining Indaba

Annex C – Core tables

Table 1: Total departmental spending, 2019-20 to 2023-24

This table provides a summary of departmental net expenditure using the same headings as voted within the Estimate. An overview of variance between this financial year and the previous financial year can be found in the Financial Review on pages 59 to 67.

	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000	2023-24 Outturn £000
Resource DEL					
DBT – Department for Business and Trade (DEL)	1,624,178	21,180,355	6,329,455	1,271,911	1,663,237
DBT – Arm's Length Bodies (ALB) (Net) (DEL)	131,137	74,196	88,697	115,000	119,592
Total Resource DEL	**1,755,315**	**21,254,551**	**6,418,152**	**1,386,911**	**1,782,829**
Of which:					
Current grants to persons and non-profit (net)	109,379	113,359	124,878	121,912	116,739
Depreciation	77,669	24,328	72,740	46,965	67,548

	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000	2023-24 Outturn £000
Income from sales of goods and services	(4,409)	(3,787)	(7,358)	(4,676)	(7,545)
Net public service pensions	(3)	(5)	-	-	-
Other resource	313,508	(783,331)	(343,534)	(301,344)	(362,472)
Purchase of goods and services	441,132	600,628	506,227	575,421	742,221
Release of provision	-	-	207	-	-
Rentals	26,267	27,330	6,547	(141)	286
Staff costs	491,257	606,216	665,832	740,471	817,631
Subsidies to private sector companies	100,481	12,481,812	1,439,916	105,088	233,568
Subsidies to public corporations	50,081	50,081	56,479	52,834	169,438
Take up of provisions	(32,581)	23,582	(29,890)	(251)	(4,507)
Change in pension scheme liabilities	195	139	227	47	203
Current grants abroad (net)	9,329	10,420	8,360	9,461	8,888
Current grants to local government (net)	173,010	8,103,779	3,917,521	41,124	831
Resource AME					
DBT – Department for Business and Trade (AME)	422,677	(10,197,551)	434,301	218,787	1,453,672
DBT – Arm's Length Bodies (ALB) (Net) (AME)	(50,635)	(197,065)	(434,885)	190,992	186,436

	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000	2023-24 Outturn £000
Total Resource AME	**372,042**	**(10,394,616)**	**(584)**	**409,779**	**1,640,108**
Of which:					
Current grants to persons and non-profit (net)	501,943	531,838	333,903	415,982	592,849
Depreciation	3,826	(141,659)	(607,371)	399,089	181,731
Income from sales of goods and services	(5)	-	-	-	-
Other resource	(120,979)	(84,011)	(204,140)	(382,387)	(232,890)
Purchase of goods and services	2,816	2,733	3,721	3,172	2,627
Release of provision	(21,684)	(10,865,438)	(45,564)	(81,811)	(232,332)
Rentals	314	331	(63)	51	30
Staff costs	5,165	5,714	6,164	5,540	6,396
Take up of provisions	639	155,737	512,766	50,143	1,321,697
Total Resource Budget	**2,127,357**	**10,859,935**	**6,417,568**	**1,796,690**	**3,422,937**
Of which:					
Current grants to persons and non-profit (net)	611,322	645,197	458,781	537,894	709,588
Depreciation	81,495	(117,331)	(534,631)	446,054	249,279
Income from sales of goods and services	(4,414)	(3,787)	(7,358)	(4,676)	(7,545)
Net public service pensions	(3)	(5)	-	-	-

	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000	2023-24 Outturn £000
Other resource	180,497	(867,342)	(547,674)	(683,731)	(595,363)
Purchase of goods and services	443,948	603,361	509,948	578,593	744,848
Release of provision	(21,684)	(10,865,438)	(45,357)	(81,811)	(232,332)
Rentals	26,581	27,661	6,484	(90)	316
Staff costs	496,422	611,930	671,996	746,011	824,028
Subsidies to private sector companies	100,481	12,481,812	1,439,916	105,088	233,568
Subsidies to public corporations	50,081	50,081	56,479	52,834	169,438
Take up of provisions	(31,942)	179,319	482,876	49,892	1,317,190
Change in pension scheme liabilities	195	139	227	47	203
Current grants abroad (net)	9,329	10,420	8,360	9,461	8,888
Current grants to local government (net)	173,010	8,103,779	3,917,521	41,124	831
Capital DEL					
DBT – Department for Business and Trade (DEL)	(135,045)	1,105,908	246,251	(130,674)	614,196
DBT – Arm's Length Bodies (ALB) (Net) (DEL)	427,283	380,665	512,847	287,759	454,203
Total Capital DEL	**292,238**	**1,486,573**	**759,098**	**157,085**	**1,068,399**
Of which:					
Current grants to persons and non-profit (net)	9,884	23,060	31,920	23,025	304,036

