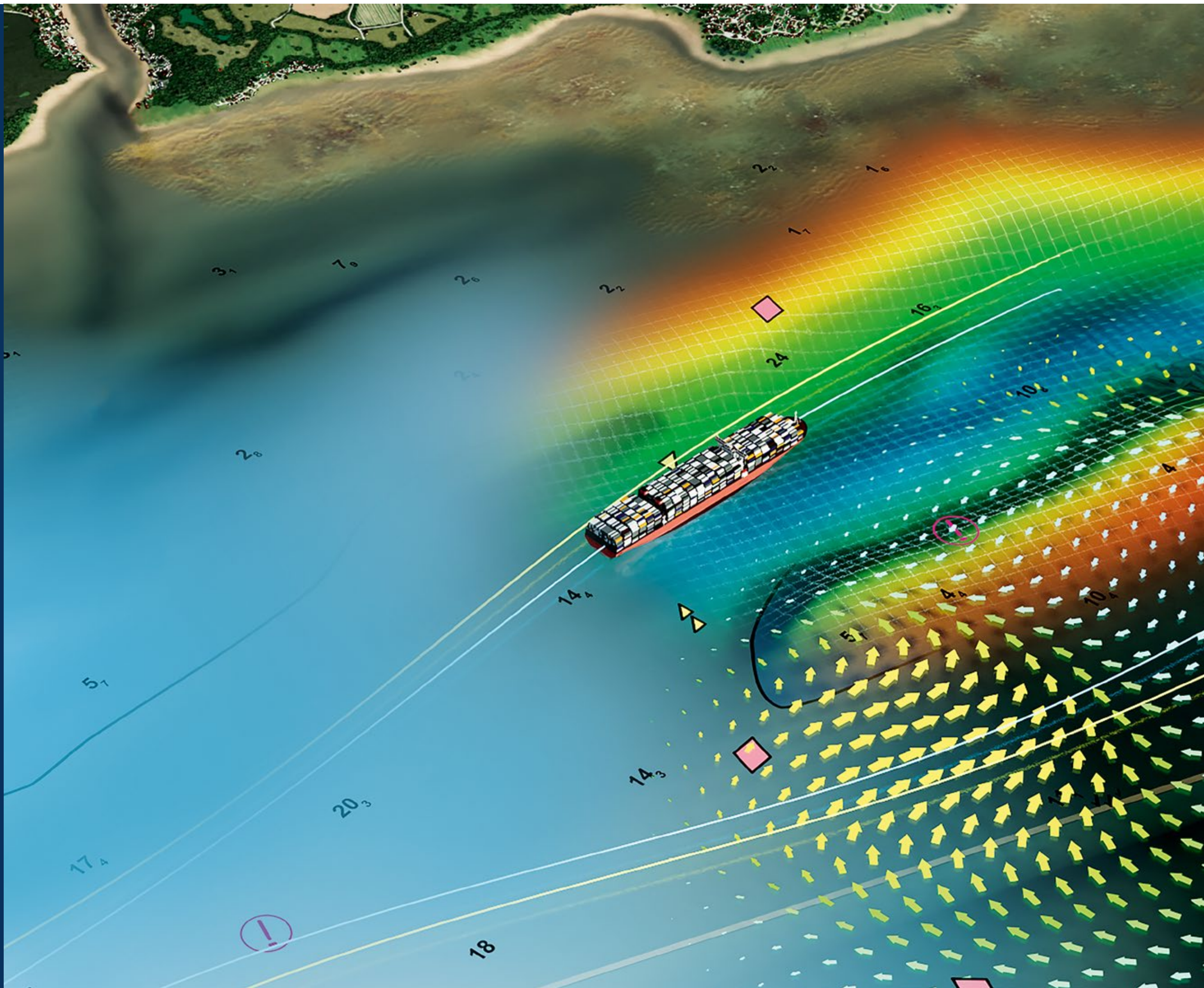
UK Hydrographic Office



Shaping maritime navigation

Annual Report and Accounts 2024/25

HC 1083

UK Hydrographic Office

Annual Report and Accounts 2024/25

For the period 1 April 2024 to 31 March 2025

Presented to Parliament pursuant to section 4 (6) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990

Ordered by the House of Commons to be printed on 17 July 2025

HC 1083

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

Any enquiries regarding this publication should be sent to:

UK Hydrographic Office

Admiralty Way, Taunton, Somerset
TA1 2DN, United Kingdom

Telephone +44 (0)1823 484444
customerservices@ukho.gov.uk

gov.uk/ukho

ISBN 978-1-5286-5470-8

E03304887 07/25

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the UKHO on behalf of the Controller of His Majesty's Stationery Office

Contents

Highlights

Focus on our year

Highlights of the year

Strengthening hydrographic capability worldwide

This year, in collaboration with the Foreign Commonwealth Development Office and their regional partners, we launched the Hydrographic Leaders Programme (HLP) to enhance maritime capability in the Asia-Pacific region, contributing to leadership development and compliance with international standards. In parallel, we have established a Gender Balance Fund of £100k, which in 2024/25 supported 10 women from 10 countries to access hydrographic training and International Hydrographic Organization events, reinforcing our commitment to an equitable and skilled global hydrographic community.

Celebrating hydrography's global impact

We marked World Hydrography Day with a special reception at the International Maritime Organization in London, reinforcing the vital role of hydrography in global maritime safety. The event also featured the presentation of the Alexander Dalrymple Award to John Dillon-Leetch, Port Hydrographer at Port of London Authority, recognising his outstanding contributions to hydrography and education.

Innovation in navigation and defence support

We continue to invest in the next generation of navigational solutions, ensuring a smooth, industry-wide transition to the S-100 data framework, by sharing our knowledge and driving awareness of S-100 through major industry events, research and digital engagements.

As geopolitical challenges evolve, we remain committed to providing critical geospatial intelligence for defence and Allied forces. This year alone, our experts were instrumental in contingency planning for humanitarian aid to Gaza and the potential evacuation of entitled personnel from Lebanon.

Supporting professional growth and redefining our culture

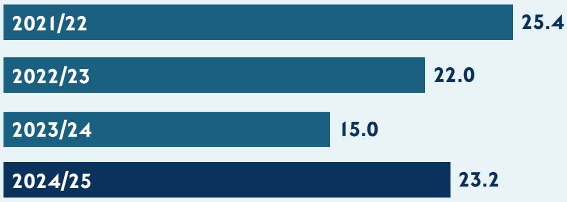
With 200 apprenticeship starts since 2016, we continue to invest in our people, offering career development opportunities across every function of our organisation. Alongside this, we introduced 'This is us: The UKHO way' bringing together our purpose, vision, values, and leadership principles to guide how we work, grow and succeed together, delivering positive outcomes for our customers.

Financial highlights

Profit (£m)

£23.2m

(2023/24: £15.0m)



Revenue (£m)

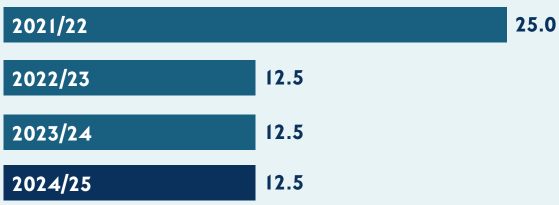
£220.7m

(2023/24: £202.3m)

Dividend (£m)

£12.5m

(2023/24: £12.5m)



About us

Geospatial intelligence for national security and prosperity

The UK Hydrographic Office (UKHO) is a world-leading centre for hydrography, specialising in maritime geospatial data, from seabed to surface and beyond, for safe, secure and thriving oceans.

As an Executive Agency and Trading Fund of the UK Ministry of Defence (MOD), we provide this information and expert advice to the UK government as part of our public task obligations and Safety of Life at Sea (SOLAS).

We work with the Royal Navy and other defence users who rely on this data to support global operations; safeguard UK national security; protect the nation's interests; and generate strategic advantage.

This is underpinned by the work undertaken by our experts, in partnership with a range of organisations worldwide, to source, analyse and process data to help the UK government and global partners to make the best use of the marine environment.

This includes mariners and shipping companies, with over 90% of large ships trading internationally relying on our ADMIRALTY products and services to ensure safe, efficient and compliant global trade.

Our extensive network of relationships with national hydrographic offices and other international bodies ensures we play a key role in representing the UK government as an authority on hydrography and bathymetry, informing policymaking in transport, trade and international aid, as well as supporting environmental initiatives.


R08

A world-leading role in maritime navigation

As the UK government's centre for hydrography and seabed mapping, we are responsible for providing hydrographic products and services to defence and the maritime industry. Our ADMIRALTY products and services are relied upon and trusted by mariners worldwide, to plan and undertake safe, compliant and efficient operations and voyages.

We are shaping maritime navigation by meeting the evolving needs of our customers.

Ensuring we remain agile and capable

We are making our maritime geospatial data more accessible to our customers. Investing in our data-processing capabilities has improved efficiencies in how we receive and process hydrographic and geospatial data from dynamic maritime environments, such as ports. This enables us to serve the UK's evolving defence requirements and meet the needs of the mariner, by processing and publishing our ADMIRALTY Electronic Navigational Charts (ENCs) at pace.

> Find out more on gov.uk/ukho

230 years

delivering accurate and timely navigational information to support decision making

Enabling safer and more efficient navigation

We are playing a lead role in the global conversation around the International Maritime Organization (IMO)'s new S-100 data framework. This evolving suite of standards for hydrographic and marine data will underpin a new generation of maritime navigation solutions. As part of our public task, we are working with partners and stakeholders around the world to support greater understanding of S-100 and its potential to enable safer and more efficient navigation.

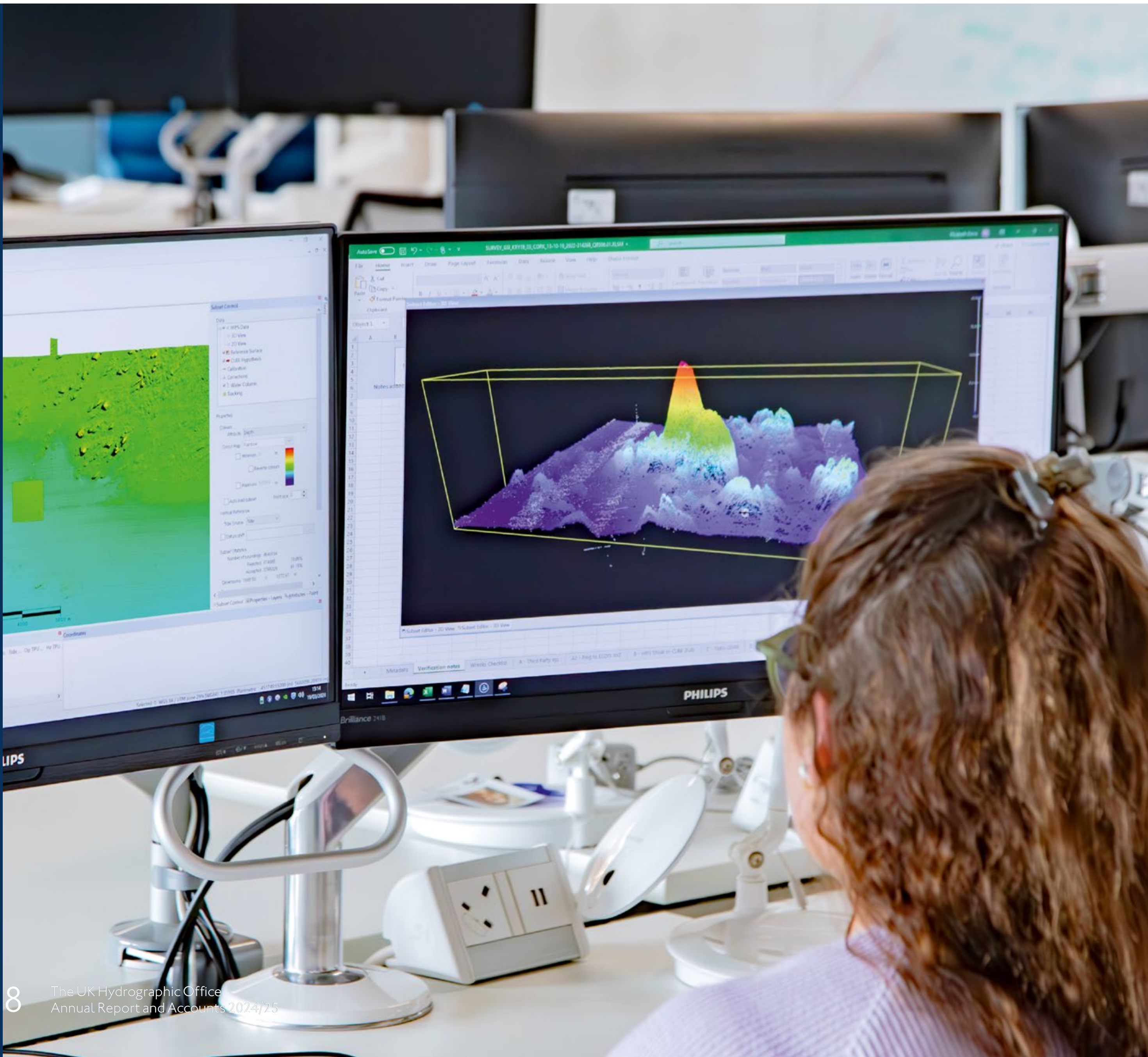
> Find out more S-100: Shaping the future of navigation

90%

of large ships trading internationally rely on ADMIRALTY products and services

120+

international relationships



Serving our customers

As geopolitical instability continues to affect maritime routes, we remain focused on our mission to provide the world's most trusted, compliant and innovative maritime navigation solutions and geospatial intelligence for national security and prosperity.

> Find out more on gov.uk/ukho

3,000+
Defence Service Delivery customers supported

20,000+
Electronic Navigational Charts in service

Chair's foreword

A unique organisation with a clear purpose

At a time of increasing geopolitical unrest, the UK Hydrographic Office's core purpose remains clear and strong: we exist to support safe, secure and thriving oceans on behalf of His Majesty's (HM) Government. As our Chief Executive, Vanessa Blake, sets out in our corporate strategy, our focus is "do what we are here to do, brilliantly".

Our most obvious contributions to UK PLC are the maritime geospatial data, charts and related digital products and services we supply to our primary customer the Royal Navy (RN) and to commercial shipping. We are proud that 90% of large ships trading internationally rely on our ADMIRALTY products and services. We are proud, too, that we contribute to the exchequer via the dividend we pay every year to our owner, the Ministry of Defence. Few organisations within government can do that.

The UKHO contributes actively to the UK government's influence and impact overseas through our extensive network of partnerships with national hydrographic offices and other international bodies. Supporting and developing these key engagements and partnerships contributes to the government's growth mission and delivery of our national security commitments.

Domestically, we have collaborated closely on the UK's National Centre for Geospatial Intelligence (NCGI) Earth programme, providing geospatial intelligence and expertise to enable the UK's defence and security operations. The UKHO has a broad range of capabilities, traditional and new, which it brings to bear in its services and relationships.

For example, I was recently struck by the extraordinary work of our HM Nautical Almanac Office (HMNAO), a small but specialised team within UKHO that works in strategic partnership with the US Naval Observatory. HMNAO assists civil and defence sectors with all aspects of celestial navigation, including employing this traditional skill to provide back-up to GPS and satellite navigation.

Internationally, we are active within the International Hydrographic Organization, the United Nation's International Maritime Organization and we maintain direct relationships with multiple foreign governments and regional hydrographic commissions. Our work includes supplying technical support, training and capacity building to nations around the world, notably in the Global South, where we support development, security and stronger links with remote island communities.

The UKHO continues to thrive under the highly focused leadership of permanently appointed Chief Executive (CE), Vanessa Blake. Vanessa's strong commercial background and focus on customer experience has brought a fresh perspective to the UKHO. Her expertise is invaluable in a technology-driven marketplace, one marked by the breadth and variety of marine data sources and stakeholders. As the first female CE of the UKHO in its 230 years, her appointment is also a sign of change and progress. Whilst steeped in history and the craft of cartography, our organisation is oriented towards the future. We are dedicated to unlocking greater value from hydrographic and marine data to enhance navigation capabilities and technologies, ensuring we meet the needs of our customers, support sustainability goals and maintain the long-term security of our nation.

> **We play a key role in the government's growth mission and delivery of our national security commitments.**

Looking ahead, we are confident we will continue to deliver an essential and valuable contribution in response to the Strategic Defence Review, working alongside the Royal Navy and other defence colleagues. In an international context that can feel uncertain, we remain confident in our mission and purpose. We will continue to serve the Ministry of Defence and deliver vital services to the mariner, global security, trade and sustainability.

The non-executive directors of the Hydrographic Office Board bring a wealth of business acumen from a range of sectors and industries. Collectively we support, validate and constructively challenge the executive leadership team in the development of the organisation's strategy, its execution and performance.

This year we have focused our attention on the appointment of the CE and other non-executive directors and senior positions within the UKHO. After several years on the board and having made a significant contribution to the strategy, business and technology transformation of the organisation, we were sorry to lose Tom Loosemore as non-executive director of the board. We have, however, been fortunate to welcome Tom Betts. Tom brings cutting-edge and real-world experience in business model transformation through technology, particularly in the use of Artificial Intelligence and the digitisation of processes and customer experience.

In addition, as Maritime Geospatial Intelligence Liaison Officer and HM Hydrographer of the Navy, Captain Matt Syrett brings focus and context to our defence customer needs. He replaces Captain Pat Mowatt who also reached the end of his tenure with us, having contributed a number of years of excellent insight and support to the Board.

As is good practice, we have sought to improve our effectiveness as a Board, by developing governance, and driving performance, accountability and decision-making at the right levels. The Board, supported by the Remuneration and Nomination Committee, proactively supports culture development at the UKHO, making time to engage with colleagues across the organisation, working with senior leaders on performance, succession and talent management, diversity, inclusion and belonging. Our Audit and Risk Assurance Committee has been instrumental in ensuring appropriate and evolving governance and risk management practices, supporting leaders in the development of the business and execution of the strategy.

Strategically, the Board continues to prioritise safety, defence and the development of sustainable business models. We are confident we will continue to deliver an essential and valuable contribution in response to the Strategic Defence Review, working alongside the Royal Navy and other defence colleagues. In an international context that can feel uncertain, we remain confident in our mission and purpose. We will continue to serve the Ministry of Defence and deliver vital services to the mariner, global security, trade and sustainability, in a dynamic and changing environment.

Marion Leslie
Non-Executive Chair

The UKHO contributes actively to the UK government's influence and impact overseas through our extensive network of partnerships.

Marion Leslie Non-Executive Chair

Chief Executive's foreword

Committed to delivering reliable, precise geospatial information and expertise

This has been a pivotal year for the UK Hydrographic Office (UKHO). We have enhanced our digital delivery capabilities while strengthening our commitment to supporting the UK's defence and national security objectives, alongside meeting our Safety of Life at Sea (SOLAS), and public-task obligations. The UKHO continues to lead the world in the provision of maritime geospatial data intelligence.

Overall revenue has exceeded £220m. Profit on ordinary activities before interest was £17.6m and £23.2m post-interest. This has enabled us to pay a £12.5m dividend to our owner, the Ministry of Defence, alongside maintaining our vital public service at minimal cost to the taxpayer.

In 2024, we focused on making our maritime geospatial data intelligence more accessible to our customers, to enable faster and more accurate operational planning. This digital transformation has also enabled us to collaborate ever more closely with our principal allies in defence. We worked together with the UK's National Centre for Geospatial Intelligence (NCGI), supporting their NCGI Earth programme and contributing to the more efficient delivery of geospatial intelligence to the UK's defence and security operations.

We have begun a programme of infrastructure investment to ensure that we remain agile and capable of supporting the UK's evolving defence requirements.

Vanessa Blake Chief Executive

Autonomous navigation and AI-powered systems will continue to bring both tremendous benefits and new challenges. At the UKHO, we are proud to be supporting this transition, with an ongoing commitment to delivering reliable, precise geospatial information and expertise.

In anticipation of the Strategic Defence Review, which was published in June 2025, we have positioned ourselves to not only meet the challenges presented but to seize the opportunities it will bring. We have begun a programme of infrastructure investment to ensure that we remain agile and capable of supporting the UK's evolving defence requirements.

As part of this programme, we have invested in our data-processing capabilities, improving efficiencies in how we receive and process data from ports, which are among the most dynamic maritime environments. This has led to remarkable improvements in the time taken to publish Electronic Navigational Charts (ENCs). Surveys and data received by the UKHO are now processed and published more than 50% faster than before. We aim to further reduce this time in the coming year.

Our technology team have been exploring the potential of machine learning to support hydrographic processes, using Artificial Intelligence (AI) to automate key steps and enhance our services. Through a combination of targeted investments and a collaborative approach, we have stabilised and secured our technology estate. The result has been to increase service availability by 37% compared to the previous year, ensuring that we deliver faster, more efficient and higher-quality products to our customers and partners.

A significant success in 2024 has been our leadership of the global conversation around the emerging S-100 data framework. These new standards for hydrographic data enable alignment and integration with international geospatial information and are a critical element in modernising maritime navigation. As part of our public task, we have been proud to play an educative role within the maritime industry, ensuring that stakeholders understand the potential value these new S-100 standards could bring for safer and more efficient navigation in the future.

We recognise the value of our people and made a significant commitment to the development of colleagues, across the organisation, through the introduction of 'This is us: The UKHO way'. The UKHO way focuses on our purpose, vision, values, and leadership principles to guide how we work, grow and succeed together. We are also investing in the next generation with our STEM Ambassador group making considerable impact in local communities in Somerset through the 'Start Small, Dream Big' pilot programme.

In the more immediate future, autonomous navigation and AI-powered systems will continue to bring both tremendous benefits and new challenges. At the UKHO, we are proud to be supporting this transition, with an ongoing commitment to delivering reliable, precise geospatial information and expertise. At the same time, the maritime sector is on the cusp of a decarbonisation shift. The UKHO is committed to supporting environmental efforts with data that optimises navigation, reducing our customers' emissions and costs. Similarly, as geopolitical instability continues to affect maritime routes, our data helps the industry navigate uncertainty.

We will remain focused on our mission to provide the world's most trusted and innovative maritime geospatial intelligence. The journey ahead is full of potential, and with continued collaboration, forward-thinking leadership and our commitment to excellence, we are confident that the UKHO will continue to play a vital role in the future of maritime navigation.