	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000	2023-24 Outturn £000
Income from sales of assets	(329)	(121,493)	(413)	(857)	(4,042)
Income from sales of goods and services	(750)	-	(2,000)	(2,964)	(1,942)
Net lending to the private sector and abroad	81,931	1,503,420	459,191	9,515	401,670
Other capital	(21,299)	(62,025)	(11,399)	(2,681)	6,175
Purchase of assets	149,521	58,703	42,701	6,281	47,405
Purchase of goods and services	3,184	16,575	7,217	9,667	15,802
Staff costs	4	8	1,195	(137)	458
Subsidies to private sector companies	-	-	-	343	-
Unallocated funds- capital	(2)	32	-	(6,250)	(104,325)
Capital grants abroad (net)	371	331	-	6,718	37,713
Capital grants to persons and non-profit (net)	26,252	33,390	55,329	32,672	290,979
Capital support for local government (net)	1,373	6,052	11,690	20,059	90
Capital support for public corporations	42,098	28,519	163,667	61,663	74,376
Current grants abroad (net)	-	1	-	31	4
Capital AME					
DBT – Department for Business and Trade (AME)	37,000	19,718,443	(3,593,295)	1,316,687	(1,138,905)

	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000	2023-24 Outturn £000
DBT - Arm's Length Bodies (ALB) (Net) (AME)	(3,051)	(221)	(4,975)	-	-
Total Capital AME	**33,949**	**19,718,222**	**(3,598,270)**	**1,316,687**	**(1,138,905)**
Of which:					
Net lending to the private sector and abroad	(3,051)	(221)	(4,975)	-	-
Purchase of assets	-	-	2,755	-	-
Take up of provisions	-	-	151	(28)	550
Capital grants to private sector companies (net)	-	19,781,449	(3,524,201)	1,261,715	(1,358,455)
Capital support for public corporations	37,000	(63,006)	(72,000)	55,000	219,000
Total Capital Budget	**326,187**	**21,204,795**	**(2,839,172)**	**1,473,772**	**(70,506)**
Of which:					
Current grants to persons and non-profit (net)	9,884	23,060	31,920	23,025	304,036
Income from sales of assets	(329)	(121,493)	(413)	(857)	(4,042)
Income from sales of goods and services	(750)	-	(2,000)	(2,964)	(1,942)
Net lending to the private sector and abroad	78,880	1,503,199	454,216	9,515	401,670
Other capital	(21,299)	(62,025)	(11,399)	(2,681)	6,175
Purchase of assets	149,521	58,703	45,456	6,281	47,405

	2019-20 Outturn £000	2020-21 Outturn £000	2021-22 Outturn £000	2022-23 Outturn £000	2023-24 Outturn £000
Purchase of goods and services	3,184	16,575	7,217	9,667	15,802
Staff costs	4	8	1,195	(137)	458
Subsidies to private sector companies	-	-	-	343	-
Take up of provisions	-	-	151	(28)	550
Capital grants abroad (net)	(2)	32	-	(6,250)	(104,325)
Capital grants to persons and non-profit (net)	371	331	-	6,718	37,713
Capital grants to private sector companies (net)	26,252	19,814,839	(3,468,872)	1,294,387	(1,067,476)
Capital support for local government (net)	1,373	6,052	11,690	20,059	90
Capital support for public corporations	79,098	(34,487)	91,667	116,663	293,376
Current grants abroad (net)	-	1	-	31	4
Total Departmental Spending	**326,187**	**21,204,795**	**(2,839,172)**	**1,473,772**	**(70,506)**
Total DEL	**2,047,553**	**22,741,124**	**7,177,250**	**1,543,996**	**2,851,228**
Total AME	**405,991**	**9,323,606**	**(3,598,854)**	**1,726,466**	**501,203**