Vanessa Blake
Chief Executive

This is us

Our purpose

For safe, secure and thriving oceans.

Our values and behaviours guide how we work together

We provide a supportive work environment, underpinned by our meaningful values and behaviours

together

We combine our strengths, respecting and encouraging one another, welcoming diversity of thought and experience. By being inclusive we achieve stronger outcomes for customers, partners, and each other.

responsibility

We do the right thing, prioritising safety, security, and balancing risk. We act with honesty, integrity and objectivity, making evidence-led choices that meet customer needs.

excellence

We lead the way, growing our expertise to deliver effective, responsive, and quality solutions for our customers, partners, and each other. Leading by example, we share our knowledge and learnings, helping us individually and collectively continuously improve.

discovery

We reach beyond boundaries, innovating around new ways of working, ideas, technology and approaches that help us anticipate and meet the future needs of our customers and partners.

Our vision

A beacon for quality, innovative maritime navigation solutions; trusted by customers and partners worldwide.

Delivering our public task is why we exist

We fulfil our Safety of Life at Sea obligations while supporting UK defence and providing expert advice to the UK government.

Strategic objective 1

We deliver unique value to our customers through safe, compliant, secure and timely maritime geospatial products and services, to fulfil our public task, serve defence and secure our long term sustainability.

By excelling in our public task, we enable responsible commercialisation, ensuring agility and readiness for future challenges.

Enabling functions

People	Technology	Infrastructure and facilities	Finance and Corporate Services

Our production flowline

Source, ingest, analyse and produce

Strategic objective 2

Develop a high performing, innovative, responsive and customer centric organisation, to enable our strategy and meet future customer and people needs.

Transitioning to sustainable ways of working

We are helping to create a sustainable and prosperous future for our people, natural environment and international communities.

Responsible operations

We are transitioning into more sustainable ways of working, taking steps to reduce the demand for plastic across our range of ADMIRALTY products and services. We recently expanded our online ADMIRALTY File Share Service, where in the past we provided data on DVD discs which cannot easily be recycled. By expanding our online service, we have reduced the demand for physical discs by 70% in the current financial year. We continue to collaborate with our customers to transition to predominantly digital-only solutions.

Plotting a safe course for autonomous vessels

We are actively supporting the integration of autonomous vessels into sustainable maritime operations. In collaboration with marine data provider XOCEAN, we deployed five uncrewed surface vessels (USVs) off the Isles of Scilly to collect detailed seabed data.

This initiative not only enhances our understanding of marine environments but also demonstrates the potential of autonomous solar power to conduct surveys with reduced environmental impact. By embracing such innovations, the UKHO is contributing to safer, more efficient, and eco-friendly navigation solutions.

Environmental impact of seabed mapping

Working with independent science-based sustainability organisation Eunomia Research and Consulting, we contributed to a new report which defines the cost-benefit relationship of seabed mapping to the UK economy. The report highlights the potential benefits of seabed mapping in environmental conservation and protection, compliance with legislation, and in maritime sectors like shipping, offshore energy and coastal leisure.

Coastal Health Pilot Programme

We have supported the cross-government HM Treasury Shared Outcomes Fund Coastal Health, Livelihoods and Environment programme, with data and advice including new data layers on the ADMIRALTY Marine Data Portal. The pilot programme, initially focused on England, aims to improve our understanding of the health of coastal ecosystems using digital innovations and cross-government collaboration to support environmental monitoring and emergency response.

Sustainable archives and digital access

We are also advancing digital access to maritime collections, reducing the need for printing and physical document production. Recent initiatives include depositing digital chart archives in the United Arab Emirates National Archives, enabling global access while lowering material use. Our archived charts and surveys continue to support critical climate research, including studies on rising sea levels, marine habitats, and historical shipwreck recovery, most recently including the Tango 4 landing craft lost during the Falklands War.

Our Archives team are committed to reducing environmental impact and increasing access to historic maritime records. This year, we replaced 600 lights with energy-efficient LEDs, cutting power consumption and improving interior lighting. A new low-energy environmental control system will further reduce emissions by 60% in the building.

Sustainability report

Executive summary

The UK Hydrographic Office (UKHO) is in constant evolution, adapting to the ever-shifting needs of our customers, stakeholders, and global community. At the heart of this journey lies a deep commitment to sustainability. Environmental, social, and in governance. This report illuminates our ESG performance, guided by our dynamic Sustainability Roadmap, which charts our course for environmental protection, community partnership, and responsible service delivery.

A landmark achievement this year is our inaugural disclosure aligned with the Task Force on Climate-related Financial Disclosures (TCFD), signalling our dedication to transparency and climate leadership (refer to annex).

While emissions associated with business travel have declined, increases in Scope 1 emissions, along with higher water usage, remain areas of focus. In response, we have developed targeted action plans and are reaffirming our commitment to continuous environmental improvement. Corrections to travel-related data for the 2023/24 reporting period reflect the removal of travel procured by UKHO on behalf of third parties, including IC-ENC members and international students attending UKHO-led courses in Taunton. These emissions are attributable to the respective third parties and have been excluded from UKHO's totals to ensure accurate and transparent reporting.

Through collaboration, innovation, and accountability, we are charting a sustainable and resilient future for both people and planet.

This report serves as a critical assessment of our environmental performance for the 2024/25 period, providing essential insights into our progress towards achieving strategic sustainability objectives and aligning with the Greening Government Commitments (GGC).

The comprehensive dataset, encompassing greenhouse gas emissions, energy usage, business travel, water consumption, and waste management, offers a holistic view of our environmental impact and informs our future actions.

Sustainability report

Below is a summary of our full Sustainability report. The full report can be found in the annex on page 71.

Compliance statement

The UKHO is committed to addressing climate change in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As an executive agency and trading fund of the Ministry of Defence, UKHO supports the Greening Government Commitments and seeks to lead by example in advancing sustainability across the maritime and geospatial domains.

This statement outlines UKHO's current alignment with the TCFD framework, focusing on:

1. Governance,
2. Strategy,
3. Risk Management,
4. Metrics and Targets.

UKHO has reported here on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector: Task Force on Climate-related Financial Disclosure (TCFD) -aligned disclosure application guidance - GOV.UK

UKHO has complied with the recommended disclosures relating to Governance, Risk Management, Metrics and targets and Strategy. This is in line with Phase 2 of the central government's implementation timetable. UKHO plans to comprehensively address the recommended disclosures under the Strategy pillar, Phase 3, in future reporting periods.

TCFD summary

Governance

Climate-related governance is overseen by the Executive Leadership Team (ELT), supported by the Director of Finance and Corporate Services, Head of Sustainability and the Climate Adaptation and Resilience Working Group (CAWG). Sustainability considerations are integrated into strategic planning processes through dedicated internal working groups.

Strategy

UKHO uses climate-related scenarios to assess long-term risks and opportunities under multiple warming pathways: less than 2°C, between 2 and 3°C and greater than 3°C.

These scenarios inform understanding of transition and physical risks, enabling UKHO to align maritime services and operations with Net Zero ambitions. Strategic opportunities identified include:

- Innovation in sustainable supply chains
- Maritime climate partnerships
- Organisational culture transformation
- ESG-aligned investment strategies

Risk management

Our key corporate climate-related risk appears under strategy on page 73. Climate risks are embedded in UKHO's corporate risk management framework. These include:

- Transition Risks – from regulation, market shifts, and reputational factors
- Physical Risks – such as sea level rise, extreme weather, and climate-driven geopolitical instability

Risk assessments are based on authoritative data (IPCC, UK Met Office, Defra), with scenario-based stress testing informing mitigation and adaptation strategies.

Targets

Our key high-level targets are:

- Achieve carbon neutrality by 2030 (from a 2018 baseline)
- Achieve 100% renewable electricity use by 2030
- Achieve Net Zero by 2050
- Meet 90% of Sustainability Roadmap milestones by 2040
- Allocate 1% of annual turnover for sustainability initiatives

The above emissions targets apply to UKHO's own emissions, e.g. scope 1,2 and business travel only. This is unchanged from previous years, but we want to be clear that the goals do not include full scope 3 emissions.

Strategies to achieve our targets

The UKHO Sustainability Roadmap outlines our strategic approach to achieving our carbon reduction targets. This includes a phased transition to renewable energy sources across all sites, and the implementation of targeted energy and resource efficiency measures. We are also investing in data-driven solutions to optimise environmental performance and embedding sustainability into procurement and governance processes. These actions form the foundation of our long-term commitment to climate resilience and operational decarbonisation, aligned with our obligations under the TCFD framework.

Our targets for 2025/26 are:

UKHO uses defined performance indicators to monitor climate-related action:

- Investment: Minimum 1% of annual turnover allocated to ESG initiatives
- Carbon Reduction: 10% reduction in UKHO travel-related emissions from FY24/25
- Workforce Engagement: Deliver employee carbon literacy and sustainability training
- Operational Integration: ESG metrics tracked in procurement

These targets shall be integrated into UKHO's business performance frameworks and reviewed through internal governance mechanisms.

UKHO remains committed to strengthening its approach to climate resilience and TCFD alignment. By embedding climate-related considerations into its operations, governance, and investment decisions, UKHO aims to support the UK's national climate goals, deliver public value, and maintain its leadership in sustainable maritime services.

Introduction

As a global leader in hydrography, the UKHO views sustainability not merely as a moral imperative, but as a fundamental element of our long-term success and responsibility to the maritime community. It is our mission to integrate sustainable practices into every facet of our operations.

This year's report underscores that commitment through:

- A robust sustainability strategy for long-term and agile goals
- A comprehensive report against Task Force on Climate-related Financial Disclosures (TCFD)
- A detailed carbon footprint and site decarbonisation plan guided by our Sustainability Roadmap and sustainability site strategy

We have reinforced and actioned our site decarbonisation and energy efficiency plans, with clear steps, and are constantly striving to do better.

Our data indicates that while significant progress has been made in reducing GHG emissions from our 2017/18 baseline, increases in energy, water, and waste consumption necessitate a renewed focus on resource efficiency. To achieve our long-term sustainability goals, we must adopt a more integrated approach that embeds sustainability considerations into all aspects of our operations. This requires a commitment to continuous improvement, ongoing investment in sustainable technologies, and active engagement with all stakeholders. It may also require some offsetting.

GHG emissions

Greenhouse gas emissions (Scopes 1, 2 and 3)

Total emissions (tCO_2e)	2024/25	2023/24	2022/23	2017/18
Scope 1 (Fugitive emissions)	37	37	37	36
Scope 1 (Gas)	135	132	125	644
Scope 2 (Electricity)	429	421	422	1,354
Total Scopes 1 and 2 (Energy)	601	590	584	2,034
Scope 3 (Official business travel only)	1,070	1,122[1]	1,040	1,011
Total GHG emissions	**1,671**	**1,712**	**1,624**	**3,045**

Energy usage and costs (Scopes 1 and 2)

Energy consumption		2024/25	2023/24	2022/23	2017/18
mKWh	Gas	0.74	0.72	0.69	3.0
	Electricity	2.07	2.03	1.99	4.7
	Total energy consumption	**2.81**	**2.75**	**2.68**	**7.7**
£'000	Gas	46	38	–	–
	Electricity	497	431	–	–
	Total energy supply costs	**543**	**469**	**403**	**–**

Sustainability report continued

Official business travel (Scope 3)

Domestic travel only		2024/25	2023/24	2022/23	2017/18
'000km	**Total domestic flight distance**	**47**	**47**	**–**	**–**
tCO_2e	Domestic flights	13	–	–	–
	UK Rail	9	–	–	–
	Care hire and pool car	15	–	–	–
	Hotels UK	6	–	–	–
	Total domestic emissions	**43**	**–**	**–**	**–**

International travel only		2024/25	2023/24	2022/23	2017/18
'000km	Short-haul Economy Class	324	–	–	–
	Short-haul Premium Economy	6	–	–	–
	Short-haul Business Class	2	–	–	–
	Long-haul Economy Class	644	–	–	–
	Long-haul Premium Economy	1,474	–	–	–
	Long-haul Business Class	281	–	–	–
	Non-UK Economy Class	601	–	–	–
	Non-UK Premium Economy	172	–	–	–
	Non-UK Flights Business Class	167	–	–	–
	Total international flight distance	**3,669**	**3,664**	**3,900**	**–**
tCO_2e	Short-haul Flights	61	–	–	–
	Long-Haul Flights	764	–	–	–
	Non-UK Flights	183	–	–	–
	International Rail/ Eurostar	–	–	–	–
	Non-UK Hotel Stays	19	–	–	–
	Total international emissions	**1,026[1]**	–	–	–
'000 km	**Total flight distance**	**3,716[1]**	**3,711**	**3,900**	**–**
tCO_2e	**Total travel emissions**	**1,070**	**1,122**	**1,040**	**1,011**
£'000	**Expenditure on all travel**	**931**	**873**	**977**	**–**

1. Numbers are displayed to the nearest thousand and may not sum due to rounding

The corrections to the travel data for 2023/24, including spend, is due to inclusion of travel that was purchased by UKHO on behalf of third parties, primarily IC-ENC members and foreign students attending courses at the UKHO in Taunton. These travel items should not have been included in UKHO totals as the resultant emissions belong to the third parties, not UKHO.

Mitigating climate change: working towards Net Zero by 2050

We are committed to ambitious reductions in our greenhouse gas (GHG) emissions, aligning with the UK government's GHG reduction target for 2030 and Net Zero by 2050, and as outlined in our Sustainability Roadmap.

This year, we have demonstrated our progress through transparently reporting our Scope 1, 2, and 3 emissions (business travel only). We are taking a multi-pronged approach to achieving our ambitious Net Zero targets, as outlined in our Sustainability Roadmap.

Key highlights and progress:

- Overall GHG Emissions: Total GHG emissions (Scopes 1, 2, and 3) demonstrate a modest decrease, reaching 1,691 tCO_2e, compared to 1,712 tCO_2e in the previous year.
- Scope 3 Emissions: Business Travel: A modest reduction in international business travel emissions.
- Scope 1 Emissions: A slight increase in Scope 1 emissions.

Strategic initiatives:

To maintain momentum and accelerate progress towards our ambitious GHG reduction and Net Zero targets for our own emissions by 2030 and 2050, as outlined in our Sustainability Roadmap, a comprehensive approach is required. This includes:

- Prioritising investments in low-carbon technologies: We are actively exploring energy-efficient equipment, renewable energy sources, and smart building management systems to reduce our energy consumption. We are currently conducting a site wide solar feasibility study which will ensure progress against our site decarbonisation plan.
- Optimising energy management practices: We are exploring energy-saving measures in conjunction with our total facilities management provider.
- We are implementing initiatives to reduce our reliance on fossil fuels: Our sustainability site strategy details our plans to phase out fossil fuel-based heating systems and replacing them with cleaner, more sustainable alternative.
- We are reviewing our travel policy to ensure that we transition to lower carbon ways of working. Increased domestic travel emissions (43 tCO_2e) requires further investigation.

Moving forward, we shall:

- Work with stakeholders across the organisation to ensure travel emissions reductions are achieved.
- Promote sustainable transportation options.
- Explore carbon insetting opportunities.

By strategically implementing our energy initiatives, the UKHO aims to improve energy efficiency and further minimise our environmental footprint.

Water

		2024/25	2023/24	2022/23	2017/18
m^3	Water consumption	3,732	3,416	3,351	18,339
£'000	Water supply costs	10	8	10	73

Commentary

We recognise the importance of responsible water management as both a key aspect of our environmental sustainability and a requirement under the Greening Government Commitments. We are actively working to reduce our overall water consumption and minimise our impact on local water resources.

By prioritising water conservation, we aim to ensure the responsible use of this vital resource.

We have experienced a significant rise in water consumption year on year. This may be attributed to the return of more staff to the main office.

It is important to note that we have made good process and have reduced water consumption by 80% from our 2017/2018 baseline.

To ensure water use reduction targets are continuously met we will ensure that long-term management processes are in place so that considerable trackable progress is made. We will continually monitor water usage data to identify leaks and areas for improvement and will ensure appropriate remedial actions.

We shall:

- Raise awareness, promoting water conservation among employees through awareness campaigns and training programmes.
- We will continually assess opportunities to capture and reuse rainwater for irrigation and other non-potable purposes.
- We will explore water-efficient landscaping practices, such as using drought-tolerant native plants.

These actions shall contribute meaningfully towards the Greening Government Commitments, ensuring long-term water security, conserving our planet's water resources, both now and for future generations.

Waste

		2024/25	2023/24	2022/23	2017/18
Tonnes	Incinerated	19	22	19	128
	Landfill	–	–	–	54
	Reused/Recycled	11	15	8	1
	Food waste	7	3	3	–
	Total tonnes of waste	**37**	**40**	**30**	**183**
tCO_2e	**Waste water treatment**	**0.69**	**0.69**	**0.93**	–

* We have not provided the financial data for waste disposal as we could not obtain it, but plan to meet future requirements.

** We are aware of the requirement to report ICT waste. We were unable to obtain the data but plan to include it in future reports.

Commentary

To align with the GGC objectives for waste reduction and resource efficiency, a multi-faceted approach is required. This includes conducting a comprehensive waste audit to identify sources of waste, implementing robust waste reduction and recycling programmes, and engaging with our suppliers to minimise waste generation throughout our supply chain.

Additionally, the dog waste is collected weekly by a subcontractor, as part of our efforts to manage specific waste streams effectively. We shall explore the adoption of circular economy principles, promoting the reuse, repair, and refurbishment of materials to minimise waste and maximise resource utilisation.

Sustainable construction

The UKHO integrates sustainability into all stages of its construction projects, beginning with the commercial strategy itself and the selection of our main Contractors. We ensure that sustainability is a key criterion in the appointment process, requiring our contractors and their supply chains to actively support our methodologies and embed sustainability targets throughout the project lifecycle. While our procurement process prioritises requirements, we do integrate Government Buying Standards and sustainability criteria where relevant. All large infrastructure projects at the UKHO follow a robust sustainability metric, and we are proud to report that our key buildings conform to leading environmental standards, achieving or working towards an 'Excellent' rating: HQ (BREEAM), Security Building (BREEAM), new specialist building under construction (DREAM), and Nursery (DREAM). Waste management is also a key consideration, with the current construction project recording construction waste, and the Nursery project, demolition works. Credits associated with reduction measures will be managed through the DREAM process and reported to the DIO DREAM team for certification.

Sustainable procurement and social value

We recognise the crucial role our supply chain plays in supporting UKHO's sustainability ambitions. In line with our Sustainability Roadmap, procurement and sustainability have established a dedicated cross-functional working group to ensure a collaborative and integrated approach across functions.

This year, our primary focus has been on gaining a comprehensive understanding of our supply chain's carbon footprint. We have invested significant effort in defining and quantifying our supply chain emissions. This acts as a critical foundation for setting meaningful reduction targets. We have also begun engaging with suppliers to assess their awareness and commitment to sustainability principles, recognising that progress depends on strong, collaborative partnerships.

While procurement does not prioritise sustainable products and services over other offerings unless relevant to the requirement, we incorporate Government Buying Standards (GBS) and include sustainability criteria wherever appropriate. This approach reflects the current scope of the UKHO's ESG Policy and sustainability principles. Sustainability is formally embedded in several of our procurement documents, including the Sustainability Quality Management Policy, Procurement Strategy, and Procurement Sustainability Roadmap. A key example of this in practice is the integration of sustainability requirements within our main construction contract and its associated service delivery.

Sustainability report continued

Building on our social value initiatives, we have made tangible progress in embedding sustainability into our procurement processes by:

– Reviewing policies and procedures to align with our growing sustainability commitments.

– Enhancing the quality and consistency of UKHO bids and contracts by including relevant sustainability evaluation criteria.

Through the launch of our supplier relationship management (SRM) function, we have also initiated deeper collaboration with key strategic suppliers. These structured "deep dive" engagements are helping to map existing sustainability efforts, identify opportunities for improvement, and co-develop practical action plans.

Looking ahead, we remain committed to:

– Integrating measurable environmental sustainability KPIs into contract renewals to ensure accountability.

– Making environmental sustainability a core theme in all ongoing supplier relationship discussions.

By embedding sustainability considerations into procurement where appropriate, the UKHO is reducing its environmental impact while building a more responsible, resilient, and future-ready supply chain.

Paper use

This year marks the baseline for reporting on organisational paper use, with a total consumption of 295 metric tonnes. Establishing this benchmark allows us to monitor progress, identify reduction opportunities, and integrate paper use into our broader sustainability performance metrics.

Single use plastics

Our on-site restaurant provider actively minimises the use of single-use plastics across its operations. Canned drinks are prioritised over plastic alternatives, and all takeaway containers are supplied in compostable vegware tupperware, supporting our commitment to reducing environmental impact. To strengthen our transparency and accountability in this area, we plan to undertake a detailed review of single-use plastic procurement data over the coming year, with the aim of providing a more comprehensive disclosure in next year's report.

Social value

In 2024, the UKHO STEM Ambassador Group re-energised its outreach with the onboarding of over 15 new or returning volunteers, bringing the total to 25 Ambassadors from across all divisions. This diverse team has delivered meaningful engagement with schools and communities across Somerset, particularly in areas with lower socio-economic mobility. Activities have ranged from primary school sessions through the 'Start Small, Dream Big' programme, to interactive careers days at secondary schools and colleges. A highlight was the group's presence at Somerscience 2024. It was our first major public event in four years where we inspired thousands of young people and their families through hands-on STEM activities. These efforts are helping to raise aspirations, build skills, and position UKHO as a local employer of choice while strengthening internal collaboration and knowledge sharing.

Nature recovery

In line with the Greening Government Commitments, the UKHO is strengthening its approach to biodiversity and nature recovery as part of our wider environmental strategy. Recent ecological assessments indicate that much of our site already supports favourable conditions for wildlife, particularly in areas of lower-intensity management. This provides a strong foundation to build upon as we transition toward a more strategic, nature-positive approach to land stewardship. Our future focus includes:

– Developing a site-wide ecological management framework to guide long-term biodiversity enhancements and integrate natural capital into site planning.

– Promoting habitat diversity and connectivity through targeted interventions that support native species, ecological resilience, and ecosystem services.

– Aligning grounds management practices with nature recovery objectives, ensuring that landscape interventions deliver measurable environmental value.

These actions reflect our ongoing commitment to embedding sustainability into core operations and contributing to the UK Government's ambition for improved environmental outcomes across the public estate.

Adapting to climate change

Risk management, governance, integration and resilience

We recognise the increasing importance of climate change and its potential impacts on our operations, assets, and the wider maritime environment. We are committed to proactively adapting to its impact, to mitigate climate-related risks and build resilience into our core business practices.

Policy integration and project management

To further embed environmental, social and governance (ESG) considerations across the organisation, all business cases presented to the Executive Leadership Team now feature explicit ESG assessments. In 2025/26, we will begin reviewing our organisational policies to ensure they consistently reflect ESG priorities, starting with a full review of our travel policy. This will align with our target to reduce business travel emissions by 10% from 2024/25.

TCFD alignment and transparency

Demonstrating our commitment to transparency and responsible environmental stewardship, the UKHO has, for the first time, reported against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report, detailed in the Annex, provides stakeholders with a clear understanding of our governance, strategy, risk management, and metrics related to climate change.

Establishing a Climate Adaptation and Resilience Working Group

A key step in enhancing our climate risk management was the establishment of a dedicated Climate Adaptation and Resilience Working Group. This cross-functional group is responsible for:

- Identifying and assessing key organisational climate-related risks.
- Developing and implementing adaptation strategies to mitigate these risks.
- Continuously improving our oversight and management of climate-related issues.

We are committed to ensuring that our climate adaptation and mitigation efforts are fully integrated with our broader strategic objectives. Our climate-related plans are carefully aligned with:

- The UKHO Sustainability Roadmap: Providing a long-term vision for environmental sustainability.
- The UKHO Corporate Plan: Outlining our strategic priorities and resource allocation.
- The UKHO Business Plan: Detailing our specific operational activities and performance targets.
- The UKHO risk framework: Ensuring that climate-related risks are reflected and integrated into our current corporate risks and that they are considered as primary risks.

By integrating climate considerations into these core planning documents, we are ensuring a coordinated and effective approach to building a climate-resilient organisation.

Information and communications technology

Managing the environmental impact of ICT and digital solutions

As we continue to digitalise our product base and digitally transform our organisation, we recognise the growing importance of managing our ICT systems responsibly. We are committed to minimising the environmental footprint of our digital operations and leveraging technology to support broader sustainability goals.

Our approach to sustainable ICT and digital solutions is guided by the Greening Government: ICT and Digital Services Strategy and aligns with the MOD's core principles:

- Reduce our environmental footprint: Minimise the energy consumption, resource use, and waste generation associated with our ICT infrastructure, software, and services.
- Use digital to adapt and evolve: Leverage digital technologies to improve our efficiency, resilience, and ability to adapt to climate change.
- Deliver responsible and assured procurement: Ensure that sustainability considerations are embedded into our procurement processes for ICT equipment, software, and services.

This year, we have actively engaged with key stakeholders, including suppliers, industry partners, and government agencies, to better understand and address the environmental impacts of our ICT and digital solutions. These collaborative efforts will inform our strategic priorities and ensure that we are aligned with best practices in sustainable technology management.

In future years we will monitor specific indicators and will report on our metrics against the GGC for example:

- Carbon footprint of ICT operations (Scope 1, 2, and 3 emissions).
- Energy consumption of data and office IT equipment.
- Percentage of IT equipment that is recycled or reused.
- Spend on sustainable ICT products and services.

By embracing sustainable digital transformation, the UKHO is demonstrating its commitment to environmental stewardship and contributing to a more sustainable future.

Performance review

Financial review

Commercial sales grew by 6%. The shift from paper products to digital continues, but the decline is slowing as the market is largely fully transitioned. Paper products declined by 6% while digital products grew by 8%. Digital products now account for 90% of total commercial sales (2023/24: 89%).

Defence sales increased by £6m (42%), largely due to additional military data gathering activities.

This resulted in a £18m increase in income and a £11m increase in gross margin.

Our operating expenses have increased by £1.7m. Staff costs increased by £3.9m accounted for by a 5% increase in civil service salaries in accordance with the pay remit and whilst civil service numbers decreased by 25 Full-time equivalent (FTE) over the year, the cost saving of this reduction were offset by an increase of contingent labour by 13 FTE. Staff costs overall out-turned £3.2m below budget. Non-staff costs were £2.8m lower than 2023/24, largely driven by lower spend on Primary Charting Authority (PCA) activities and a fall in amortisation as some of our development software assets are now expected to be in use for three more years than was the assumption last year.

The result, an increase in operating profit of £8.8m to £17.6m (2023/24: £8.8m).

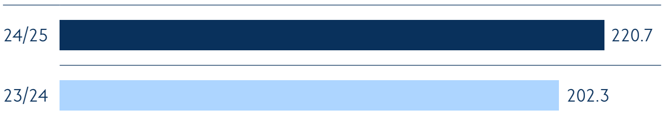
Profits before tax have benefited from high interest earnings again this year, £5.6m, but slightly less than 2023/24: £6.2m as interest rates have reduced slightly over the year.

Resulting profit before tax is £23.2m (2023/24: £15.0m).

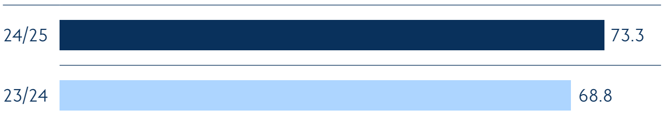
We have declared an ordinary dividend of £12.5m (2023/24: £12.5m) to our sole shareholder, the MOD.

We saw a net inflow of cash in year of £19m.

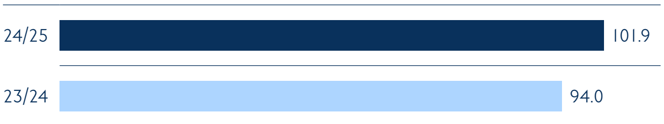
Revenue (£m)



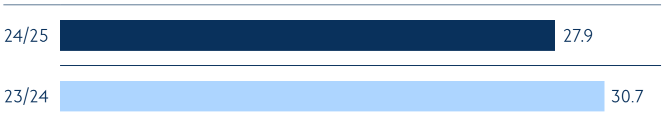
Staff costs (£m)



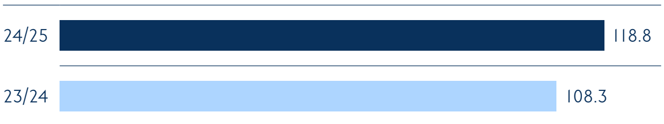
Cost of sales (£m)



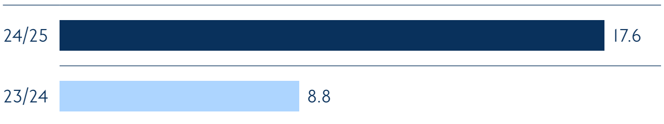
Other costs (£m)



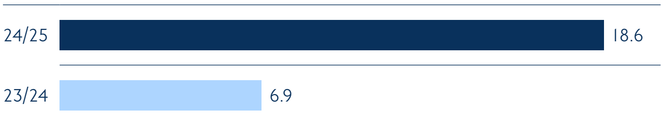
Gross profit (£m)



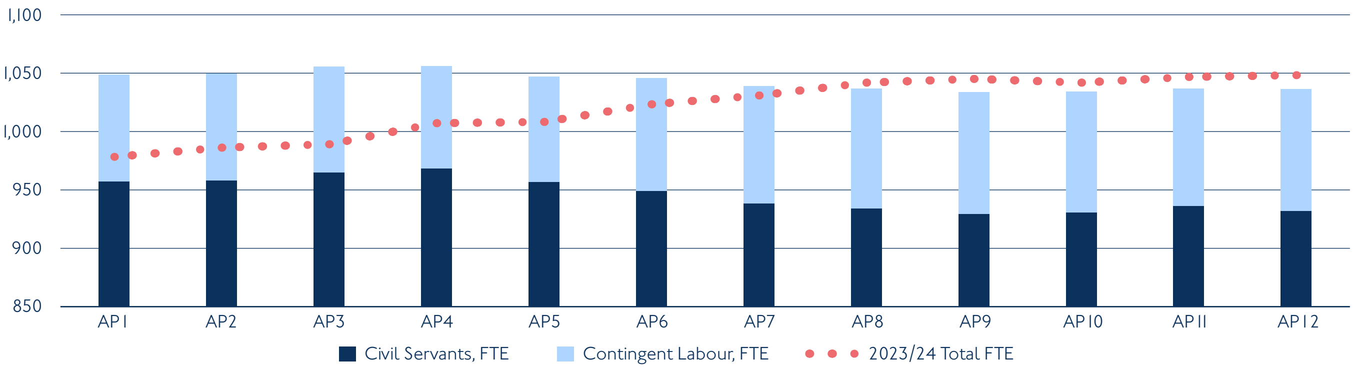
Operating profit (£m)



Cash generated from operating activities (£m)



Total headcount, FTE 2024/25



Delivery against the Corporate Plan

Our corporate planning process is designed to maximise opportunities and mitigate the risks and uncertainties identified. We set Key Performance Measures (KPMs) that are agreed with our Owner, the MOD. Together these represent achievement of our overall Corporate Plan. In 2024/25, our performance against these measures was:

	Key Performance Measure	Achievement
1. Defence	Achieve each of five elements of a composite index measuring the quality and timeliness of deliverables of the defence programme. We achieved all five.	**Met**
2. Safety	Achieve a composite index of five elements measuring the quality and timeliness of the operation of our safety system. Two related to the speed in which customers are provided with responses to safety issues raised and the speed in which corrective actions are processed. These measures are set to be challenging and were missed. The other three safety measures were met. Overall, the KPM was met.	**Met**
3. Profitability	Target net profit £5.2m. Achieved £17.6m.	**Exceeded**
4. Cash	Target cash balance £88.6m. Achieved £116.6m.	**Exceeded**
5. Strategic plan	To achieve at least seven of ten strategic programme deliverables. We achieved nine. Overall, the KPM was met.	**Met**

Principal risks and uncertainties that we considered during 2024/25

Strategic risks 2024	Risk	Category	Impact
Offensive plays by others	There is a risk that the UKHO will lose market share in its core market due to moves by existing players or competition from a new entrant	External Drivers	Financial Reputational
Significant critical business event	There is a risk that the UKHO is unable to recover quickly enough from a significant critical business event due to a lack of preparedness	External Drivers	Financial Reputational
UKHO culture	There is a risk that the UKHO is exposed to ineffective operational delivery because of poor behaviours, lack of trust and clear accountabilities of staff and leaders	Getting the Basics Right	Financial Health, Safety and Environment Reputational
UKHO Leadership	There is a risk UKHO is entering a period of instability due to high levels of senior interim roles with short lengths of service	Getting the Basics Right	Financial Reputational
Safety error/delay to products/services	There is a risk UKHO causes or contributes to a maritime accident due to a safety error or delay in our products or services, resulting in loss of life, environmental impact or damage to property/ service	Getting the Basics Right	Financial Health, Safety and Environment Reputational
Internal transformation	There is a risk that the Transformation Programme will not deliver the required strategic outcomes	Internal Transformation	Financial Reputational
PCA Contingency Liability	UKHO may hold a contingent liability where we are the primary charting authority for coastal state waters, due to inadequate data and products contributing to a navigational incident	External Drivers	Financial Reputational

Supplier payment performance

Where invoices are undisputed, the government aims to observe the Prompt Payment Code and pay 80% of suppliers within five days. We achieved 89.5% in 2024/25 (2023/24: 86.4%).

Going concern basis

We have prepared a five-year Corporate Plan covering the years from 2025/26 to 2029/30 on a prudent basis. While we are forecasting a decline in our operating profitability in the early years of the plan as we invest heavily in transformation activities, in particular the Future of Navigation, Infrastructure and Digital Transformation programmes, this investment will deliver business efficiencies that will support a return to greater levels of profitability towards the end of the five-year plan and beyond. In preparing the Corporate Plan we considered the key strategic and corporate risks that we have identified and ran a range of scenarios to model the financial impact of these risks should they become issues. The Board do not believe that these risks pose a threat to our solvency in the short to medium term.

The strategic direction outlined in our Corporate Plan sees the business remaining profitable for the foreseeable future and the Board and MOD, our Owner, are confident that the UKHO will remain a viable business.

UKHO Directors' report

Executive Leadership

Vanessa Blake
Chief Executive
(from 19 March 2025)
Interim Chief Executive
(from 13 May 2024)
Chief Customer Officer
(up to 12 May 2024)

Amy Carrillo
Chief People Officer

David English
Director of Finance and
Corporate Services
(from 6 January 2025)

Rear Admiral Angus Essenhigh OBE
Director of Data Acquisition,
UK National Hydrographer

Sally Meecham
Interim Director of Transformation
(from 15 January 2024) and
Interim Chief Technology Officer
(from 1 May 2024)

Elinor Skelley
Interim Chief Customer Officer
(from 1 August 2024)

David Tomaney
Chief Data Officer

Andrew Millard
Interim Director of Finance
and Corporate Services
(between 2 October 2024 and
31 December 2024)

Rear Admiral (retired) Peter Sparkes
Chief Executive
(up to 12 May 2024)

Stephen Potts
Director of Finance
and Corporate Services
(up to 1 October 2024)

Mark Sautereau
Interim Chief Technology Officer
(up to 30 April 2024)

Conflicts of interest

Members of the Board, the Executive Committee and their direct reports must declare conflicts of interest with current or potential customers and suppliers. No conflicts of interest were reported during the year. Board members' register of interests is available at https://www.gov.uk/government/publications/uk-hydrographic-office-register-of-board-members-interests.

The interests of the Executive Committee and other senior managers are maintained in a register available for inspection at our Taunton office.

Pensions

Our staff pensions are provided through the civil service pension provider, MyCSP. Details are covered in the Remuneration and Staff Report and Accounting Policy Note 1 of the financial statements.

Auditor

Our financial statements are audited by the Comptroller and Auditor General of the National Audit Office (NAO) in accordance with section 4(6) of the government Trading Funds Act 1973. The cost of performing the statutory audit was £133k, (2023/24: £127.5k).

The Comptroller and Auditor General provided no other services to the UKHO in 2024/25.

Non-Executive Directors

Marion Leslie
Non-Executive Chair

Tom Betts
Non-Executive Director
(from 1 August 2024)

Paul Boyle
Non-Executive Director
Audit and Risk Assurance Committee Chair

Captain Matt Syrett
Non-Executive Director – Defence Customer and Safety of Navigation Advisory Committee Chair
(from 5 July 2024)

Natasha Toothill
Non-Executive Director
Remuneration and Nomination Committee Chair

Tara Usher
Non-Executive Director – MOD Sponsor

Tom Loosemore
Non-Executive Director
(up to 31 July 2024)

Captain Pat Mowatt
Non-Executive Director – Defence Customer and Safety of Navigation Advisory Committee Chair
(up to 4 July2024)

Full biographies:
gov.uk/ukho

Financial instruments
The accounting treatment of financial instruments, policies and associated risks is reported in Accounting Policies Note 1L and Note 17 of the financial statements.

Report of protected personal data-related incidents
HM government is committed to Parliament and the public to safeguard personal information. As part of this commitment, all government departments and agencies publish details of unauthorised disclosure of personal data. The UKHO had no reported incidents of such in 2024/25.

Post-reporting period events
There have been no events after the reporting period requiring adjustments to the financial statements.

Vanessa Blake
Chief Executive
11 July 2025

Statement of Responsibilities of the Chief Executive as Accounting Officer

Under section 4(6) (a) of the Government Trading Funds Act 1973, the UK Hydrographic Office is required to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction issued by HMT (HMT) on 19 December 2024. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Trading Fund and of its income and expenditure, Statement of Financial Position, changes in taxpayers' equity and cash flows for the financial year.

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

- Observe the Accounts Direction issued by HMT, including the relevant accounting and disclosure requirements to apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements.
- 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 Reports and Accounts and the judgements required for determining that it is fair, balanced and understandable.

HMT has appointed the Chief Executive as Accounting Officer for the UK Hydrographic Office.

The responsibilities of an Accounting Officer, including responsibility of the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the UKHO's assets, are set out in Managing Public Money and published by HMT.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the UKHO's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

The Governance Statement covers the period from 1 April 2024 to the date the accounts are signed.

Scope of responsibility

As Accounting Officer, I am responsible for signing the Annual Report and Accounts. I am responsible for maintaining a sound system of internal control that supports the achievement of our policies, aims and objectives, while safeguarding the public funds and departmental assets for which I am personally responsible. This is in accordance with the responsibilities assigned to me in Managing Public Money.

To form an opinion on our system of internal control for the period 1 April 2024 to the date the accounts are signed, I have relied on and received advice and assurances from various sources including:

- Government Internal Audit Agency.
- Other external assurance partners, e.g. Defence Maritime Regulator, Defence Safety Authority, and British Standards Institution (ISO 9001/27001).
- UKHO internal assurance.
- The Board and its sub-committees.
- The Directors and senior managers through their annual assurance statements.
- International Maritime Organization.

Details of this advice are covered further within this report.

Ownership and financial structure

Established as a Trading Fund in 1996 in accordance with Statutory Instrument SI 1996/773, we are 100% owned by the Secretary of State for Defence by way of public dividend capital.

Minister responsible for the UKHO

The minister responsible for the UKHO is the Minister of State for Defence ('the Minister'). During the financial year the Ministers were the Earl of Minto (until 4 July 2024) and Lord Coaker (from 5 July 2024).

The Minister approves our Corporate Plan including financial projections covering a five-year period, and our annual Business Plan. There were no Ministerial Directions given to us during the year.

Financial Statements

Our financial statements, drawn up to 31 March each year, are prepared in accordance with the HMT Accounts Direction of 19 December 2024 as per section 4(6) (a) of the Government Trading Funds Act 1973.

Status and governance framework

Our governance structure is defined in our Framework Document which was last fully updated in February 2022 and received a factual update in March 2025. A full update will take place once the outcomes of the Strategic Defence Review and Defence Reform have been confirmed. This, together with our Public Task Statement, can be found at: www.gov.uk/government/organisations/uk-hydrographic-office/about#our-framework-document.

UKHO Board

The UKHO Board provides the strategic leadership for the UKHO in delivering its objectives. It provides a forum for independent, non-executive support and constructive challenge to the UKHO's Chief Executive and the Executive Directors.

The quality of management information provided to the Board is reviewed regularly. The Board is satisfied that the information provided is fit for purpose.

The Board has completed all the actions arising from the internal Board Effectiveness Review (BER) which was carried out in March 2024. The Internal BER for 2024/25 was completed in March 2025 and an agreed set of commitments, actions and next steps. The review highlighted overall improvements to Board effectiveness compared to last year. The main focus for the coming year is to continue to elevate Board performance in alignment with the broader culture work of the UKHO, in particular focusing on structured feedback loops. These actions will be tracked and monitored by the Board throughout the year.

The Board Charter and Terms of Reference for the Board and sub-committees were reviewed during the year.

The attendance of Board members at the Board and its sub-committees (during their tenure in office) was:

	Board	ARAC	REMNCO
Vanessa Blake	6/6		
Marion Leslie	6/6		4/4
Tom Loosemore	2/2		
Tom Betts	4/4	3/3	3/3
Pat Mowatt	1/1	1/2	1/1
Matthew Syrett	4/5	2/3	2/3
Tara Usher	6/6	4/5	3/4
Natasha Toothill	6/6	4/5	4/4
Paul Boyle	6/6	5/5	4/4
Stephen Potts	2/2		
David English	2/2		
Andrew Millard	2/2		
Angus Essenhigh	4/6		
Peter Sparkes	1/1		
Average attendance	**95%**	**83%**	**91%**

Governance Statement continued

Compliance with the corporate governance code

The Board assessed itself against the NAO corporate governance code of good practice checklist in July 2024 and considers that it complies with the corporate governance code as far as is deemed relevant and practical.

Audit and Risk Assurance Committee (ARAC)

The ARAC is a sub-committee of the Board. The role of the ARAC is to support the UKHO Board and Chief Executive, as the Accounting Officer, in monitoring the organisation's corporate governance, control systems and risk management. The ARAC typically meets five times a year. Its membership consists of five Non-Executive Directors, one of whom chairs the committee. Invited members of the Executive Committee, the National Audit Office (NAO) and our appointed internal auditors, Government Internal Audit Agency (GIAA), attend its meetings as required. The Chair of the ARAC reports to the Board.

An ARAC Effectiveness Review was carried out in Autumn 2024 on a self-assessment basis by the ARAC members using the GIAA ARAC effectiveness tool. Results indicate that the standard is being met by the UKHO ARAC, however a couple of areas have been highlighted as areas for improvement, these include:

- ARAC to have a more detailed understanding of how the risks related to outsourced services are assessed and managed.
- Introduce a mechanism to keep ARAC aware of changes to legal and regulatory requirements.

Following last year's ARAC Effectiveness Review, ARAC members have received training in relation to the Risk Control Framework and Business Cases.

The Terms of Reference were reviewed and updated in Autumn 2024.

Annually, the Chair of the ARAC reports to the Accounting Officer, summarising the activities of the ARAC during the previous year.

Remuneration and Nomination Committee (REMNCO)

The REMNCO is a sub-committee of the Board. The role of the REMNCO is to advise the UKHO Board on matters including the UKHO pay and reward strategy, executive leadership performance, succession planning and talent management and diversity and inclusion which has been a key focus for the committee this year. The committee comprises four Non-Executive Directors who meet as required. The Chair of the committee reports on its proceedings to the UKHO Board.

Executive Leadership Team (ELT)

The purpose of the ELT is to support the Chief Executive in managing the UKHO. The formal status of ELT is as an advisory body to the Chief Executive, although it is expected to function in the spirit of a Companies Act Executive Board. It currently comprises Executive Directors who are the persons in senior positions that have authority or responsibility for directing or controlling the major activities of the UKHO.

The ELT has established an Investment Committee to review and advise the Chief Executive as Accounting Officer on investment decisions where the total spend is in excess of £1m. The process follows MOD best practice whereby the Director of Finance and Corporate Services scrutinises business cases and advises the Chief Executive on the HMT 5-case business case dimensions.

In addition, a Transformation Committee has been established which focuses on managing transformation and change-related activity including programme and project performance.

Both committees are attended by all of the ELT members and, as such, their purpose is to support the Chief Executive in managing the UKHO.

A detailed business plan is prepared annually which includes the annual budget which in turn is derived from our strategy contained within our five-year Corporate Plan. This ensures our activities are directly aligned with our short-term financial plans and our long-term financial objectives. Spend against annual budget is monitored monthly, with budget holders, by the ELT and by the Board at every meeting.