Table 2: Administration Budget, 2019-20 to 2023-24

	2019-20 Outturn £'000	2020-21 Outturn £'000	2021-22 Outturn £'000	2022-23 Outturn £'000	2023-24 Outturn £'000
Resource DEL					
DBT – Department for Business and Trade (DEL)	254,919	282,217	313,527	332,091	365,964
DBT – Arm's Length Bodies (ALB) (Net) (DEL)	7,858	8,581	18,360	24,787	24,336
Total Administration Budget	**262,777**	**290,798**	**331,887**	**356,878**	**390,300**
Of which:					
Current grants to persons and non-profit (net)	5	15	265	39	72
Depreciation	4,503	4,040	8,768	14,656	15,914
Income from sales of goods and services	(802)	(743)	(438)	(492)	(607)
Net public service pensions	(3)	(5)	-	-	-
Other resource	(480)	1,228	(2,901)	(20)	(818)
Purchase of goods and services	66,432	63,449	78,069	96,429	133,520
Rentals	15,676	18,018	7,085	(506)	(53)
Staff costs	175,718	202,622	240,862	245,574	241,651
Subsidies to public corporations	-	-	4	2	-
Take up of provisions	-	-	-	-	124
Change in pension scheme liabilities	54	26	54	(10)	(36)
Current grants abroad (net)	1,674	2,148	119	1,206	533

Annex D – Financial information by ALB

The table below shows the total operating income, total operating expenditure, net expenditure for the year, and staff numbers and costs for each of our ALBs. The figures below will not tie directly to the published ALB accounts as they include some adjustments which would have been captured in the ALB 's accounts in the previous year. Note the Competition Appeal Tribunal is not included as a separate line below as these figures are included within Competition Service.

Financial Information by ALB

				Permanently employed staff		Other staff	
	Total Operating income £m	Total Operating expenditure £m	Net expenditure for the year (including financing) £m	Number of employees	Staff costs £m	Number of employees	Staff costs £m
Core Department	(368.8)	2,061.0	1,764.3	5,081	399.4	2,100	83.9
Trade Remedies Authority	0.0	15.4	15.4	130	9.7	4	0.6
Insolvency Service	(80.7)	625.0	588.1	1,595	87.1	145	12.2

				Permanently employed staff		Other staff	
	Total Operating income £m	Total Operating expenditure £m	Net expenditure for the year (including financing) £m	Number of employees	Staff costs £m	Number of employees	Staff costs £m
Companies House	(80.3)	120.8	40.5	1,312	63.5	30	11.3
Competition Service	(0.0)	6.4	6.5	22	2.9	0	0.0
Financial Reporting Council Ltd	(58.4)	59.6	1.2	464	45.4	0	0.9
ACAS	(4.7)	60.5	55.9	908	47.4	46	0.5
BIS (Postal Services Act 2011) Company Limited	(10.5)	3.5	(7.0)	0	0.0	0	0.0
BBB PLC	(159.3)	261.5	103.4	588	58.7	17	0.0
Northern Powerhouse Investment Limited	(22.0)	18.7	(3.3)	0	0.0	0	0.0
Midlands Engine Investments Limited	(18.1)	13.8	(4.3)	0	0.0	0	0.0
Cornwall and Isles of Scilly	(1.5)	1.5	0.0	0	0.0	0	0.0
Fleetbank Funding Limited	(72.6)	0.0	(72.5)	0	0.0	0	0.0
Consolidation adjustments	117.5	(118.4)	7.8	0	0.1	0	(0.1)
Total Departmental Group	**(759.3)**	**3,129.2**	**2,496**	**10,100**	**714.2**	**2,342**	**109.2**

Glossary

A

ACAS: Advisory, Conciliation and Arbitration Service

ACF: Angel CoFund

ACOBA: Advisory Committee on Business Appointments

AI: Artificial Intelligence

ALB: Arm's-Length Bodies

AME: Annually Managed Expenditure

APC: Advanced Propulsion Centre

APPS: Average Price Per Share

AQUA: Analytical Quality Assurance

ARA: Annual Report and Accounts

ARAC: Audit and Risk Assurance Committee

ATF: Automotive Transformation Fund

ATI: Aerospace Technology Institute

AWS: Amazon Web Services

B

BAR: Business Appointment Rules

BBB: British Business Bank Plc

BBLS: Bounce Bank Loan Scheme

BEIS: Department for Business, Energy & Industrial Strategy

BG: Business Group

BPSA: BIS (Postal Services Act 2011)