The Corporate Plan was reviewed during the year and updated to cover the financial years 2025/26 through to 2029/30.

The ELT also reviews a range of Key Performance Measures, both financial and non-financial, each month. These measures give the Board confidence that all aspects of the business are being scrutinised and provide a framework for early intervention when required. This ensures that management scrutinises the assumptions underlying all major programmes and projects to ensure that they remain valid. All major programmes are subject to normal management disciplines.

Safety of Navigation Advisory Committee (SONAC)

The SONAC is an advisory committee that advises and makes recommendations to the UKHO on the delivery and development of navigation products and services to meet maritime users' current and future needs for safe, efficient and effective navigation. It is chaired by a serving Captain in the Royal Navy who is the Defence Customer Non-Executive Director and provides formal feedback to the Board. It includes a range of independent maritime experts and customers of UKHO navigational products and services.

Admiralty Holdings Limited (AHL)

AHL is a private limited company. It was established in 2002/03 to exploit commercial opportunities if needed. The Secretary of State for Defence, who owns 100% of AHL, has delegated its management to the UKHO. AHL is currently dormant.

Risk management

Risks and opportunities affect the ability of the UKHO to fulfil its public task at no net cost to the taxpayer. Our approach supports the delivery of our strategic objectives. The relevant governance structures, which include the ELT, Board and ARAC, are all in place and operating effectively as previously evidenced by the Board Effectiveness Review, ARAC Effectiveness Review and Internal Audit of Corporate Governance.

Our risk management policy and process continue to align to the MOD risk management framework (JSP892) which generally follows the guidance as set out in ISO 31000:2018 (Risk Management Guidelines).

All employees have access to the business risk management policy and to guidance on identifying and mitigating risk via our intranet. This sets out clear accountabilities and a structured process for identifying, accessing, communicating, and managing risk.

We continue to work on maturing our risk appetite across all areas of the business via the Assurance Heatmap. We have risk focal points embedded in each area of the business (who have completed risk management overview training provided by the Institute of Risk Management) to promote the risk management agenda and provide local advice and support; this benefits all areas but provides focus on the risk management of critical projects and programmes. We are continuing to develop our corporate risk portal and have developed a risk dashboard to improve live reporting of risk management information to aid the day-to-day active management of risks; this information is reviewed and discussed on a monthly basis by ELT which has had a positive impact on the pro-active management of risks.

The UKHO has undertaken an initial assessment of the HMT Risk Control Framework (Part 2 of the Orange Book). Completion of the RCF assurance tool has provided the evidence to suggest a high level of compliance with all the requirements that are applicable to UKHO in a way which is proportionate and appropriate (seven blocks are assessed as Excellent, four as Established and two as Emerging; the remaining three areas are not applicable to UKHO). This, together with the assurance gained through assurance mapping demonstrates that the risk management principles are applied appropriately and support the efficient and effective operation of the risk management framework.

As part of the corporate/business planning process, a full review of all the UKHO's strategic (existential) and corporate (delivery) risks was undertaken during Q4 of the financial year in readiness for the new financial year. Part of this review includes refreshing strategic risks in line with latest strategic thinking and current market insight regarding our operational environment and commercial markets, together with considering any possible emerging risks via horizon scanning and PESTLE Analysis. Strategic risks are owned by members of UKHO's ELT and remain subject to review and challenge by the wider Executive Leadership, the Board and the ARAC. Trends for all strategic and corporate risks with relevant narrative are included in the monthly performance report to the ELT and the Board and through quarterly ARAC reporting.

To ensure strategic risks are being regularly discussed and managed, ARAC reviews them on rotation via 'deep dives' across the year (in addition to their regular reviews with relevant owners and stakeholders within the business) and via regular Business Assurance overview reporting. The deep dives provide an opportunity for the Non-Executive Directors to challenge management on the effectiveness of mitigation activities. Corporate risks are reviewed every three months by the ELT on rotation across the year (again in addition to their regular reviews with relevant owners and stakeholders within the business) and, where/if appropriate, will be escalated to the ARAC for further discussion. Strategic and corporate risks are also escalated, if required, for discussion at the MOD Head Office.

The 2024/25 Strategic risks managed throughout this period can be found on page 26.

UKHO internal control

The UKHO operate an Assurance Framework based on the HMT three Lines of Defence model which provides an independent assessment on governance, risk management, and control processes across the whole organisation:

- the first line is the front-line business
- the second line is oversight and expert review, separate from the front-line delivery management chain
- the third line is a number of reviews undertaken by parties which are independent of management.

First line of defence

Activities at the first line include the day-to-day execution of policy and process, active management of risks, compliance with government functional standards and of monitoring performance; together this information provides assurance on how well objectives are being met and risks managed. Across the 26 categories in our Assurance Heatmap four were assessed as requiring improvement; all are areas of investment and development which are expected to improve during the next one to five years.

ELT members and senior managers provide written assurance to the Accounting Officer on the integrity and accuracy of:

- Performance reports
- Maintenance of effective controls in relation to the delivery of business objectives
- Security (physical and data)
- Financial propriety and fraud prevention
- General conduct of business
- Implementation of management actions
- Identification of contingent liabilities
- Compliance with staff reporting requirements, including the provision of appropriate business skill capabilities

Governance Statement continued

Second line of defence

Activities at the second line include maintaining a robust governance structure that provides management oversight of activities at the first line and management information which provides assurance that controls are operating effectively, risks are being actively managed, and we are on track to achieve our objectives.

The Business Assurance team maintains oversight over all three lines of defence. It provides internal independent assurance to the Chief Executive, Senior Management and the ARAC that we are in control of the business. The Head of the Business Assurance team reports to the Director of Finance and Corporate Services and has the ability to engage directly with the Chief Executive and Chair of ARAC as required. The team comprises risk professionals and quality/compliance professionals. The risk team provides the expert advice on effective management of the risks. The Quality team conducts a second line quality audit (against ISO 9001 principles) and compliance programme which takes a risk-based approach to planning the audit activities and focuses on known areas of weakness to drive improvements at both first and second line. In addition to this, a contractor safety engineer conducts a number of Safety Case Assurance Reviews in support of the safety Key Performance Measure.

This year the team conducted 12 Quality/Compliance audits, the results of which were: five Limited, five Moderate and two Substantial. The findings highlighted a number of procedure deficiencies which are being addressed, many of which are already actioned.

Bi-annually, the team conducts a review of assurance across all three lines with senior managers across the whole organisation. Mapping all the sources of assurance provides a greater understanding of the different contributions the various sources of assurance provide and together presents a comprehensive picture of the level of control and highlights any weaknesses. The second line assurance has improved in six areas since last year's assessment. Four areas of limited assurance remain, and there are active plans in place to address the issues to improve the control framework.

Third line of defence

At the third line, the UKHO utilises a range of independent sources to provide more objective assurance, this includes providers such as GIAA, Defence Safety Authority, MOD and RINA as well as other consultants and certification bodies such as IIP and BSI. As much of the work at the third line is risk-based and therefore targets areas where we know, or suspect, improvements can be made, it is not surprising that some areas are assessed as Limited. A significant amount of effort is directed to addressing the shortcomings through the completion of management actions (which are routinely reported to and reviewed by both ELT and ARAC).

This effort, together with our actions to improve the first and second line are beginning to pay off as across the 26 categories in our Assurance Heatmap we have improved in four areas since last year's assessment.

Each year we seek to improve this system of internal control by refining our system of controls using continuous improvement. In 2024/25 we further enhanced our approach as we continued the implementation of the Risk Control Framework.

We continue to regularly review, update, and map all assurance sources across the three Lines of Defence; this provides a greater understanding of the different contributions the various sources of assurance provide and together provides a comprehensive picture of the level of control and highlights any weaknesses. This insight allows us to identify problem/priority areas, improve the breadth of reporting to the ELT, the ARAC and the Board, and inform the development of the quality, compliance, and internal audit programmes.

All staff are expected to complete training on security and data protection, business continuity, personal data handling, countering fraud, bribery and corruption, health and safety, and civil service expectations.

Specific aspects of risk management and internal control

In the following sections we provide information on certain aspects of risk management and internal control which are of particular importance to the UKHO.

Functional Standards

Functional standards are embedded in Pillar 4 of the Risk Control Framework (Standards, Policies & Procedures) and compliance is assessed upon request by the Function and/or whilst updating the Assurance Heatmap; compliance remains proportionate and appropriate to business need for the functional work being carried out and the level of risk.

The standards relevant to the UKHO are: Project Delivery, Human Resources, Property, Digital Data and Technology, Finance, Security, Commercial, Internal Audit, Analysis, Communication, Counter Fraud, and Debt. We are fully compliant with the principles and themes of the majority of standards, however, there are a few areas where further development is ongoing.

Financial and commercial controls

We have a mature system of financial control. Financial authority is delegated from the Chief Executive to senior managers.

During the year, GIAA carried out an audit of Business Case Approval Assurance and Scrutiny. This returned a 'Limited' opinion but all improvement actions resulting from the audit have since been actioned.

Financial audits by the GIAA during 2024/25 have been:

Audit area	Year	Opinion
Business Case Approval Assurance and Scrutiny	2024/25	Limited

In addition, the UKHO Business Assurance team conducted a review of our Net Income and Pricing Quality Management System, together with the annual compliance audits of payroll and expenses. The results are as follows:

Financial audits by the Business Assurance team during 2024/25 have been:

Audit area	Year	Opinion
Net Income and Pricing Quality Management System	2024/25	Limited
Payroll	2024/25	Substantial
Expenses	2024/25	Moderate

All improvement actions resulting from the audits above are being progressed and tracked through to completion.

We operate our commercial function in accordance with relevant government procurement and regulatory requirements. Our Head of Commercial receives her commercial delegation directly from the MOD's Director Commercial and is responsible to the MOD for the UKHO's commercial decisions.

Management regularly reviews its commercial strategy to ensure that procurement accountabilities are clearly defined.

Exchange rate risk

As digital charts are sold in US dollars (USD), an increasing proportion of our sales are made in USD. As the related data costs are also in USD, we have a natural and partial hedge. We review USD holdings, the balance of USD asset and USD liabilities every two weeks, and any excess USD cash held is sold at the spot rate on the day of transaction. We do not use derivatives such as currency options or forward currency exchange contracts to manage our exchange rate risk.

Improving quality

The UKHO continues to be certified to ISO 9001:2015 (Quality Management) and ISO 27001:2013 (IT Security Management) standards. During 2024/25 we successfully passed all internal audits for ISO9001 and ISO27001. This included a recertification to ISO9001 demonstrating our continued commitment to Quality Management in the development and distribution of UKHO Products and Services.

Fraud and whistleblowing

We always seek to conduct our business honestly and with integrity. However, it is acknowledged that all organisations face the risk of their activities going wrong from time to time, or of unknowingly harbouring malpractice. We have a zero-tolerance approach to fraud. Our staff have easy access to advice on the UKHO's intranet on what to do if they suspect fraudulent activity, which includes the protection they receive if they report their suspicions. Our policies were reviewed and updated during the year and are aligned to MOD policy. All staff continue to complete mandatory annual training on Counter Fraud, Bribery & Corruption.

Any staff member having a genuine concern about an issue of impropriety or malpractice is encouraged to raise it. Several avenues are open to them. In a majority of instances, the most appropriate place for a worker to raise concerns will be with their line manager or a more senior manager; in other cases, a concern may be reported to the UKHO Fraud Focal Point, the Chair of the ARAC or the Chair of the Board, or directly to the Fraud Defence team at the MOD.

No instances of fraud or whistleblowing reports were recorded in 2024/25.

Information security and assurance

In the ever-evolving field of cyber security, the 2024/25 period has brought both significant challenges and advancements. Global geopolitical tensions have continued to shape the threat landscape, prompting enhanced vigilance. The continued rise of advanced persistent threats, along with an increase in cyber espionage and ransomware attacks, underscores the necessity for robust cyber defence mechanisms. The UKHO cyber team, has, and continues to, perform gap analysis exercises to closer align with the National Cyber Security Centre (NCSC), MOD security policies, and industry good practice.

Throughout this period, the UKHO has again successfully maintained its ISO 27001 certification, demonstrating our commitment to a rigorous Information Security Management System (ISMS). This achievement is supported by our proactive participation in various audits and assurance activities aimed at validating and improving our cyber defence capabilities. Notably, the UKHO has invested significant funding into more detailed technical testing, independent assurance activities, and the expansion of cyber security roles. Additionally, we have improved our testing and monitoring capabilities to better identify and address vulnerabilities both directly within the Cyber security team and within the wider Technology Divisions capabilities. The insights gained from these efforts have informed our strategies for continuous improvement and risk management, with ongoing programmes of work that will continue to improve UKHOs capabilities in this area.

In addition to our efforts to bolster our cyber security posture, the UKHO places great importance on fulfilling our obligations under UK data protection laws and other relevant regulations. Our commitment to protecting personal and sensitive information is reflected in our comprehensive data governance and privacy framework, designed to ensure the highest levels of confidentiality, integrity, availability and non-repudiation.

The UKHO's adherence to cyber security, data protection and privacy standards is supported by continuous training and awareness programmes for all staff. These initiatives are essential in fostering a culture of data responsibility and ensuring that all employees understand their roles in maintaining data protection compliance.

Governance Statement continued

Business continuity

UKHO continues to manage, maintain and improve our Business Continuity Management System. Business Continuity is being increasingly embedded within the UKHO's systems and processes, notably where new systems are in development Business Continuity and resilience is being considered before systems are made live. Exercises have continued to be a major focus to ensure plans are suitably robust as well as ensuring relevant personnel are familiar and confident with what is expected of them.

Mandatory training continues to see over 90% staff current with their training. Significant progress has been made in establishing an overarching Resilience Policy for the UKHO outlining the resilience risks that we are seeking to be resilient against as well as identifying KPIs that we can use to measure how our resilience will increase over the next five years. In addition, the development of a Strategic Products and Services Business Impact Assessment (BIA), will aid the UKHO in understanding what our priority products and services are and in what order they would need to be recovered in the event of a disruption whilst ensuring the safety of the mariner at sea. Both documents will be ready early within the coming FY.

The role of internal audit

In accordance with the corporate governance code, I, as Accounting Officer, the Board and ARAC are supported by an internal audit service which provides independent, objective assurance on corporate governance, risk management and control activities.

During 2024/25, the Government Internal Audit Agency (GIAA) provided this service to the UKHO and carried out a programme of audits to Public Sector Internal Audit Standards. The ARAC approved the plan of work for the year, ensuring that it was risk-based and struck a balance between providing assurance over core business processes and areas of strategic risk.

The findings from individual audits were reported to the ARAC which also maintains oversight of the management actions which need to be implemented to address any shortcomings. The ELT also monitors outstanding actions via monthly discussions and the performance report to ensure timely completion.

GIAA's review of governance, risk and control activities for those business areas included in the 2024/25 programme of work have identified that whilst there were still improvements to be made, the framework of control has been generally more positive and enabled them to issue a 'Moderate' opinion, which is an improvement on the 'Limited' opinion issued in respect of 2023/24.

GIAA's audit programme this year provided coverage of strategic risk areas including Customer Relationship Management, Legacy Technology, Future of Navigation Programme as well as core business processes including Business Case Approval and Implementation of the Risk Control Framework.

GIAA found that Governance Structures within UKHO were evolving with positive advancements in Technology governance, within the FoN Programme and at ELT. Reporting structures had, in the main been established. An investment committee had been stood up to provide a more effective oversight mechanism for Business Case approvals and the Future of Navigation Programme progress was being adequately tracked. However, they found this could be further developed especially in relation to benefits tracking.

They also found that the UKHO have a well-established assurance function in operation supported by a heatmap that reflects operational checks and assurance activity; second line assurance activities were being undertaken which were resulting in comprehensive reports and management actions. The risk management framework was well documented, and risks were being discussed at both ELT and ARAC meetings enabling sufficient oversight and challenge.

A robust process remains in place to monitor completion of agreed management actions, although there remain opportunities to improve timeliness of delivery.

I am satisfied that management is focused on making the required improvements and that timely and consistent delivery of agreed management actions should help to ensure improvements are embedded.

The UKHO management understands the true value of external objective scrutiny. We actively encourage the GIAA to look at areas of the business where we know, or suspect, improvements can be made. We believe this is an important element of embedding our core values which include building a culture of taking responsibility while striving to achieve excellence.

Overall assurance assessment

The Business Assurance team has undertaken an assurance mapping exercise which summarises the findings from all three lines of defence. The overall assessment from the assurance mapping exercise is that of 'Moderate Assurance' which reflects the fact that most risk and control areas were found to be satisfactory or requiring only limited improvement but that a relatively small number of areas were found to require significant improvement. This assessment is the same as the assessment in 2023/24.

Areas identified for further improvement are:

- Data Quality
- Technology
- Data Intelligence
- Cyber
- Archives

In the opinion of the ARAC, a sound system of governance, risk management and internal control has been in operation throughout the year ended 31 March 2025 and up to the date of approval of this Annual Report and Accounts. Whilst there remain areas for improvements, there is no evidence of systemic issues. In reaching their conclusion, ARAC considered all the sources of assurance that have been presented to and reviewed by ARAC during the course of the year including, the annual reports submitted by the internal and external auditors, the UKHO Assurance Heatmap, regular updates on risk management, information assurance, cyber security and fraud and the individual assurance statements.

I confirm that I recognise the critical requirement for robust controls, effectively communicated and understood throughout the organisation, and will ensure that all remedial actions are promptly and securely addressed.

In concluding his report, the Chair confirmed that in ARAC's opinion, there is no reason why I, as the Accounting Officer, should not provide the assurance required as set out in this Governance Statement.

Conclusion

We continue to make progress in developing and improving our governance, risk management and control framework. Having reviewed the outcome of the assurance mapping, the assessment of our strategic risks and issues arising from our internal and external annual audit opinions, I recognise that further work is required to ensure that the control framework remains strong during what will be a period of rapid organisational change. We will therefore seek to continue focusing our efforts on developing our culture and leadership, whilst investing in and transforming our technology estate and data handling capability.

I have carefully considered the governance and control issues noted above, and the plans to address them. After taking this, the report from the ARAC Chair, and all the other evidence provided with regard to the production of the annual Governance Statement into consideration, I conclude that the organisation's overall governance, risk management and internal control structures are reasonably effective and adequate

Vanessa Blake
Chief Executive
11 July 2025

Remuneration and staff report

Directors' remuneration policy

'Executive Directors' is interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the organisation. Executive Directors are also all members of the UKHO's Executive Leadership Team (ELT), which supports the Chief Executive in managing the UKHO.

Executive Directors are usually employed as Senior Civil Servants (SCS) subject to SCS terms and conditions. Their bonus arrangements fall under SCS rules rather than the UKHO's performance-award system. In addition, the National Hydrographer is typically a Naval Officer and their remuneration is set and paid by the Royal Navy. Executive Directors may also be engaged as off-payroll contractors, inside IR35. Off-payroll contractors do not receive benefits in kind, performance awards or pensions.

The Non-Executive Directors are not UKHO employees and, apart from two who are government employees, are paid a fee for their services.

Service contracts

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

The Executive Directors covered by this report, except for those employed as off-payroll contractors, 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. Executive Directors employed as off-payroll contractors hold appointments that are open-ended and which can be terminated, without compensation, on five days' notice.

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

The Chief Executive has delegated authority for recruitment up to, but not including, SCS. The duration of contracts and notice periods are in accordance with the civil service Management Code and business needs. The appointments of Non-Executive Directors are in accordance with MOD guidelines and the Office of the Commissioner for Public Appointments Code of Practice.

Executive Directors' remuneration

Salary entitlements

The table on page 39 provides details of the remuneration and pension interests of the executive members of the UKHO Board and other Executive Directors. Full year equivalent (FYE) amounts are shown in brackets within the table.

'Salary' includes: gross salary; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the UKHO and treated by HM Revenue and Customs as taxable. No benefits in kind were provided during the year (2023/24: £nil).

Performance awards

Performance awards are based on performance assessed in the appraisal process. Performance awards relate to the year in which they become payable to the individual. The performance awards reported in 2024/25 relate to performance in 2023/24 and the comparative performance awards reported for 2023/24 relate to 2022/23.

Pensions

Executive Directors who are employed under SCS or UKHO terms are members of the civil service Pension Schemes. Full details of the pension schemes are provided later in this note.

The pension figures quoted for Executive Directors show pension earned in the Principal civil service Pension Scheme (PCSPS) or Civil Servants and Others Pension Scheme (alpha) – as appropriate. Where the Executive Director has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes.

The accrued pension quoted is the pension the Executive Director is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for Executive Directors show pension earned in PCSPS or alpha – as appropriate. Where the Executive Director has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Cash Equivalent Transfer Values

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

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2025.

HMT published updated guidance on 27 April 2023; this guidance will be used in the calculation of future CETV figures.

Real increase in CETV

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

Remuneration details

(This section has been subject to audit.)

2024/25	Contract Terms	Notes	Salary Band £k	Performance Awards £k	Termination Payment £k	Total £k	Pension Benefit (Note 4) £k
Vanessa Blake – Chief Executive (Interim from 13 May 2024, Permanent 19 March 2025)	SCS		110 – 115 (125 – 130)	–	–	110 – 115 (125 – 130)	49
Vanessa Blake – Chief Customer Officer (until 12 May 24)	SCS		10 – 15 (110 – 115)	–	–	10 – 15 (110 – 115)	–
Peter Sparkes – Chief Executive (until 12 May 24)	SCS		20 – 25 (145 – 150)	–	–	20 – 25 (145 – 150)	9
Amy Carrillo – Chief People Officer	SCS		85 – 90	10 –15	–	95 – 100	37
David English – Director of Finance and Corporate Services (from 6 January 2025)	SCS		20 – 25 (90 – 95)	–	–	20-25 (90-95)	20
Rear Admiral Angus Essenhigh – Director of Data Acquisition, UK National Hydrographer	Royal Navy		145 – 150	–	–	145 – 150	–
Sally Meecham – Interim Chief Technology Officer from 1 May and Interim Director of Transformation prior to that)	Off Payroll	2	335 – 340	–	–	335 – 340	–
Elinor Skelley – Interim Chief Customer Officer (from 1 August 2024)	SCS		60 – 65 (80 – 85)	–	–	60 – 65 (80 – 85)	35
David Tomaney – Chief Data Officer	SCS		95 – 100	–	–	95 - 100	37
Stephen Potts – Director of Finance and Corporate Services (until 1 October 2024)	SCS		55 – 60 (100 –105)	5 - 10	–	60 – 65 (100 -105)	21
Andrew Millard – Interim Director of Finance and Corporate Services (between 2 October 2024 and 31 December 2024)	CS		25 – 30 (75 – 80)	–	–	25 – 30 (75 – 80)	(1)
Mark Sautereau – Chief Technology Officer (until 30 April 2024)	Off Payroll	2	50 – 55 (345 – 350)	–	–	50 – 55 (345 – 350)	–

Notes
1. Numbers in brackets in the tables above denote annual full-time equivalent.
2. Sally Meecham and Mark Sautereau are contractors not civil servants.
3. The value of Pension Benefit disclosed is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual during the year. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights. This is an estimate of the assumed value of the increase in pension that will be payable on retirement to the individual and has not been paid in the year. For serving naval staff on loan to the UKHO, pension and CETV figures are not disclosed. 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 13 March 2022 are reported in 2024/25 on the basis of PCSPS membership for the same period.
4. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Remuneration and staff report continued

2023/24	Contract Terms	Notes	Salary Band £k	Performance Awards £k	Termination Payment £k	Total £k	Pension Benefit (Note 4) £k
Vanessa Blake – Chief Customer Officer (from 10 July 2023)	SCS		75 – 80 (110 – 115)	—	—	75 – 80 (110 – 115)	31
Peter Sparkes – Chief Executive	SCS		140 – 145	—	—	140 – 145	55
Amy Carrillo – Chief People Officer	SCS		80 – 85	5 – 10	—	85 – 90	32
Rear Admiral Angus Essenhigh – Director of Data Acquisition, UK National Hydrographer (from 1 July 2023)	Royal Navy		130 – 135	—	—	130 – 135	
Sally Meecham – Director of Transformation (from 15 January 2024)	Off Payroll	2	45 – 50 (275 – 280)	—	—	45 – 50 (275 – 280)	
David Tomaney – Chief Data Officer	SCS		90 – 95	5 – 10	—	95 – 100	35
Stephen Potts – Director of Finance and Corporate Services	SCS		95 – 100	5 – 10	—	105 – 110	39
Mark Sautereau – Chief Technology Officer (from 15 January 2024) Director of Transformation (until 14 January 2024)	Off Payroll	2	330 – 335	—	—	330 – 335	
Rear Admiral Rhett Hatcher – National Hydrographer – Director of Data Acquisition, UK National Hydrographer and Deputy Chief Executive (until 30 June 2023)	Royal Navy	4	30 – 35 (135 – 140)	—	—	30 – 35 (135 – 140)	
Terry Makewell – Chief Technology Officer (until 27 December 2023)	SCS		85 – 90 (115 – 120)	—	—	85 – 90 (115 – 120)	33
Lisa Denson – Interim Chief Customer Officer (until 9 July 2023)	SCS		25 – 30 (70 – 75)			25 – 30 (70 – 75)	8

Notes
5. Numbers in brackets in the tables above denote annual full-time equivalent.
6. Sally Meecham and Mark Sautereau are contractors not civil servants.
7. Rear Admiral Rhett Hatcher's salary band is £125k – £130k. In addition, he received allowances that took his total salary to the band £135k to £140k.
8. The value of Pension Benefit disclosed is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual during the year. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights. This is an estimate of the assumed value of the increase in pension that will be payable on retirement to the individual and has not been paid in the year. For serving naval staff on loan to the UKHO, pension and CETV figures are not disclosed. The pension benefits of any members affected by the public service pensions remedy which were reported in 22/23 on the basis of alpha membership for the period between 1 April 2015 and 13 March 2022 are reported in 24/25 on the basis of PCSPS membership for the same period.

Pension benefits
(This section has been subject to audit.)

	Accrued benefits*		Real increase in benefits		CETV	CETV	CETV
	Pension (Note a) £k	Lump sum £k	Pension (Note a) £k	Lump sum £k	31/03/2025 £k	31/03/2024 £k	Real increase £
Vanessa Blake	0 – 5	Note b	2.5 – 5	Note b	73	27	34
Peter Sparkes	10 – 15	Note b	0 – 2.5	Note b	152	137	6
Amy Carrillo	20 – 25	Note b	0 – 2.5	Note b	290	240	24
David English	50 – 55	Note b	0 – 2.5	Note b	941	920	17
Elinor Skelley	25 – 30	Note b	0 – 2.5	Note b	399	359	26
David Tomaney	30 – 35	Note b	0 – 2.5	Note b	613	530	30
Andrew Millard	30 – 35	Note b	0 – 2.5	Note b	580	589	(2)
Stephen Potts	10 – 15	Note b	0 – 2.5	Note b	175	152	12

* As at 31 March 2025.
Notes
a. Pension is as at pension age.
b. No automatic lump sum payable as member is in the premium/nuvos/alpha scheme.
c. 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 13 March 2022 are reported in 2024/25 on the basis of PCSPS membership for the same period.

Fees paid to Non-Executive Directors (NEDs)

(This section has been subject to audit.)

NEDs are appointed for an initial term of around three years, which can be extended by mutual agreement and subject to satisfactory performance, normally for a further three years. NED contracts are not pensionable and there is no compensation for early termination.

Contracts may be terminated at one month's notice by either party or on dissolution of the Board, except in the case of gross misconduct when termination is immediate.

NEDs and their fees as at 31 March 2025 were:

	Appointed	Current term end date	Notes	2024/25 £k	2023/24 £k
Marion Leslie	1 January 2015	30 April 2026		25 – 30	25 – 30
Tom Betts	1 August 2024	31 July 2027		10 – 15 (15 – 20)	–
Natasha Toothill	23 May 2022	22 May 2028		15 – 20	15 – 20
Paul Boyle	1 March 2023	31 August 2026		15 – 20	15 – 20
Alison Henwood	26 January 2017	26 July 2023		–	5 – 10 (15 – 20)
Tom Loosemore	1 September 2017	31 July 2024		5 – 10 (15 – 20)	15 – 20
Tara Usher	1 December 2019		1	–	–
Captain Matt Syrett	5 July 2024		2	–	–

Notes
Numbers in brackets in the tables above denote annual full-time equivalent. The following NEDs do not receive separate remuneration for their role:
1. Tara Usher is an MOD SCS representing our Owner and does not have a contracted end date.
2. Captain Matt Syrett is a serving Royal Navy Officer and does not have a contracted end date.

Fair Pay Report

(This section has been subject to audit.)

Reporting bodies are required to disclose:

1. the relationship between the remuneration of the highest-paid Director (HPD) in their organisation and the median remuneration of the organisation's workforce and,
2. the year-on-year percentage movement in the remuneration of the HPD and the average year-on-year percentage movement of all UKHO employees, excluding the HPD, and,
3. for the members of staff who are in the 25th percentile, the median and the 75th percentile, the total pay and benefits and the salary element of this and the ratio of the total pay to that of the total pay of the HPD.

The Interim Chief Technology Officer position was held by Sally Meecham. Sally is a contractor on an interim contract. Her pay exceeded that of the highest-paid permanent Director. However, this is not a comparable figure as their pay includes a premium to reflect not receiving the same benefits, including pension provisions, and rights as an employee.

We have, therefore, used the remuneration of the highest-paid permanent Director, Rear Admiral Angus Essenhigh, as this provides a better basis of comparison.

For our pay remit year 1 August 2024 – 31 July 2025, the civil service Pay Remit Guidance stated: "Departments are able to make average pay awards up to 5%".

The average salaries of our staff have increased by 5.7%, slightly ahead of the pay award. This is due to a slight shift in the percentage of total staff between our two lowest paid grades.

Performance pay and bonuses are a combination of the Team Performance Award which is linked to our delivery of our Key Performance Measures and individual bonus payments awarded to staff for specific evidence of performance excellence.

The Team Performance Award makes up most of these bonuses and the year-on-year movement in these bonuses was -3.6% (2023/24: -5.9%).

Remuneration and staff report continued

	2024/25	2023/24
Highest paid Director (HPD) – % change in:		
Salary and allowances[1]	3.5%	3.6%
Performance pay and bonuses payable[1]	0%	0%
All UKHO employees excluding HPD		
Salary and allowances[2]	5.7%	5.3%
Performance pay and bonuses payable[2]	-3.6%	-5.9%
Band of highest paid Director's remuneration (£'000)[3]	145 – 150	140 – 145

	25th percentile		Median pay		75th percentile	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Total pay and benefits	33.5	32.1	40.2	38.5	50.8	48.5
Salary element of above	31.2	29.7	37.8	35.9	48.3	45.9
Ratio to HPD	4.4:1	4.4:1	3.7:1	3.7:1	2.9:1	2.9:1
Ratio to Interim Chief Technology Officer	10.1:1	10.4:1	8.4:1	8.6:1	6.6:1	6.9:1

Notes
1. HPD % change is calculated based on the mid-point of the salary band this year and last year. The HPD did not receive any performance pay or bonuses.
2. The average year-on-year percentage movement of all UKHO employees is calculated as the total for all employees as at 31 March on an annualised basis, excluding the highest-paid Director, divided by the FTE number of employees.
3. The HPD in 2024/25 was Rear Admiral Angus Essenhigh and in 2023/24 was Peter Sparkes.

Our staff

Staff numbers (averages over the year)
(This section has been subject to audit.)

	2024/25	2023/24
Civil servants	945	934
Agency staff	98	87
Service personnel	4	4
Total staff numbers	1,047	1,025

Staff turnover

Staff turnover in 2024/25 was 9.7% (2023/24: 6.2%). Staff turnover is calculated as number of leavers divided by average staff numbers in the year.

Staff costs
(This section has been subject to audit.)

	2024/25 £k	2023/24 £k
Salaries, wages, etc.	41,592	40,246
Social security costs	4,414	4,206
Pension costs	11,187	9,928
Apprentice levy	189	183
Agency staff costs	15,187	13,440
Service personnel costs	728	777
Staff costs capitalised within intangible assets	(2,102)	(1,472)
Total staff costs	71,195	67,308

Service personnel are included in employee numbers above. However, they are on loan to us and we are charged a capitation rate. We carry no pension liability for service personnel.

Agency staff

Agency staff are individual temporary workers engaged to cover business-as-usual or service delivery activities, mainly under short-term arrangements.

Consultancy

It does not make economic sense for the UKHO to maintain all the specialist skills needed permanently in-house, and access to some level of private sector expertise is consequently of enduring value. We therefore contract short term, both for independent advice and for specialist skills, where these skills are not available among our permanent workforce.

During the year, the UKHO spent £1,391k on consultancy (2023/24: £1,355k). The main areas of expenditure in the year relate to supporting the development of our technical transformation plans and support for our people-focused initiatives to build on our culture, behaviours and leadership skills.

Staff composition
(Number of staff at 31 March)

2024/25	Male	Female
Number of persons of each gender who were Executive Directors at year end	2	3
Number of persons of each gender who were senior managers at year end*	84	36
Total number of persons who were employed at the year end	573	357

2023/24	Male	Female
Number of persons of each Gender who were Executive Directors at year end	3	2
Number of persons of each Gender who were senior managers at year end*	88	36
Total number of persons who were employed at the year end	618	386

* Senior managers have been defined as anyone of a UKHO band C or above.

Diversity and inclusion

We remain passionate about making the UKHO a place where everyone has a voice, feels listened to, empowered and safe to contribute to the strategic aims and objectives of the organisation, creating a sense of belonging. We continue to strive towards embedding diversity and inclusion principles into UKHO business practices, culture, and employee behaviours.

- Team Charters have been developed across the business at team, divisional and senior management level providing a unified tool to foster team cohesion and diversity of thought allowing everyone an opportunity to contribute how people and teams work together to support business priorities.
- Improved management information remains a priority to support evidence-based decision making and we continue to capture and enhance meaningful HR data and identify trends using advanced technology.
- We updated the UKHO Levels of Ambition that align with MOD's, and this will enable us to measure our progress through the balanced scorecard for ongoing monitoring. The levels of ambition are based on existing data sources with some stretch targets to aspire towards.
- An updated D&I Action Plan has also been developed with improvement actions that link to our values and the UKHO Way. The action plan incorporates the results from the DI&B survey with a focus on biased decision making, behaviours and attitudes, and perceived unfair treatment.
- In addition, from 26 October 2024 a new policy to comply with the mandatory duty on employers to prevent sexual harassment in the workplace was launched.
- We are making headway with our diversity declaration rates for each protected characteristic, currently at c.71%.
- The adoption of Culture Champions embedded within the business offers a new 2-way communication channel that has been key to the success of diversity and inclusion and people-related initiatives, including the roll-out of the UKHO Way, The Way we Work, The Way we Lead that builds upon our leadership capability and overarching culture aligning with our values and paramount to support delivery of our corporate plan.

Policies relating to disability

The UKHO align with the Civil Service policies on disability, including the Disability Confident Scheme, which ensures a fair and proportionate number of disabled applicants, who meet the minimum selection criteria for the job, are offered an interview. Reasonable adjustments are offered, both during the interview stage and, subsequently, if the candidate takes up an appointment

Where a disability arises during an individual's employment, we work to support the individual by making reasonable adjustments or support redeployment if that is in their best interests. Our Diversity and Inclusion Disabilities Group promote awareness of conditions that benefit from physical adjustments and behavioural adjustment of others to cater for the needs of individuals during their employment at UKHO.

UKHO offers disability leave as a form of paid special leave, to support employees who are disabled or have a long-term health condition (as defined in the Equality Act 2010). This may form a workplace adjustment and be supported by a Workplace Adjustment Passport (WAP). The WAP, a key part of the Civil Service Diversity Strategy aims to support employees with a disability, health condition or those who are undergoing gender reassignment in the workplace and help if individuals move between departments.

Sickness absence

The average number of days lost through sickness in 2024/25, was 5.31, (2023/24: 4.95).

Mental Health is the main reason presenting for sickness at 27.4% (2023/24: 29.6%), with 16.43% relating to stress. To mitigate sickness days where possible, we support all individuals through a variety of initiatives listed under the wellbeing section and through dedicated one-to-one line management support.

Communication and engagement

Our key benchmark for assessing staff engagement levels and performance is through the Civil Service People Survey. Our response rate in 2024 was 71% (2023/24: 77%), this reduction in response rates is mainly due to the reduction of time given to complete the survey and has been seen more widely with 74 of 104 Civil Service organisations experiencing a decrease and MoD seeing a decrease of 13%. Our employee engagement index decreased by 1% on last year to 66% with three out of the nine core themes scoring higher that 2023/24.

Since the people survey closed, senior managers and their teams have undertaken analysis and action planning based on their results and revisited their Team Charters. At a corporate level we have issued our pay award and launched 'This is us – the UKHO way' which articulates our purpose, vision and values, and the ways in which we lead and work together. We will continue to embed these initiatives throughout the next 12 months, along with the launch of our Corporate Plan 2025–2030 to support clearer direction, objectives and purpose for our people. Our revised reward and recognition schemes ensure all colleagues feel valued and achievements are recognised and celebrated.

This is Us: The UKHO way

During BP24, more than 25% of our colleagues participated in a company-wide culture discovery. This effort identified six key insights essential for shaping our future success. Using these insights, we defined our new 2034 Vision and evolved our existing values into *This is Us – The UKHO Way*, a clear articulation of our Vision, Purpose, and Values.

To bring *The UKHO Way to life*, we co-developed a behaviour framework for each of our Values, setting clear expectations for How We Work together to meet customer needs. Central to this is proactively creating a culture of inclusion, diversity, and psychological safety, ensuring every colleague feels valued, heard, and empowered to contribute their best. To build awareness and understanding, we introduced an interactive Playbook and toolkits, while also upskilling a team of Culture Champions to support leaders in embedding *The UKHO Way* within their teams.

Recognising the critical role of leadership in enabling the right environment for success, we collaborated with leaders across the organisation to develop *How We Lead* – a framework that defines expectations for all leaders to be role models and advocates of *The UKHO way*. A key focus is on creating psychologically safe

Remuneration and staff report continued

teams where diverse perspectives are encouraged, and all voices are respected and feel able to speak-up. To support this, we launched a comprehensive leadership development programme, including self-awareness through Insights Discovery Profiling, 360-degree feedback, organisational coaching, a series of four custom designed workshops and an increased focus on talent planning and personal development. Beyond leadership, we have started aligning our broader employee experience with *The UKHO Way*, starting with how we recognise and reward success and how we drive high performance through meaningful one-to-one conversations.

Health, safety and welfare

Health, safety and welfare is a key priority for the UKHO and we maintain a number of policies to support this.

We track health and safety incidents, including any reported near misses. Our health and safety record shows the following health and safety incidents.

	2024/25	2023/24
RIDDOR reportable (incidents reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)	–	–
Incidents (health and safety incidents, from minor injuries not requiring first aid, up to incidents just below the RIDDOR threshold)	4	6
Near misses (health and safety incidents not resulting in any injury)	11	10

Of the incidents reported in 2024/25, 0 required hospital treatment (2023/24: 0).

Wellbeing

The wellbeing of our people is a priority, as we recognise that a healthy and supported workforce is essential for sustained success. We have initiatives in place to promote both physical and mental wellbeing, ensuring that individuals feel valued, engaged, and empowered in their roles.

Key interventions include:

– The UKHO Wellbeing Group – aims to help raise awareness of mental health issues and foster an open culture within UKHO, which includes a Peer Support Group (Mental Health First Aiders), mindfulness sessions and wellbeing rooms. We are currently liaising with external providers such as Somerset Council to facilitate free health checks on site for interested individuals.

– Headspace app – everyone has access to a science-backed mental health programme. It allows individuals to learn the essentials of meditation and mindfulness at anytime, anywhere via their mobile phone. Support includes guided meditations, animations, articles, and videos.

– Employee Assistance Programme (EAP) continues to be promoted and utilised by UKHO individuals. Majority of users access confidential counselling services for emotional support including work and personal. Access to an active dashboard helps us review usage and analyse trends on a regular basis.

– Occupational Health (OH) referrals are engaged to support staff in the workplace. The reports from professional health practitioners enable us to provide the individual and line manager with advice and support via our OH provider. We offer all individuals annual flu vaccination vouchers to mitigate staff absenteeism attributed to influenza-type illnesses. Our provider also offers us a variety of workshops which we can access for both individuals and line managers.

– Other networks also support wellbeing for our workforce such as the Carers Group, Disabilities Group and D&I Forum.

– Work-Life-Balance – We support flexible working arrangements and promote a culture that prioritises balance.

Pensions

Employer pension contribution rates are as follows:

Scheme and annual salary bands to which rates apply	2024/25 %	2023/24 %
PCSPS – Band 1 – £23,000 and under	28.97	26.6
PCSPS – Band 2 – £23,001 to £45,500	28.97	27.1
PCSPS – Band 3 – £45,501 to £77,000	28.97	27.9
PCSPS – Band 4 – £77,001 and over	28.97	30.3

Civil Service pensions

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

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

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

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

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

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

Off-payroll engagements

Off-payroll engagements as at 31 March for more than £245 per day and that last for more than six months are as follows:

No. of existing engagements as at 31 March	2024/25 **103**	2023/24 **96**
Of which ...		
No. that have existed for less than one year	49	41
No. that have existed for between one and two years	21	38
No. that have existed for between two and three years	23	12
No. that have existed for between three and four years	7	4
No. that have existed for four or more years	3	1

No. of new engagements, or those that reached six months in duration, during the year	2024/25 **59**	2023/24 **62**
Of which ...		
No. assessed as within scope of IR35	59	62
No. assessed as not within scope of IR35	–	–
No. engaged directly and/or on the UKHO's payroll	–	–
No. of engagements reassessed for consistency/assurance purposes during the year	–	–
No. of engagements that saw a change to IR35 status following the consistency review	–	–

Board members and/or senior officials with significant financial responsibility, during the year	2024/25	2023/24
No. of off-payroll engagements or Board members, and/or senior officials with significant financial responsibility during the financial year	2	–
No. of individuals that have been deemed 'Board members, and/or senior officials with significant financial responsibility' during the financial year	17	16

Civil Service Exit Packages

(This section has been subject to audit.)

There were no exit packages paid in either 2024/25 or 2023/24. No ex-gratia costs were paid.

Vanessa Blake
Chief Executive
11 July 2025

Parliamentary accountability and audit report

The Chief Executive is personally responsible for the performance and management of the Trading Fund. Our Annual Report and Accounts are subject to audit by the Comptroller and Auditor General, who heads the National Audit Office and is responsible for scrutinising public spending and safeguarding the interests of taxpayers on behalf of Parliament. The audit certificate is presented on page 47.

More information on our Parliamentary accountability is published in our Framework Document, this can be found at: www.gov.uk/government/organisations/uk-hydrographic-office/about#our-framework-document.

Public spending and administration budgets

As a trading fund agency, we receive neither a departmental net expenditure limit nor an administrative control total. All our operating expenditures are funded by receipts from trading operations.

Pricing and charges

(This section has been subject to audit.)

Our products are priced with reference to their cost, and to our assessment of their market value in relation to other similar products and the value our end-users derive from these products. Our revenue, analysed by our operating segments, can be found in Note 2 page 60.

Losses and special payments

(This section has been subject to audit.)

	2024/25 £k	2023/24 £k
Constructive losses	–	4,369
Special payments	22	22
Realised foreign exchange (gain)/loss	1,034	960

2024/25 Realised foreign exchange loss is mainly a result of the weaker USD from February 2025. The special payment relates to 1CILON payment.

2023/24 Constructive losses relate to intangible assets under construction that were procured which will now not be needed, £758k due to being superseded by another solution and £3,611k now not expected to be used due to a change of approach to how the capability will be delivered.

Remote contingent liabilities

(This section has been subject to audit.)

Error in our products and services

The government ultimately carries the risk in the event that an error in our products and services contributes to an incident at sea. All of our safety and quality systems are focused on mitigating this risk. We carry professional indemnity insurance to cover the first £50m of any claim. Any liability beyond this is considered to be underwritten by our owner, the MOD, and ultimately HMT, which has noted this risk in its register of remote contingent liabilities.

Vanessa Blake
Chief Executive
11 July 2025

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the UK Hydrographic Office for the year ended 31 March 2025 under the Government Trading Funds Act 1973.

The financial statements comprise the UK Hydrographic Office's

– Statement of Financial Position as at 31 March 2025;

– Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and

– the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

– give a true and fair view of the state of the UK Hydrographic Office's affairs as at 31 March 2025 and its retained profit for the year then ended; and

– have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). 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 UK Hydrographic Office in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the UK Hydrographic Office's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the UK Hydrographic Office'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.