BREEAM: Building Research Establishment Environmental Assessment Methodology

BVCA: British Venture Capital Association

C

CAM2035: Connected and Automated Mobility

CAME: Capital Annually Managed Expenditure

CBILS: Coronavirus Business Interruption Loan Scheme

CBS: Country Based Staff

CCAV: Centre for Connected and Autonomous Vehicles

CDEL: Capital Departmental Expenditure limit

CE: Conformité Europëene, or European Conformity marking

CEO: Chief Executive Officers

CETV: Cash Equivalent Transfer Value

CFC: Common Fund for Commodities

CFER: Consolidated Fund Extra Receipts

CIPS: Chartered Institute of Procurement & Supply

CLAs: Convertible Loan Note Agreements

CLBILS: Coronavirus Large Business Interruption Loan Scheme

CLNs: Convertible Loan Notes

CMA: Competition Market Authority

CMRR: Competition, Markets and Regulatory Reform

CO: Cabinet Office

CODM: Chief Operating Decision Maker

COO: Chief Operating Officer

COVID-19: Coronavirus pandemic

CPTPP: Comprehensive and Progressive Agreement for Trans-Pacific Partnership

CSOPS: Civil Servant and Other Pension Scheme

D

DBT: Department for Business and Trade

DCMS: Department for Digital, Culture, Media & Sport

DDaT: Digital, Data and Technology

DEFRA: Department for Environment, Food and Rural Affairs

DEL: Departmental Expenditure Limit

DESNZ: Department for Energy Security & Net Zero

DfE: Department for Education

DGs: Director General

DGSI: Strategy and Investment

DHSC: Department for Health and Social Care

D&I: Diversity and Inclusion

DIME: Domestic and International Markets and Exports

DIT: Department for International Trade

DLUHC: Department for Levelling Up, Housing and Communities

DSIT: Department for Science, Innovation & Technology

E

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

ECL: Expected Credit Loss

EECAN: Eastern Europe and Central Asia Network

EGS: Environmental Goods and Services

EII: Energy Intensive Industries

EPA: Economic Partnership Agreement

ERDF: European Regional Development Fund

eRGF: Exceptional Regional Growth Fund

ESIF: European Structural Investment Fund

ESS: Export Support Service

ESSP: Export Support Service Programme

ESTR: Economic Security and Trade Relations

ETIP: Enhanced Trade and Investment Partnership

ETP: Enhanced Trade Partnership

ExCo: Executive Committee

EU: European Union

EV: Electric Vehicle

F

FCDO: Foreign, Commonwealth & Development Office

FDI: Foreign Direct Investment

FDSC: Fully Diluted Share Capital

FFL: Fleetbank Funding Ltd

FII: Foreign Indirect Investment

FOIA: Freedom of Information Act 2000

FRA: Fraud Risk Assessment

FRC: Financial Reporting Council

FReM: Government Financial Reporting Manual

FTA: Free Trade Agreement

FTE: Full Time Equivalent

FVTOCI: Fair Value Through Other Comprehensive Income

FVTPL: Fair Value Through Profit or Loss

G

GBS: Government Banking Service

GCC: Golf Cooperation Council

GCFP: Government Counter Fraud Function

GDP: Gross Domestic Product

GGC: Greening Government Commitments

GHG: Green House Gas

GIAA: Government Internal Audit Agency

GLD: Government Legal Department

GLO: Group Litigation Order

GPA: Government Property Agency

GMPP: Government Major Projects Portfolio

GRAA: Government Resources and Accounts Act

H

HCRS: Horizon Convictions Redress Scheme

HMG: HM Government

HMRC: His Majesty’s Revenue and Customs

HMT: His Majesty’s Treasury

HO: Home Office

HR: Human Resources

HSS: Horizon Shortfall Scheme

I

IAS: International Accounting Standard

ICO: Information Commissioner's Office

ICS: Integrated Corporate Services

IDA: Industrial Development Act

IDAB: Industrial Development Advisory Board

IFIAs: Initial Fraud Impact Assessments

IFRS: International Financial Reporting Standards

IMF: International Monetary Fund

INSS: Insolvency Service

IPA: Infrastructure and Projects Authority