Other information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973.

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

– the parts of the Parliamentary Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973;

– the information given in the Performance Review and Parliamentary Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the UK Hydrographic Office and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Review and Parliamentary Accountability Report.

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament continued

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 UK Hydrographic Office 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 Parliamentary 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 Responsibilities of the Chief Executive as Accounting Officer 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 UK Hydrographic Office 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 Trading Funds Act 1973;

– preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973; and

– assessing the UK Hydrographic Office'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 either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

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 UK Hydrographic Office's accounting policies, key performance indicators and performance incentives.

– inquired of management, UK Hydrographic Office's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the UK Hydrographic Office'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 UK Hydrographic Office's controls relating to the UK Hydrographic Office's compliance with the Government Trading Funds Act 1973, Managing Public Money, The Hydrographic Office Trading Fund Order 1996, Public Records Act, Data Protection Act, the Privacy and Electronic Information Regulations and the Infrastructure for Spatial Information in the European Community Regulations 2009 (INSPIRE);

– inquired of management, UK Hydrographic Office's head of internal audit and those charged with governance whether:

  – they were aware of any instances of non-compliance with laws and regulations;

  – they had knowledge of any actual, suspected, or alleged fraud,

– discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the UK Hydrographic Office's framework of authority and other legal and regulatory frameworks in which the UK Hydrographic Office 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 UK Hydrographic Office. The key laws and regulations I considered in this context included Government Trading Funds Act 1973, Managing Public Money, The Hydrographic Office Trading Fund Order 1996, Public Records Act, Data Protection Act, the Privacy and Electronic Information Regulations and the Infrastructure for Spatial Information in the European Community Regulations 2009 (INSPIRE), employment law, pensions legislation and tax legislation.

I considered the results of analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud and reviews of internal audit report.

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 in-house legal counsel concerning actual and potential litigation and claims;

– I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;

– I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; 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 communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
16 July 2025

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

Statement of comprehensive income

For the year ended 31 March 2025

	Note	2024/25 £k	2023/24 £k
Income	2	220,666	202,333
Cost of sales		(101,858)	(94,038)
Gross margin		118,808	108,295
Operating expenses		(101,196)	(99,501)
Operating profit		**17,612**	8,794
Profit on ordinary activities before interest and after exceptionals		**17,612**	8,794
Interest on lease liability		(26)	
Interest receivable and similar income	4	5,645	6,172
Profit before taxation		**23,231**	14,966
Taxation	5		
Dividend	6	(12,500)	(12,500)
Retained (loss)/profit for the financial year		**10,731**	2,466
Other comprehensive income			
Revaluation of non-current assets	16	1,981	8,332
Total comprehensive income		**12,712**	10,798

The notes on pages 54-70 form part of these accounts.

Statement of financial position

As at 31 March 2025

	Note	2024/25 £k	2023/24 £k
Non-current assets:			
Property, plant and equipment	7	60,537	54,692
Intangible assets	8	29,104	23,505
Right of use assets		590	
Total non-current assets		**90,231**	78,197
Current assets:			
Inventories	9	1,006	1,162
Trade and other receivables	10	62,488	56,579
Short-term investments	11 & 12	40,000	70,000
Cash and cash equivalents	11 & 12	76,571	49,131
Total current assets		180,065	176,872
Total assets		**270,296**	255,069
Current liabilities:			
Trade and other payables	13	(109,875)	(106,995)
Provisions	14	(742)	(882)
Total current liabilities		(110,617)	(107,877)
Total assets less current liabilities		**159,679**	147,192
Non-current liabilities:			
Trade and other payables	13	(7,256)	(7,900)
Lease liability		(420)	
Total non-current liabilities		(7,676)	(7,900)
Assets less liabilities		**152,003**	139,292
Taxpayers' equity:			
Public dividend capital		13,267	13,267
Revaluation reserve		22,900	21,409
Profit and loss account		115,836	104,616
Total taxpayers' equity		**152,003**	139,292

The notes on pages 54–70 form part of these accounts.

Vanessa Blake
Chief Executive
11 July 2025

Statement of cash flows

For the year ended 31 March 2025

	Note	2024/25 £k	2023/24 £k
Net cash flow from operating activities	20	18,571	6,865
Cash flows from investing activities			
Interest received	4	5,645	6,172
Purchase of property, plant and equipment	7	(6,491)	(1,542)
Purchase of intangible assets	8	(7,566)	(3,186)
Decrease (Increase) in short-term investments		30,000	(35,000)
Net cash inflow/(outflow) from investing activities		21,588	(33,556)
Cash flows from financing activities			
Dividend paid	6	(12,500)	(12,500)
Rent payable for right of use asset		(219)	
Net cash inflow/(outflow) from financing activities		(12,719)	(12,500)
Net financing			
Net increase in cash and cash equivalents in the period		27,440	(39,191)
Cash and cash equivalents at beginning of year	11 & 12	49,131	88,322
Cash and cash equivalents at end of year		**76,571**	49,131

The notes on pages 54–70 form part of these accounts.

Statement of changes in taxpayers' equity

For the year ended 31 March 2025

	Note	Profit and Loss Reserve £k	Revaluation Reserve £k	Public Dividend Capital £k	Total Reserves £k
Balance at 1 April 2024		**104,616**	**21,409**	**13,267**	**139,292**
Other comprehensive income					
Revaluation of property, plant and equipment (PPE)	7		1,315		1,315
Revaluation of intangible assets	8		666		666
Transfer between reserves profit/loss	16	490	(490)		0
Total other comprehensive income		490	1,491	0	1,981
Net Income for the period		23,230			23,230
Total recognised income and expense for the period		23,720	1,491		25,211
Dividend	6	(12,500)			(12,500)
Balance at 31 March 2025		**115,836**	**22,900**	**13,267**	**152,003**
Balance at 1 April 2023		**101,438**	**13,789**	**13,267**	**128,494**
Other comprehensive income					–
Revaluation of property, plant and equipment (PPE)	7		7,226		7,226
Revaluation of Intangible assets	17		1,106		1,106
Transfer between reserves profit/loss	17	712	(712)		0
Total other comprehensive income		712	7,620	0	8,332
Net income for the period		14,966			14,966
Total recognised income and expense for the period		15,678	7,620	0	23,298
Dividend	6	(12,500)			(12,500)
Balance at 31 March 2024		**104,616**	**21,409**	**13,267**	**139,292**

The notes on pages 54–70 form part of these accounts.

Notes to the accounts

1. Accounting policies

A. Basis of accounting

We operate as a Trading Fund within the MOD in accordance with Statutory Instrument SI 1996/773. The accounts have been prepared in accordance with the direction given by HMT on 19 December 2024 in pursuance of section 4(6)(a) of the Government Trading Funds Act 1973 and the government Financial Reporting Manual (FReM) issued by HMT. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context in the UK.

Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the circumstances of the UKHO for giving a true and fair view has been selected. The policies adopted are described below and have been applied consistently in dealing with items that are considered material to the accounts.

All figures within the financial statements and associated notes are in British pounds rounded to the nearest thousand (£k).

B. Accounting convention

These financial statements have been prepared on an accruals basis under the historical cost convention, modified by the revaluation of intangible assets and property, plant and equipment assets.

C. Going concern

We have prepared a five-year Corporate Plan covering the years from 2025/26 to 2029/30 on a prudent basis. While we are forecasting a decline in our operating profitability in the early years of the plan as we invest heavily in transformation activities, in particular the Future of Navigation, Infrastructure and Digital Transformation programmes, this investment will deliver business efficiencies that will support a return to greater levels of profitability towards the end of the five-year plan and beyond. In preparing the Corporate Plan we considered the key strategic and corporate risks that we have identified and ran a range of scenarios to model the financial impact of these risks should they become issues. The Board do not believe that these risks pose a threat to our solvency in the short to medium term.

The strategic direction outlined in our plan sees the business remaining profitable for the foreseeable future and the Board and MOD, our Owner, are confident that the UKHO will remain a viable business.

D. Basis of consolidation

Admiralty Holdings Limited is 100% owned by the Secretary of State for Defence. She/he has delegated its management to the UKHO. Admiralty Holdings Limited, in turn, has nine wholly owned subsidiary companies. Admiralty Holdings Limited last traded in 2014/15 and the subsidiary companies have never traded. The assets and liabilities of these companies are immaterial to these financial statements. On this basis, none of the companies have been consolidated. The UKHO also operates the International Centre for Electronic Navigational Charts (IC-ENC). IC-ENC has 52 member nations that collaborate on the quality control and distribution of ENCs. The substance of these arrangements is such that under IFRS 10 and IFRS 11 the UKHO does not have control over the activities of IC-ENC members and their accounts are therefore not consolidated. These financial statements therefore only cover the UKHO.

E. Changes in accounting policies and disclosures

There were no changes to our accounting policies during 2024/25.

F. IFRS, amendments and interpretations in issue but not yet effective or adopted

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors requires disclosures in respect of new IFRS, amendments and interpretations that are, or will be applicable after the reporting period. There is one IFRS that has been issued by the International Accounting Standards Board (IASB) that will become effective for financial statements after this reporting period.

Non-Investment asset valuations

In December 2023, HM Treasury released an exposure draft on potential changes to valuing and accounting for non-investment assets (for example, PPE and intangible assets). The following changes to the valuation and accounting of non-investment assets will come into effect from 1 April 2025.

The UKHO will amend references to assets being held for their 'service potential' to 'operational assets' in line with the FreM. The change will have no impact on the valuation basis of non-investment assets currently used by UKHO, which remains Existing Use Value, the methodology for calculating this value is Depreciated Replacement Cost. The frequency and type of valuations carried out by the UKHO are:

- A quinquennial revaluation of Land and Buildings supplemented by annual indexation in intervening years.
- For Plant and Machinery and Intangible assets non-property assets only, revaluation by indexation.

Intangible assets will be held at historical (deemed) cost from 1 April 2025.

The changes will be implemented prospectively from 2025-26 and we do not expect it to have a material impact on our financial statements.

The following have not been adopted early:

IFRS 17: Insurance Contracts

IFRS 17: Insurance Contracts replaces IFRS 4: Insurance Contracts and is to be included in the FReM for mandatory implementation from 2025-26. It establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of this Standard.

IFRS 17 requires insurance contracts, including reinsurance contracts, to be recognised on the statement of financial position as the total of the fulfilment cashflows and the contractual service margin (CSM).

The fulfilment cashflows consist of the present value of future cash flows calculated using best estimate assumptions with an explicit risk adjustment for non-financial risk.

The risk adjustment is released to the SoCNE as risk expires. The CSM is the unearned profit on insurance contracts and is released to the SoCNE over the insurance contract period as insurance services are provided. Where an insurance contract is onerous, it will have no CSM and the onerous element of the insurance contract will be recognised immediately in the SoCNE.

UKHO has assessed the impact of IFRS 17 and concluded there to be no impact on UKHO.

G. Property, plant and equipment non-current assets

Recognition

For furniture, plant and machinery, new acquisitions are capitalised where the cost exceeds £5,000. In respect of all other asset classes, new additions and improvements are capitalised where the value of discrete items exceeds £1,000. Assets are recognised initially at cost, which comprises purchase price, construction costs, after deducting for any discounts or rebates and any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended.

Valuation

After initial recognition, land, building and plant and machinery assets are expressed at their fair value through professional valuation which is carried out every five years. In the intervening years the application of indices are used to revalue the asset to Depreciated Replacement Cost (DRC).

The quinquennial revaluation of land and buildings is carried out by a professional external valuer in accordance with IAS 16 as interpreted by the FReM and in line with RICS guidance and is performed net of VAT. The next quinquennial valuation is due in 2029. The indices, used in the intervening year, are provided by Defence Economics.

Furniture and fittings and information technology assets are retained at historical cost owing to their short-term economic life. Assets under construction are not subject to indexation.

Assets which are not held for their service potential are valued in accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations or IAS 40 – Investment Property, depending on whether the asset is actively held for sale.

Assets which are surplus are valued in accordance with IFRS 13 – Fair Value. The UKHO interprets surplus to mean that the assets are no longer required and there is no clear plan to bring them back into service.

Depreciation, impairment and review of estimated useful life

Freehold land is not depreciated. Depreciation on other assets is calculated to write off the original cost or revalued amount, over their estimated useful lives. Assets are depreciated on a straight-line basis as over the following periods:

– Buildings 50 years.

– Plant and equipment between three and 20 years.

– Furniture and fittings over ten years.

– Information technology assets between two and five years.

Useful economic lives are reviewed at least annually. The bases for estimating useful economic life include experience of previous similar assets, the condition and performance of the asset and knowledge of technological advances and obsolescence.

All property, plant and equipment non-current assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses in excess of any amounts held in the revaluation reserve in respect of the asset being impaired, are recognised immediately in the Statement of Comprehensive Income.

H. Intangible non-current assets

Recognition

Intangible assets are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to the UKHO and where the cost of the asset can be measured reliably.

Software licences

We capitalise software assets as an intangible asset where we contract with a third party to develop software for our use and, as a result, we own the intellectual property in that asset. Software that we develop internally is capitalised as developed software.

Developed software

Research costs are charged to the Statement of Comprehensive Income in the period in which they are incurred.

Development costs are capitalised in accordance with IAS 38 – Intangible Assets (as adapted in the FReM).

Specifically, databases and other software that are established for the internal use of management (such as payroll or HR systems) are not recognised as intangibles.

Valuation

The UKHO's capitalisation threshold is £5,000. Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Software licences are retained at historical cost owing to their short-term economic life.

Subsequently, developed software is revalued using the ONS index of Information and Communications average weekly earnings index to revalue the intangible asset to DRC or, if the asset is income generating, to value in use if lower than DRC. Intangible assets under construction are not subject to indexation where the costs capitalised during the period of construction are deemed to reflect fair value.

Intangible assets held for sale are measured at the lower of their carrying amount or 'fair value less costs to sell'.

Amortisation, impairment and review of estimated useful life

Intangible assets are amortised on a straight-line basis over their useful economic lives, from the date economic benefit starts to be derived.

Software licences are amortised over the useful economic lives of between two and ten years. Developed software assets are amortised over the useful economic lives of between five and 25 years and any changes are applied prospectively.

Notes to the accounts continued

All intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses in excess of any amounts held in the revaluation reserve in respect of the asset being impaired, are recognised immediately in the Statement of Comprehensive Income.

The following factors are considered in estimating useful lives: expected use of the asset, the effects of obsolescence, changes in demand, competing products, and other economic factors, including the stability of the market and known technological advances. Useful lives are reviewed on a regular basis to ensure they remain appropriate.

I. Leases

In addition to assets that are clearly leased, in accordance with IFRS 16, the UKHO recognises leased assets specified, explicitly or implicitly, within contracts as long as:

- The asset is physically distinct, or we have the right to receive substantially all the capacity of the asset.
- The supplier does not have substantive substitution rights.
- The contract is for more than 12 months.
- The value of the asset is greater than £5,000 for PPE assets or greater than £1,000 for all other asset classes.

We have completed a review of contracts that UKHO holds for 2024/25 and we have one contract which falls within IFRS 16 and have capitalised this in accordance with the standard. There are no other material contracts currently that meet the criteria of IFRS 16.

J. Hydrographic data

In carrying out our business, we utilise raw hydrographic data provided by the MOD, the Maritime and Coastguard Agency, and foreign governments and private companies. This data is owned by these third parties and we pay a royalty or data cost to use it. Accordingly, we do not carry the value of the data on our Statement of Financial Position, charging all costs of acquiring and maintaining the data to the Statement of Comprehensive Income as incurred.

K. Inventories and work in progress

Raw material inventory is valued at the lower of cost or net current replacement cost. Finished goods inventory is valued at the lower of cost and net realisable value. Provision is made, where necessary, for obsolete, slow-moving and defective inventories.

L. Financial instruments

We account for financial instruments in accordance with IFRS 7, IFRS 9 and IAS 39.

Trade and other receivables

All receivables, including trade and VAT receivables, staff loans and advances are initially recognised at fair value (plus transaction costs) and subsequently at their amortised cost. Discounting is relevant to those receivables and loans which carry a nil or a subsidised rate of interest. However, our receivables that are due within one year are not discounted on the grounds of materiality.

Trade and other payables

Liabilities covering trade payables, accruals, VAT, tax and loans are classified as other liabilities and are initially recognised at fair value (plus transaction costs), and subsequently at their amortised cost. This applies to those liabilities carrying a nil or a subsidised rate of interest. On the grounds of materiality, our liabilities are not discounted.

Cash and cash equivalents

We administer our cash management process to provide value for money to us. Wherever possible, cash is held in interest earning accounts and each deposit is at a fixed rate of interest until the deposit is returned. These are recognised initially at fair value net of transaction costs, and subsequently at amortised cost under the effective interest rate.

M. Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank and in hand.

The UKHO holds cash due to the members of IC-ENC in a UKHO bank account. The UKHO does not have full control over the use of this cash, nor does it have the right to the future economic benefits from this cash. This cash is therefore not recognised as an asset, but it is disclosed in Note 11 of these financial statements.

N. Short-term investments

Surplus cash is held in interest-bearing accounts and invested for specific periods between three and 12 months to ensure cash availability meets the demands of the business.

O. Provisions

Provisions for liabilities and charges have been established under the criteria of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and are based on realistic estimates of the expenditure required to settle legal or constructive obligations that exist at 31 March 2025.

P. Capital and reserves

Public dividend capital

Public dividend capital represents the capital invested by the MOD in the UKHO on becoming a Trading Fund on 1 April 1996. Public dividend capital is not an equity instrument as defined in IAS 32 Financial Instruments: Presentation.

Retained earnings

The retained earnings represents the cumulative retained net income (after dividends) since the UKHO became a Trading Fund.

Revaluation reserve

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments to assets. Increases arising on revaluation are taken to the revaluation reserve. A revaluation decrease is charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the income statement.

Q. Foreign currencies

Assets and liabilities denominated in a foreign currency are translated into sterling at the rate of exchange ruling as at 31 March 2025. Transactions are recorded at the rate ruling at the time of the transaction. Exchange differences are taken to the Statement of Comprehensive Income.

R. Revenue

All revenue is recognised in accordance with IFRS 15. Revenue is recognised when a performance obligation included within a contract with a customer is satisfied, at the transaction price allocated to that performance obligation.

Performance obligations

The table opposite sets out, for each revenue stream, when performance obligations are typically satisfied, the significant payment terms, and the nature of the goods or services that the UKHO supplies. All revenue streams usually have a contract of a duration of one year or less, and therefore the transaction price allocated to remaining performance obligations is not disclosed, applying the practical expedient in IFRS 15.121.

Revenue stream	Description of income stream	Performance obligation	Payment terms
Paper charts and publications	Charts and other publications provided on paper	Delivery of the product to the customer and any updates over the period between the delivery and the publication of a new edition of that product	Payment is made in arrears on satisfaction of the initial performance obligation. A portion of this payment is in advance of satisfaction of the performance obligation to provide updates
Digital licensing (charts and publications)	Charts and other publications provided digitally as a service for a period of time	Provision of the digital product and any updates over the period of the licence	Payment is made in arrears on satisfaction of the initial performance obligation
Licensing revenue	Licences sold for the use of UKHO data	Provide data and updates to the data as they arise during the licence period	Payment is made in arrears on satisfaction of the initial performance obligation
MOD services	Overarching contract for the delivery of goods and services to MOD	Delivery of the product or service to the customer	Payment is made in arrears on satisfaction of the initial performance obligation
UK Government surveying contracts	Contracts held with UK Government to carry out hydrographic surveys	Delivery of the product or service to the customer	Payment is made in arrears on satisfaction of the initial performance obligation

Revenue, which is stated net of any VAT, is from the provision of hydrographic and marine geospatial services.

A provision is made against current sales in respect of future credits for superseded inventories held by ADMIRALTY Chart Agents. The provision represents a 4% credit allowance for returns of inventory following the release of new editions (2023/24: 4%) and a 2% credit allowance in relation to inventory cleanses (2023/24: 2%).

Notes to the accounts continued

Contract balances

Contract assets (accrued revenue) primarily relate to the UKHO's right to consideration for work completed but not yet billed at the reporting date.

Contract liabilities, reported under IFRS 15, are disclosed separately in the note for trade payables and other liabilities. Contract liabilities are recognised on receipt of cash for services and derecognised at the point of provision of those services. Contract liabilities (deferred revenue) primarily relate to the consideration received from customers in advance of transferring a good or service.

1. Paper products are sold with an implied performance obligation for the purchaser to receive updates for the period between purchase and the publication of the new edition of that product. The revenue that relates to the cost of providing the update service is deferred over the average new edition frequency of seven years.
2. Digitally delivered products are sold for between three - and 12-month periods. For expediency, the deferred revenue is calculated, for new purchases, over the life of the licence plus the month within which the licence was purchased. If that product is then renewed, the revenue is deferred over the period of the licence as all renewals start on the first day of each month.

S. Operating segments

The operating segments are reported based on financial information provided to the UKHO's ELT, which is considered to be the Chief Operating Decision Maker (CODM) and is responsible for allocating resources and assessing the performance of the operating segments.

Three segments have been identified by the UKHO and discrete financial information, consisting of revenue with cost of sales and gross margin, for these segments is provided to the CODM. All operating segments derive their revenue from the provision of hydrographic and marine geospatial services.

The ELT evaluates performance of the segments based on segment revenue and gross margin.

T. Royalties and data costs

The conditions governing the payment and receipt of royalties and data costs are covered by appropriate formal agreements with third parties and accounted for on an accruals basis.

U. Salaries, wages and employment-related payments

Short-term benefits – salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. Where material, performance pay and annual leave earned but not taken by the year end are recognised on an accruals basis in the financial statements.

V. Retirement benefit costs

Our staff are covered by the provisions of the Principal civil service Pension Scheme (PCSPS), which is an unfunded multi-employer defined benefit scheme. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the accounting period.

Contributions are paid at rates determined from time to time by the scheme's actuary.

Details of rates and amounts of contributions during the year are given in the Remuneration and staff report (pages 38-45). Our staff may have benefits accrued in one of five statutory based defined benefit schemes: alpha, classic, premium, classic plus, and nuvos. From 1 April 2022, all staff were transferred to the alpha scheme, a career average defined benefits scheme. Pensions for future retirees will be paid from both their accrued benefits in their previous schemes and the alpha scheme. Classic, premium, classic plus and nuvos are now closed to both new and existing members.

New entrants after 1 April 2015 may choose between membership of alpha or joining a money purchase stakeholder pension agreement with a significant employer contribution (partnership pension account).

W. Taxation

Corporation Tax

The UKHO, as a Trading Fund, is exempt from Corporation Tax and consequently the requirements to account for current and deferred Corporation Tax are not relevant.

VAT

The UKHO is registered for VAT. Costs are included net of recoverable VAT. Income from services provided to third parties is included within operating income, net of related VAT. Where it arises, irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

X. Critical accounting judgements and key sources of estimation uncertainty

The preparation of these financial statements requires the UKHO to make judgements, estimates and assumptions in respect of a range of activities that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year are addressed below.

Valuation of non-current intangible and property, plant and equipment assets

Certain non-current intangible and property, plant and equipment assets are expressed at their fair value or at DRC. This requires the application of estimates and judgements. Land and property assets are revalued at least every five years from the anniversary of their initial recognition in accordance with FReM requirements. Between valuations, the UKHO updates asset values through the application of indices. The selection and application of indices represents a key judgement, and there is a risk that this could result in different values in the intervening years compared to a full valuation if these had been undertaken each year.

The useful lives of assets are based on an estimated out-of service date or the estimated period of use, which is subject to change. The useful lives are reviewed annually.

In addition to considering the valuation of non-current intangible and property, plant and equipment assets, the UKHO considers more broadly whether there are any indications of impairments to the carrying amounts of the UKHO's assets. Where such an indication exists, the UKHO makes a judgement as to the impairment required to bring the asset to the value it considers it should be held at.

Estimation of deferred revenue

Per note 1R, our paper charts have two performance obligations: the delivery of the product to the customer and our obligation to provide an update service for those products until the next new edition is published. Revenue relating to the first obligation is recognised on delivery of the product to the customer. Revenue relating to the second obligation is deferred over the average time between the original and new editions. As there is no market value for the update service we provide, we have used the percentage of the total cost of paper chart production that relates to the cost of providing the update service as a proxy to estimate the percentage of revenue that should be deferred in relation to the second obligation. This revenue is deferred over the average new edition frequency, currently seven years. The timing of new editions is highly variable and unpredictable and therefore the average period over which revenue could be deferred is also subject to variation.

While we are committed to maintaining paper charts for the foreseeable future, there will come a time when it is right for our market to withdraw them. This decision will ultimately impact on our current revenue deferral policy. At the balance sheet date and the date of approval of these accounts the timing of this withdrawal is uncertain. In order to help readers understand the potential impact, the variance from the seven-year deferral used in the accounts is:

Years	Deferral	Impact on revenue and profits
9	**£11.1m**	-£3.2m
8	**£9.5m**	-£1.6m
7	**£7.9m**	–
6	**£6.4m**	+£1.5m
5	**£5.1m**	+£2.8m
4	**£3.9m**	+£4.0m
3	**£2.8m**	+£5.0m
2	**£1.8m**	+£6.1m

Notes to the accounts continued

2. Operating segments

The UKHO has three reportable business segments, and these are disclosed to enable the users of these financial statements to evaluate the nature and financial effects of UKHO's business activities.

All operating segments derive their revenue from the provision of hydrographic and marine geospatial services.

	Commercial 2024/25 £k	Defence 2024/25 £k	Other government 2024/25 £k	Total 2024/25 £k	Commercial 2023/24 £k	Defence 2023/24 £k	Other government 2023/24 £k	Total 2023/24 £k
Income	197,433	23,134	99	220,666	185,532	16,478	323	202,333
Cost of sales	(92,107)	(9,595)	(156)	(101,858)	(89,134)	(4,593)	(311)	(94,038)
Gross profit	105,326	13,539	(57)	118,808	96,398	11,885	12	108,295
Operating expense				(101,196)				(99,501)
Lease liability interest				(26)				0
Interest receivable and similar income				5,645				6,172
Total per financial statements				**23,231**				14,966

Overhead costs, assets and liabilities are not included in the financial information provided to review the performance of operating segments and are therefore not disclosed.

All revenue reported below is derived from external customers. There is no inter-segment revenue.

Revenue by geographic market

Revenue has been attributed to geographical markets based on the location of the customer supplied.

	2024/25 £k	2023/24 £k
Europe, Middle East & Africa	172,749	148,142
Asia Pacific	45,836	52,184
North America	1,948	1,878
Central & Latin America	133	129
Total revenue	**220,666**	202,333

Information about major customers

Revenues from two customers exceeded 10% of the UKHO's total revenues in 2024/25:

	Commercial 2024/25 £k	Defence 2024/25 £k	Other government 2024/25 £k	Total 2024/25 £k	Commercial 2023/24 £k	Defence 2023/24 £k	Other government 2023/24 £k	Total 2023/24 £k
Customer 1	54,555			54,555	54,637			54,637
Customer 2	31,067			31,067	29,538			29,538
Customer 3		23,134		23,134		16,478		16,478

Timing of revenue recognition

	2024/25 £k	2023/24 £k
Products transferred at a point in time	39,772	33,053
Products and services transferred over time	180,894	169,280
Total revenue	**220,666**	202,333

3. Profit on ordinary activities before interest

Profit on ordinary activities before interest is stated after charging the following:

	2024/25 £k	2023/24 £k
Salaries, wages, etc.	41,592	40,246
Social security costs	4,414	4,206
Apprentice levy	189	183
Pension costs	11,187	9,928
Agency staff costs	15,187	13,440
Service personnel costs	728	777
Staff costs capitalised within intangible assets	(2,102)	(1,472)
Total staff costs	**71,195**	67,308
Depreciation – property, plant and equipment	1,907	868
Depreciation – right of use asset	148	–
Amortisation development software	2,631	783
Loss/(gain) on disposal of fixed assets	56	20
Realised foreign exchange loss	1,034	960
Unrealised foreign exchange (gain)/loss	(2,764)	500
Auditors remuneration	133	128
Development and transformational activities	13,117	12,572

4. Interest receivable and similar income

This relates to interest receivable from a commercial bank's high-interest accounts and short-term investments for varying periods of between three and 12 months.

	2024/25 £k	2023/24 £k
Interest receivable and similar income	5,645	6,172

5. Taxation

The UKHO, as a Trading Fund, is exempt from Corporation Tax and consequently no current or deferred tax is accounted for.

6. Dividends

	2024/25 £k	2023/24 £k
Ordinary dividend	12,500	12,500
Total dividends	**12,500**	12,500

7. Property, plant and equipment

	Freehold land £k	Buildings £k	Plant and machinery £k	Furniture and fittings £k	Information technology £k	Assets under construction £k	Total £k
Cost or valuation:							
At 1 April 2024	11,482	44,957	495	784	5,325	1,335	64,378
Additions			419		1,114	4,958	6,491
Reclassification							–
Disposals			(109)		(2,464)		(2,573)
Revaluation	115	1,358	6				1,479
At 31 March 2025	**11,597**	**46,315**	**811**	**784**	**3,975**	**6,293**	**69,775**
Depreciation:							
At 1 April 2024	–	5,335	253	406	3,692	–	9,686
Charged		991	22	77	816		1,906
Re-estimation of assets useful lives							–
Disposals			(71)		(2,448)		(2,519)
Revaluation		161	4				165
At 31 March 2025	**–**	**6,487**	**208**	**483**	**2,060**	**–**	**9,238**
Net book value:							
At 31 March 2025	**11,597**	**39,828**	**603**	**301**	**1,915**	**6,293**	**60,537**
Cost or valuation:							
At 1 April 2023	8,869	39,782	644	784	4,704	650	55,433
Additions					197	1,345	1,542
Reclassification					660	(660)	–
Disposals			(163)		(236)		(399)
Revaluation	2,613	5,175	14				7,802
At 31 March 2024	11,482	44,957	495	784	5,325	1,335	64,378
Depreciation:							
At 1 April 2023	–	3,832	386	330	4,069	–	8,617
Charged	–	935	21	76	377		1,409
Re-estimation of assets useful lives	–	–	–	–	(543)	–	(543)
Disposals	–		(163)		(211)		(374)
Revaluation	–	568	9				577
At 31 March 2024	–	5,335	253	406	3,692	–	9,686
Net book value:							
At 31 March 2024	11,482	39,622	242	378	1,633	1,335	54,692

All tangible non-current assets are owned by the UKHO.

A professional valuation of land and buildings was carried out on 31 March 2024 by Avison Young, who are a Regulated Member of the Royal Institute of Chartered Surveyors (RICS).
The next professional valuation of land and buildings will be in 2029.

Material projects under construction relates to:
A new specialist building under construction £5,616k.

8. Intangible assets

	Development software £k	Assets under construction £k	Total £k
Cost or valuation:			
At 1 April 2024	42,176	11,457	53,633
Additions		7,566	7,566
Transfer			–
Reclassification	131	(131)	–
Disposals	(234)		(234)
Revaluation	2,327		2,327
At 31 March 2025	**44,400**	**18,892**	**63,292**
Amortisation:			
At 1 April 2024	30,128	–	30,128
Charged	2,630		2,630
Disposals	(234)		(234)
Revaluation	1,660		1,660
At 31 March 2025	**34,188**	**–**	**34,188**
Net book value:			
At 31 March 2025	**10,212**	**18,892**	**29,104**
Cost or valuation:			
At 1 April 2023	38,918	8,519	47,437
Additions	248	2,938	3,186
Disposals	(135)		(135)
Revaluation	3,145		3,145
At 31 March 2024	42,176	11,457	53,633
Amortisation:			
At 1 April 2023	27,446	–	27,446
Charged	783	–	783
Disposals	(140)		(140)
Revaluation	2,039	–	2,039
At 31 March 2024	30,128	–	30,128
Net book value:			
At 31 March 2024	12,048	11,457	23,505

All intangible non-current assets are owned by the UKHO.

Material projects under construction are:
ADDS – ADMIRALTY Digital Delivery Service £11,407k
ADDS S-100 – Sales platform £3,395k
ADSD – ADMIRALTY Digital Sailing Directions £3,236k

Notes to the accounts continued

Analysis of intangible non-current assets

The disclosure below shows individual intangible assets that are material to our financial statements.

Project	Description	Carrying value 31/03/2025 £k	Remaining amortisation period (months)
Hydrographic Database (HDB) and Chart Production Tools	Production system for holding data and compiling charts	**3,359**	60
Fleet Manager	Fleet Manager is our integrated digital catalogue, product viewer and passage planning aid for organising, updating and consolidating all paper and digital information needed for planning safe voyages while simplifying essential tasks	**4,715**	60
Various delivery capabilities	Systems for the support of efficient data delivery to our customers	**3,880**	12–84

9. Inventories

	2024/25 £k	2023/24 £k
Finished inventories	769	751
Materials	237	411
Total inventories	**1,006**	1,162

10. Trade and other current receivables

	2024/25 £k	2023/24 £k
Falling due within one year		
Trade receivables	37,127	30,464
Prepayments	23,458	24,016
Contract assets – accrued income	1,899	2,082
Net investments and finance leases	4	8
Other receivables	—	9
Total receivables	**62,488**	56,579

11. Cash and cash equivalents

	2024/25 £k	2023/24 £k
Balance 1 April	49,131	88,322
Net change in cash and cash equivalent balances	7,440	(19,191)
Net change in short-term investment with maturity dates within three months of 31 March	20,000	(20,000)
Balance 31 March	**76,571**	49,131

The following balances at 31 March were held at:

	2024/25 £k	2023/24 £k
Commercial banks short-term investments	40,000	20,000
Commercial banks instant access accounts	36,571	29,131
Cash and cash equivalents	**76,571**	49,131

The carrying amounts of cash and cash equivalents approximate their fair values.

Commercial banks – instant access, high-interest accounts earn interest at 0.5%. Short-term investments earn at 0.15% interest and are made for varying periods of between three and 12 months.

The UKHO holds £24,106k (2023/24: £27,556k) in cash on behalf of the members of IC-ENC. This cash represents income due to IC-ENC members. It is not an asset of the UKHO and is not included in the numbers above.

Net cash and cash equivalents held in currencies other than sterling have been converted into sterling at 31 March 2025.

12. Short-term investments

2024/25 Investment date	Term Months	Amount invested £k	Interest receivable on maturity £k	Maturity date
08/07/2024	12	£20,000	1,036	08/07/2025
21/03/2025	5	£20,000	378	21/08/2025
Total short-term investments		**£40,000**		

2023/24 Investment date	Term Months	Amount invested £k	Interest receivable on maturity £k	Maturity date
03/10/2023	12	10,000	596	03/10/2024
05/07/2023	12	20,000	1,330	05/07/2024
20/10/2023	12	20,000	1,040	21/10/2024
05/01/2023	12	20,000	1,044	06/01/2025
Total short-term investments		70,000		

If funds are required before the maturity date, there will be a loss of predicted interest.

Notes to the accounts continued

13. Trade and other payables

	2024/25 £k	2023/24 £k
Accruals	13,736	14,218
Contract liabilities – deferred income	49,996	50,295
Proposed dividend	12,500	12,500
Trade payables	32,504	28,241
Other taxation and social security	1,014	1,742
Lease liabilities	125	–
Total payables	**109,875**	106,996
Non-current liabilites		
Contract liabilities – deferred income	7,256	7,900
Lease liabilities	420	–
Total non-current liabilites	**7,676**	7,900

14. Provisions

	2024/25 £k	2023/24 £k
Opening balance at 1 April 2024	882	865
Charged to operating cost	742	882
Applied	(882)	(865)
Total current liabilities	**742**	882

Analysis of expected timing of cash flows at 31 March 2025

	2025/26 £k	Balance March 2025 £k
Sales credits	742	**742**

Analysis of expected timing of cash flows at 31 March 2024

	2024/25 £k	Balance March 2024 £k
Sales credits	742	882

15. Public dividend capital

	2024/25 £k	2023/24 £k
Public dividend capital	**13,267**	13,267

Public dividend capital represents capital invested by the MOD in the UKHO becoming a Trading Fund.

16. Revaluation reserve

	Land £k	Buildings £k	Plant and machinery £k	Developed software £k	Total £k
Balance at 1 April 2024	8,477	10,431	186	2,315	21,409
Revaluation	114	1,196	5	666	1,981
Transfer to retained earnings	–	–	–	(490)	(490)
Balance at 31 March 2025	**8,591**	**11,627**	**191**	**2,491**	**22,900**
Balance at 1 April 2023	5,864	5,824	180	1,921	13,789
Revaluation	2,613	4,607	6	1,106	8,332
Transfer to retained earnings	–	–	–	(712)	(712)
Balance at 31 March 2024	8,477	10,431	186	2,315	21,409

17. Financial instruments

The UKHO's financial instruments comprise cash deposits and other items such as trade receivables, trade payables and provisions. The main purpose of these financial instruments is to finance the UKHO's operations.

The UKHO has limited powers to borrow or invest surplus funds. The main risks arising from the UKHO's financial instruments are foreign exchange, credit and liquidity risks. The UKHO's policies for managing these risks are set to achieve compliance with the regulatory framework including the rules contained within Managing Public Money.

Foreign exchange risk

The UKHO receives significant income in US dollars (USD) from the sale of digital products and makes significant USD payments to data owners in respect of those products. In order to manage this foreign exchange risk, the UKHO policy is to create a natural hedge by balancing USD assets and USD liabilities. We review the balance of USD assets and USD liabilities every two weeks and any excess USD cash held is sold at the spot rate on the day of transaction. We do not use any derivatives such as forward currency exchange contracts.

Credit risk

The UKHO is subject to some credit risk. The carrying amount of trade receivables, which is net of impairment losses (bad debt provision), contract assets and the amount of cash and cash receivables represents the UKHO's maximum exposure to credit risk.

Trade and other receivables consist of a large number of diverse government and non-government customers spread over a diverse geographical area. For trade receivables, the UKHO measures a provision for expected credit losses at an amount equal to lifetime expected credit losses, estimated by reference to past experience and relevant forward-looking factors.

The UKHO's assessment is that credit risk in relation to sales to government customers is extremely low as the probability of default is insignificant; therefore the provision for expected credit losses is immaterial in respect of receivables from these customers. For all non-government commercial customers, the UKHO assesses expected credit losses; however, this is not considered material to the financial statements.

The UKHO manages the credit risk on trade receivables through the application of a credit control policy and credit insurance. We work closely with our distribution channel and our trade credit insurers to evaluate the impact of any market trends or economic uncertainties that may result in an increased risk of default. To date, we have not seen any discernible impact in payments and have not suffered any significant payment defaults.

For contract assets the expected credit loss provision is immaterial as the probability of default is insignificant.

The following table provides details of trade receivables beyond the due date and impairments made:

Trade receivables beyond the due date

2024/25	Not overdue £k	Overdue 31 – 60 days £k	Overdue 61 – 90 days £k	Overdue 91 – 120 days £k	Overdue Over 121 days £k	Total £k
Receivables – not impaired	37,062	(1,738)	1,709	25	69	**37,127**
Net total receivables	37,062	(1,738)	1,709	25	69	**37,127**

2023/24	Not overdue £k	Overdue 31 – 60 days £k	Overdue 61 – 90 days £k	Overdue 91 – 120 days £k	Overdue Over 121 days £k	Total £k
Receivables – not impaired	30,935	(597)	46	8	71	30,463
Net total receivables	30,935	(597)	46	8	71	30,463

The credit risk on cash and cash equivalents is managed by an HMT policy that requires cash deposits and investments to be held by suitably creditworthy commercial banks. The maximum exposure to credit risk is limited to the carrying value of cash and cash equivalents in the Statement of Financial Position as at the reporting date. Based on historical experience and no defaults, the credit quality of financial assets that are neither past due or impaired is considered to be very high.

Liquidity risk

Liquidity risk is the risk that the UKHO may not be able to settle or meet its obligations on time or at a reasonable price. The UKHO's finance department is responsible for management of liquidity risk, which includes funding, settlements, related processes and policies. The UKHO manages liquidity risk by maintaining adequate reserves and monitoring actual cash flow against forecast.

The table below sets out the UKHO's financial liabilities.

The prior year comparative for financial liabilities has been represented to exclude deferred income, which was incorrectly included in the prior year financial statements. The 2023/24 comparative has been updated from £114,895k to £57,550k to reflect this change.

	2024/25 £k	Represented 2023/24 £k
Financial liabilities		
Trade and other payables	**60,299**	57,550

Fair values

We are subject to some credit risk. The carrying amount of receivables, net of impairment losses (doubtful debt provision), represents the current value of all our financial instruments and is considered to equate to fair value at 31 March 2025.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial instrument are disclosed in Note 1 to the financial statements.

18. Capital commitments

Capital expenditure that has been contracted for, but has not been provided in these accounts.

	2024/25 £k	2023/24 £k
Property, plant and equipment	20,212	245
Intangibles	2,812	3,462
Total	**23,024**	3,707

19. Other financial commitments

Non-cancellable contracts not already on the balance sheet which are not leases, PFI contracts, or other service concession arrangements.

	2024/25 £k	2023/24 £k
Due within one year	7,129	7,587
Due after one year but within five years	5,227	6,937
Total	**12,356**	14,524

Material contracts included above largely relate to software maintenance and support contracts with the largest contracted commitment being £2.1m (2023/24: £3.3m).

Notes to the accounts continued

20. Reconciliation of profit on ordinary activities before interest to net cash inflow from operating activities

	2024/25 £k	2023/24 £k
Profit on ordinary activities before interest and after exceptionals	17,612	8,794
Depreciation on right of use asset	148	–
Depreciation and amortisation	4,536	1,649
Loss on sale and disposal of non-current assets	59	25
Decrease in inventories	156	19
(Increase)/Decrease in receivables	(5,948)	(3,826)
(Decrease)/Increase in payables	2,148	187
Increase/(Decrease) in provisions	(140)	17
Net cash inflow from operating activities	**18,571**	6,865

21. Contingent liabilities

The government ultimately carries the risk in the event that an error in our products and services causes an incident at sea. All of our safety and quality systems are focused on mitigating this risk. We carry professional indemnity insurance for the first £50m of any claim and any liabilities beyond this are considered to be underwritten by our owner, the MOD.

22. Related party transactions

The UKHO is a Trading Fund owned by the MOD. The MOD, as our owner, is regarded as a related party. During the year, we have also entered into material transactions with the department and with other entities for which the department is regarded as the parent department. All these transactions were carried out under standard contract terms.

During the year none of the board members, members of staff or other related parties have undertaken any material transactions with the UKHO. The remuneration and staff report provides further information on Board members Executive Directors

Other related parties

We have had various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Foreign, Commonwealth and Development Office and the Maritime and Coastguard Agency. All transactions are carried out on standard contract terms.

23. Events after the reporting period

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

No other events have occurred subsequent to the financial year end that require disclosure in these financial statements.

Sustainability report (annex)

This annex does not form part of the financial statement and has not been subject to audit

Compliance statement

The UK Hydrographic Office (UKHO) is committed to addressing climate change in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As an executive agency and trading fund of the Ministry of Defence, UKHO supports the Greening Government Commitments and seeks to lead by example in advancing sustainability across the maritime and geospatial domains.

This statement outlines UKHO's current alignment with the TCFD framework, focusing on:

1. Governance,
2. Strategy,
3. Risk Management,
4. Metrics and Targets.

UKHO has reported here on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector: Task Force on Climate-related Financial Disclosure (TCFD)-aligned disclosure application guidance – GOV.UK

UKHO has complied with the recommended disclosures relating to Governance, Risk Management, Metrics and Targets, and has partially disclosed Strategy, which sits under Phase 3 FY2025/26. This is in line with Phase 2 of the central government's implementation timetable. UKHO plans to comprehensively address the recommended disclosures under the Strategy pillar, Phase 3, in future reporting periods.