IPEV: International Private Equity and Venture Capital

IT: Information Technology

ITA: International Trade Adviser

ITP: Investment Transformation Programme

J

JETCO: Joint Economic and Trade Committee

K

KPIs: Key Performance Indicators

L

LATAC: Latin America and Caribbean

LFP: Late Filing Penalties

LFS: Labour Force Survey

LGD: Loss Given Default

LIFTS: Long-term Investment for Technology and Science

LITE: Licensing for International Trade and Enterprise

LLM: Large Language Model

M

MC13: 13th WTO Ministerial Conference

MEUC: Military End-Use Control

MOD: Ministry of Defence

MoG: Machinery Of Government

MoU: Memorandum of Understanding

MP: Member of Parliament

MPM: Managing Public Money

N

NA: North America

NAO: National Audit Office

NATIS: National Investigation Service

NAV: Net Asset Value

NDPB: Non-Departmental Public Bodies

NED: Non-Executive Director

NGC: Nominations and Governance Committee

NI: Northern Ireland

NIF: National Insurance Fund

NTS: National Trading Standards

O

OC: Overturned Convictions

OCI: Other Comprehensive Income

ODI: Outward Direct Investment

OECD: Organisation for Economic Cooperation and Development

Ofcom: Office of Communications

Ofgem: Office of Gas and Electricity Markets

OfI: Office for Investment

Ofwat: Water Services Regulation Authority

OGD: Other Government Department

ONS: Office for National Statistics

OPSS: Office for Product Safety and Standards

OTSI: Office of Trade Sanctions Implementation

P

PAC: Public Accounts Committee

PAYG: Pay As You Go

PCPF: Parliamentary Contributory Pension Fund

PCSPS: Principal Civil Service Pension Scheme

PD: Project Delivery

PFI: Private Finance Initiative

PHSO: Parliamentary and Health Service Ombudsman

PMA: Post Model Adjustment

PO: Partner Organisations

POL: Post Office Ltd

PPE: Property, Plant and Equipment

PPI: Payment Protection Insurance

PPR: Post Office Process Review Compensation

PSFA: Public Sector Fraud Authority

PSH: Postal Services Holdings Company Limited

PURs: Preference Utilisation Rates

R

RAME: Resource Annually Managed Expenditure

R&D: Research and Development

REUL: Retained EU Law

RLI: Repayable Launch Investments

RLS: Recovery Loans Scheme

RMPP: Royal Mail Pension Plan

RoO: Rules of Origin

ROU: Right-of-Use Asset

RPI: Retail Price Index

RPIX: Retail Price Index Excluding Mortgage Interest

RPS: Redundancy Payment Services

S

SCGS: Shipbuilding Credit Guarantee Scheme

SCUPs: Consumer Single Use Plastics

SCS: Senior Civil Servant

SDG: Sustainable Development Goals

SMEs: Small and Medium-Sized Enterprises

SOCNE: Statement of Comprehensive Net Expenditure

SOFP: Statement of Financial Position

SOPS: Statement of Outturn against Parliamentary Supply

SoS: Secretary of State

SPEI: Service of Public Economic Interest

SR: Spending Review

SRO: Senior Responsible Owner

SRR: Suspension Remuneration Review

SSRB: Senior Salaries Review Body

T

TAP: Tariff Application Platform

TCFD: Task Force on Climate Related Financial Disclosures

TME: Total Managed Expenditure

TPIN: Trade Policy, Implementation and Negotiations

TRA: Trade Remedies Authority

U

UKEA: UK Export Academy

UKEF: UK Export Finance

UKGI: UK Government Investments

UK SBS: UK Shared Business Services Ltd

UPU: Universal Postal Union

V

VAT: Value-Added Tax

W

WTO: World Trade Organization

WTR: Working Time Regulations

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Department for Business & Trade

The Department for Business and Trade is an economic growth department. We ensure fair, competitive markets at home, secure access to new markets abroad and support businesses to invest, export and grow. Our priorities are the Industrial Strategy, Make Work Pay, the Trade Strategy and the Plan for Small Business.

Published by
Department for Business and Trade
30th January 2025

E03238434

978-1-5286-5283-4