	Phase 1 (FY2023/24)	Phase 2 (FY2024/25)	Phase 2 (FY2024/25)	Phase 3 (FY2025/26)
Thematic areas/ core areas	Governance	Risk Management	Metrics and Targets	Strategy
Recommendations	Disclose the organisation's governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning (where such information is material	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material
Recommended Disclosures	a. Describe the board's oversight of climate related risks and opportunities	a. Describe the organisation's processes for identifying and assessing climate-related risks	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with strategy and risk management process	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term
	b. Describe management's role in assessing and managing climate-related risks and opportunities	b. Describe the organisation's processes for managing climate-related risks	b. Disclose Scope 1, 2 and if appropriate Scope 3 greenhouse gas emissions, and the related risks	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning
		c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Sustainability report (annex) continued

1. Governance

Board and ELT oversight

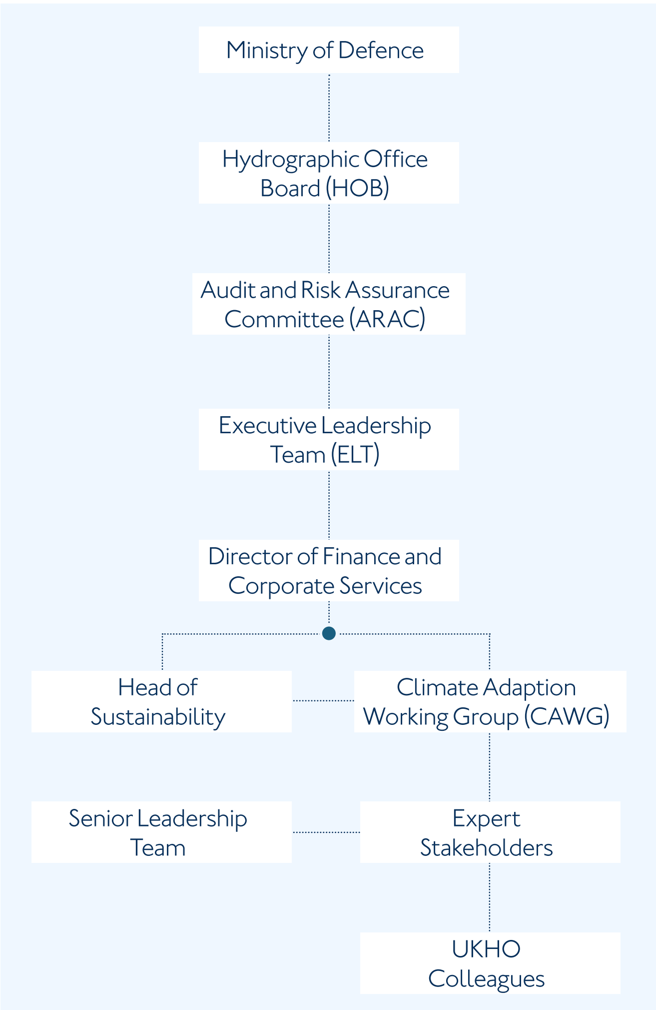
The UKHO Executive Leadership Team (ELT) oversees climate-related risks and opportunities through several governance processes. The Director of Finance and Corporate Services (DFCS) sponsors organisational sustainability initiatives and sits on the UKHO Climate Resilience and Adaptation Working Group (CAWG), which manages, integrates and directs responses to climate-related risks and opportunities.

The DFCS raises significant issues identified within the scope of CAWG to the ELT for discussion at least twice per year. Additionally, the ELT receives bi-annual sustainability updates, which include information on climate-related risks and opportunities.

The ELT also discusses climate-related risks and opportunities as part of the UKHO risk framework, which is reviewed on a quarterly basis.

All papers, including Business cases, submitted to the ELT include a section on sustainability considerations. These measures ensure that climate-related issues are regularly addressed and integrated into the organisation's decision-making processes at the highest level.

The organogram illustrates how climate-related risks and opportunities are governed, communicated, and managed across the organisation.



Climate Adaptation and Resilience Working Group (CAWG)

The CAWGs role is to strategically integrate climate-related risks and opportunities into existing UKHO corporate governance policies and processes. The group comprises an ELT sponsoring director, the DFCS, and representatives from various business areas. CAWG meets monthly to discuss climate risks and opportunities, providing material and relevant detail to enable the ELT to address these issues at board and head of business levels.

Key roles and responsibilities in the CAWG include:

- Sponsor: The Director of Finance and Corporate Services is responsible for raising material CAWG risk and opportunity topics to the Executive Leadership Team for discussion at least twice annually.
- Chairperson: The Head of Sustainability oversees the CAWG's activities, ensures alignment with corporate goals, and provides strategic leadership.
- Risk Management Lead: The Head of Assurance is responsible for advising on and incorporating climate-related risks into the organisation's enterprise risk management frameworks.
- Sustainability Lead: The Head of Sustainability ensures climate risks and opportunities are integrated with UKHO's wider sustainability initiatives, oversees compliance with government commitments, and leads on climate-related disclosures.
- Horizon Scanning: The Head of Strategic Business Intelligence leverages data-driven insights to assess the financial and operational impacts of climate-related issues, informing the CAWG's decision making.
- Business Continuity Lead: The Business Continuity Manager is responsible for developing and implementing resilience plans that address climate-related disruptions.

Through this collaborative, cross-functional approach, the UKHO ensures that climate-related risks and opportunities are thoroughly evaluated, addressed, and integrated into the organisation's strategic planning and operational decision-making processes.

The Climate Adaptation Working Group (CAWG) has identified that there is considerable scope for the improvement of climate-related key performance indicators (KPIs) into the UKHO's organisational balanced scorecard and overall corporate strategy. This has been a point of extensive discussion at the executive level and has fuelled richer dialogues around the future integration of sustainability-focused KPIs into the organisation's business plans.

It was recognised that, as the UKHO's climate risk and opportunity assessment workstreams are still in their infancy, achieving robust internal buy-in and ownership will require a dedicated period of socialisation and gradual adjustment across the organisation. As an initial step, the CAWG has decided to focus on a single, high-impact climate-related KPI for the upcoming business plan cycle, reducing the organisation's business travel emissions, which currently comprise most reported greenhouse gas emissions.

By unpacking the UKHO's business travel policy and engaging key internal stakeholders in open conversations, the CAWG aims to develop a targeted business travel emissions reduction plan. This approach will not only deliver tangible environmental benefits but also help to socialise the importance of climate action across the organisation. As the UKHO's climate risk assessment and adaptation capabilities mature, the CAWG plans to progressively expand and refine its suite of sustainability KPIs, ensuring that climate-related considerations are thoroughly integrated into the organisation's decision-making processes, resource allocation, and long-term value creation.

The UKHO's commitment to this journey reflects its recognition that effective climate risk management and sustainable business practices are critical to its ongoing success and resilience. By starting with a focused, high-impact KPI around business travel emissions, the organisation hopes to pave the way for more extensive sustainability integration into its future strategic planning and performance management frameworks.

Environmental Management System Board (EMSB)

The EMSB guides and governs the environmental performance of the UK Hydrographic Office estate in Taunton. It ensures all activities align with national sustainability goals and MOD environmental policy, driving initiatives to reduce carbon impact, safeguard natural resources, and promote responsible stewardship across the site. The board, which includes representatives from across the UKHO, plays a central role in integrating sustainability into daily operations. It reviews environmental objectives, tracks performance against key targets, and ensures compliance with MOD JSP816 standards. Working closely with facilities management, procurement, and staff engagement teams, the board embeds environmental awareness throughout the organisation. It also champions energy efficiency projects, waste reduction strategies, and biodiversity initiatives across the UKHO Taunton site. By fostering a culture of environmental responsibility, the board not only meets regulatory expectations but also contributes to the UKHO's long-term strategic vision for environmental leadership in the defence and maritime sectors.

Compliance with UK regulatory frameworks.

The UK Hydrographic Office (UKHO) is committed to aligning its sustainability disclosures and governance practices with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as well as the HM Treasury 2024/25 Sustainability Reporting Guidance for Central Government. This alignment ensures transparency, consistency, and accountability in the organisation's management of climate-related risks and opportunities, as well as its broader environmental and social performance.

The UKHO Board of Directors oversees the organisation's compliance with relevant UK regulatory frameworks and ensures that climate-related risks and impacts are appropriately identified, assessed, and integrated into the UKHO's enterprise risk management processes.

By adhering to the TCFD recommendations, the Greening Government Commitments and the GHG protocol, the UKHO demonstrates robust environmental governance and reinforces its role as a responsible public sector body.

The organisation's sustainability disclosures cover key areas such as greenhouse gas emissions, energy consumption, waste management, water use, and social value contributions, reflecting its commitment to contributing to government-wide sustainability goals, including achieving Net Zero, enhancing resource efficiency, and supporting biodiversity.

This comprehensive approach to sustainability and climate-related disclosure enables the UKHO to deliver long-term value through its sustainable operations, while also promoting transparency and accountability to its stakeholders.

Risk management and governance

The UK Hydrographic Office (UKHO) maintains a robust risk management framework aligned with MOD JSP892, ISO 31000:2018, and the Orange Book. This framework has been expanded to explicitly incorporate climate-related risks and opportunities. Our process integrates risk considerations, including climate factors, into investment decisions through our executive leadership team which evaluates business cases for cost, benefits, and risk balance.

2. Strategy

Our key corporate climate related risk

There is a risk that UKHO does not meet its climate targets as set out in the UKHO Sustainability Roadmap due to insufficient timely sustainability investment and limited organisational sustainability governance, resulting in repetitional damage which has longer-term implications for UKHO financial sustainability.

Scenario analysis

The UK Hydrographic Office (UKHO) actively uses climate-related scenario analysis to test the resilience of its strategy, operations, and governance in the face of an evolving climate landscape. Scenarios based on IPCC-aligned warming pathways specifically less than 2°C, between 2 and 3°C and greater than 3°C trajectories are used to explore plausible futures to 2025, 2030, and 2050.

These scenarios are built using cross-government climate intelligence, IPCC Sixth Assessment Reports, and Greening Government Commitments, and are tested against UKHO's organisational context through strategic risk workshops and performance planning reviews. Key assumptions include a likely tightening of regulatory frameworks, rising public expectations for climate action, and the increasing materiality of climate-related risks and opportunities.

Scenario analysis informs UKHO's strategic response across five opportunity areas: sustainable supply chain innovation, maritime climate partnerships, ESG investment, organisational culture, and enhanced governance. For example, in a <2°C world, accelerated regulation and public accountability place increased importance on internal governance and ESG investments to maintain reputational leadership. In contrast, under a >3°C scenario, demand for climate-resilient hydrographic services intensifies, elevating the value of UKHO's partnerships and digital data products.

Sustainability report (annex) continued

These scenarios highlight a key organisational risk: that without sufficient and timely sustainability investment, or a strengthening of internal sustainability governance, UKHO may fall short of the commitments in its Sustainability Roadmap. This could damage its reputation and stakeholder trust, impacting both long-term revenue streams particularly in data services, strategic partnerships and public sector credibility. Scenario testing thus acts not only as a stress test for climate resilience but as a driver for embedding sustainability deeper into UKHO's operations, culture, and financial planning.

Scenario	Key Characteristics	Strategic Implications for UKHO	Risks & Considerations
<2°C World	Strong global climate action, strict regulation, societal focus on justice and accountability.	High pressure to meet public sustainability targets; leadership expected from public bodies.	Reputational risk if UKHO under-delivers on 1% annual turnover commitment or Net Zero milestones; public scrutiny intensifies.
2–3°C Transition World	Moderate policy response, uneven decarbonisation, market-driven shifts dominate.	Operational flexibility becomes essential. Incremental improvements remain viable, but scrutiny grows.	UKHO could lose leadership status if it lags behind best practices. Growing cost of inaction and compliance pressure.
>3°C Disorderly World	Weak coordination, delayed action, escalating physical and social climate impacts.	Navigation and hydrographic services face operational disruptions; demand for adaptation data surges.	Risk of infrastructure stress and reputational impact from lack of adaptation readiness or underinvestment in resilience.

Scenario	Key Characteristics	Strategic Implications for UKHO	Risks & Considerations
<2°C World (2025)	– Accelerated regulatory implementation – Strong ESG mandates for public bodies – Early-stage but urgent accountability climate culture – High public and media attention on delivery of climate pledges	– Immediate pressure to demonstrate delivery against public commitments – Foundation year for planning around long-term stakeholder trust and credibility	– Reputational risk from delayed delivery on financial commitments – Short-term gaps may undermine long-term leadership – Scrutiny from government, media, and civil society – Risk of diminished influence if leadership falters
<2°C World (2030)	– Strong global climate action – Rapid regulatory expansion – High societal expectations for equity and delivery – Mandatory ESG transparency for public sector	– UKHO expected to lead by example in public sector climate performance – Public commitments are key trust signals – Expanded role in enabling resilience through data and maritime services	– Reputational risk if investment goals not met – Erosion of trust in UK Gov if targets missed – Accountability risk tied to inequality – Compliance risk from stricter regulations
2–3°C World (2030)	– Fragmented global climate action – Patchy transition incentives – Market-led decarbonisation with regional disparity – Uneven stakeholder pressure	– Balance ambition with flexibility – Avoid perception gap between ambition and delivery – Increase value of digital and adaptive services	– Reputational risk if UKHO lags peers – Regulatory risk from inconsistent standards Risk of reactive strategy limiting leadership role
>3°C World (2050)	– Severe climate impacts: Sea level rise, extreme weather, ecosystem collapse – Failed mitigation efforts – High adaptation demand, limited global coordination – Geopolitical and societal instability	– Maritime safety and resilience become critical – Demand for adaptive data and climate-risk intelligence – Increased focus on disaster response and mitigation support	– Infrastructure vulnerability (limited) from climate impacts – Reputational and ethical risks in resilience – Staff and system pressure from persistent crisis – Strategic risk if digital systems are unprepared

Associated opportunities, targets and metrics:

Climate-related opportunities represent strategic avenues through which the UK Hydrographic Office (UKHO) can create environmental, financial, and reputational value while supporting its transition to a low-carbon, climate-resilient future. As the maritime domain evolves in response to global decarbonisation and adaptation efforts, UKHO is uniquely positioned to leverage its capabilities in data, partnerships, and innovation. The following opportunities are rooted in supply chain transformation, ESG investment, cultural alignment, and public sector leadership. They demonstrate how climate action can strengthen UKHO's long-term operational effectiveness, stakeholder trust, and contribution to national sustainability goals.

Opportunity	Type/Category	Targets & Metrics	Value Proposition
1. Supply Chain Sustainability Innovation	Financial & Reputational/ Transition	– % annual uplift in supplier green innovation tracking – Baseline for sustainable supply chain investment of supplier success stories – £ invested in green procurement	Cost savings, lower offset costs, stronger market confidence
2. Strategic Partnerships for Maritime Leadership	Reputational/Market	– # of UKHO-led/co-led initiatives – # of shared success stories – External recognition (qualitative)	Enhances public sector influence, aligns hydrography with Net Zero goals
3. Embedding Sustainability in Culture	Financial & Reputational/ Internal	– 100% carbon literacy among staff – # completing sustainability L&D – Sustainability in core processes (via audit) – Ratio of consultations to ELT papers	Talent attraction, risk mitigation, operational alignment
4. High-Impact ESG Investment	Financial & Reputational/ Resource Efficiency	– ≥1% annual turnover to ESG annually – £ spent on high-impact sustainability projects (per Site Plan)	Long-term ROI, lower emissions, signals leadership
5. Enhanced Governance for Climate Readiness	Financial & Reputational/ Resilience	– % cut in travel emissions – CO_2e reductions (Scope 1,2) – Demonstrated social ROI	Delivers on Greening Government, lowers exposure to climate-related policy and reputational risk

These targets and metrics reflect UKHO's progress towards environmental stewardship and institutional resilience in a changing regulatory and socio-political landscape.

Sustainability report (annex) continued

3. Risk management

Identifying and assessing climate risks

The UK Hydrographic Office (UKHO) applies a structured and forward-looking approach to identifying, assessing, and prioritising climate-related risks and opportunities. This process is grounded in both qualitative analysis and established risk management practices and is aligned with UK Treasury disclosure recommendations.

Materiality-led risk identification

UKHO leverages its organisational capabilities framework to inform the relevance and prioritisation of material climate topics. Specifically, the organisational capability of strategic management was used to contextualise climate risks and opportunities and their alignment with corporate strategy.

To ensure consistency and interoperability with external reporting frameworks, material topics were categorised according to the European Sustainability Reporting Standards (ESRS) across the environmental, social, and governance (ESG) pillars.

A double materiality assessment was conducted by the Climate Adaptation and Resilience Working Group (CAWG), involving two perspectives:

- Outside-in: A qualitative assessment of how external climate risks could impact UKHO's financial position and operations.
- Inside-out: A qualitative assessment of how UKHO's operations may contribute to or influence climate and environmental outcomes.

This qualitative assessment informed a materiality matrix and resulted in the identification of three overarching material themes: Climate Change, UKHO Workforce and Consumers and End Users

Risk categorisation and assessment methodology

Climate-related risks and opportunities were explored in more detail using the TCFD framework, which classifies:

- Transition risks (policy/legal, technology, market, reputation)
- Physical risks (acute and chronic)
- Opportunities (resource efficiency, energy sources, products/services, market expansion, and resilience)

A qualitative risk assessment was applied to the top three risks under each material theme. Each risk was evaluated based on its impact and likelihood across multiple climate scenarios extending from 2025 to 2050. These scenarios were designed to explore a range of future states, including both transitional and physical risk trajectories.

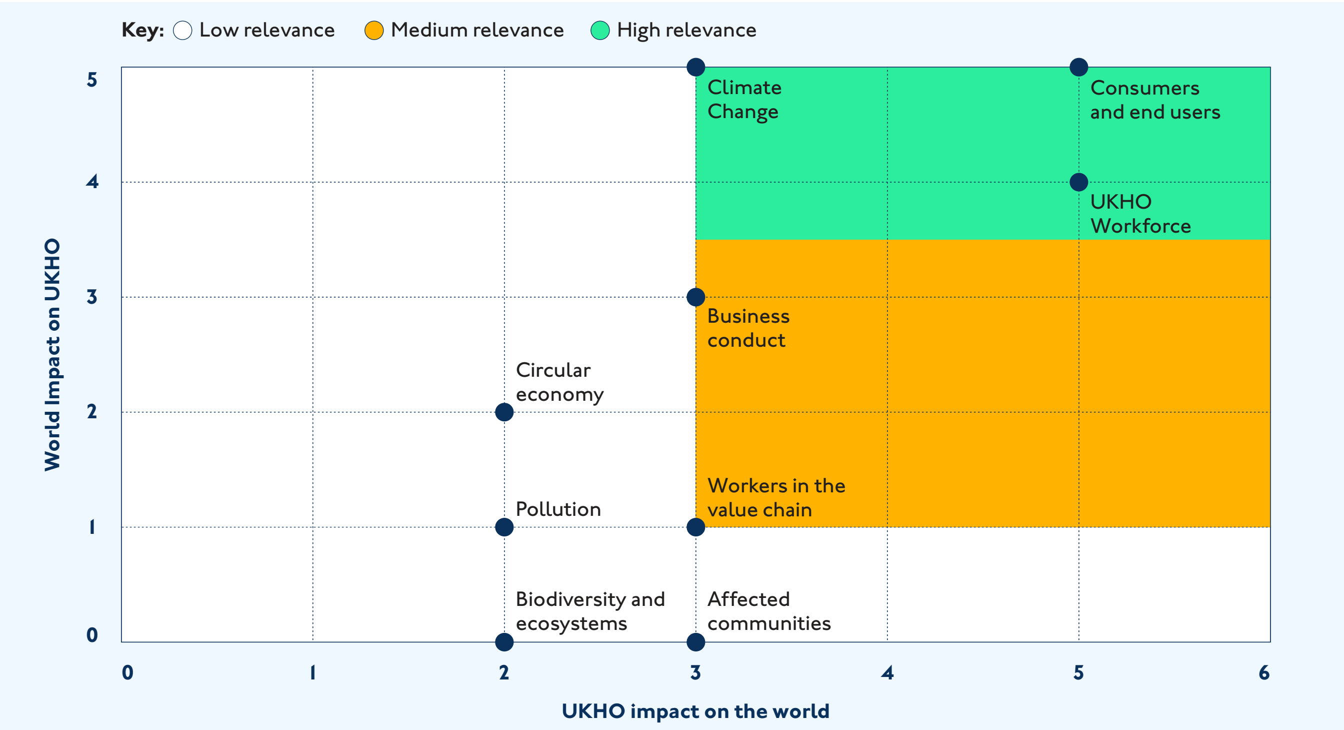
Integration with Enterprise Risk Management (ERM)

Recognising the importance of integrated governance, many of the identified climate-related risks and opportunities were mapped to existing 'parent risks' within the UKHO corporate risk framework. This ensures:

- ESG risks are visible and actively monitored within the enterprise risk register.
- Climate-related risks are reviewed quarterly at board level.
- Risk oversight aligns with broader strategic and operational governance processes.

This approach enhances the UKHO's overall resilience by embedding climate thinking into core risk management and decision-making systems.

Materiality matrix



Overview of transferred climate risks

Climate risks:

Risk 1: UKHO may not meet its climate targets as set out in the Sustainability Roadmap due to delays in sustainability investment and weak internal ESG governance. This could lead to reputational damage with long-term financial implications.

Risk 2: There is a risk that significant investment in sustainable infrastructure or technologies could be overtaken by rapid innovation, resulting in stranded assets and increased operational vulnerability.

Risk 3: Inaccurate supply chain emissions reporting due to limited internal resourcing and lack of supplier engagement could damage UKHO's credibility and lead to compliance or reputational risk.

Workforce risks:

Risk 1: Accelerating demand for sustainability-related digital and data skills could expose the UKHO to resourcing shortfalls if upskilling or recruitment fails to keep pace with evolving government expectations.

Risk 2: Acute climate events (e.g., flooding, extreme heat) could disrupt site-based operations, impacting the workforce's ability to deliver products and services.

Risk 3: A failure to embed sustainability within UKHO's corporate culture may impact its ability to attract top talent, reducing organisational capacity and innovation.

Consumer and end user risks:

Risks in this category are considered commercially sensitive and are retained within the confidential UKHO risk framework. However, they have been included in the strategic prioritisation process and are subject to regular review.

Managing climate risks

Climate-related risks are fully integrated into the UKHO's overall risk management framework through established governance and monitoring processes that evaluate these risks alongside other strategic and operational risks. Climate change is recognised as an amplifying factor for several principal risks, including infrastructure resilience and supply chain continuity, and is actively monitored through an ESG lens within our corporate risk register. This process includes routine updates to the risk register, quantifying both the likelihood and potential impact of risks associated with our ability to meet climate targets. This approach ensures that climate risk is embedded within our broader risk governance and aligns with national public sector frameworks, supporting the UKHO's long-term resilience and financial sustainability.

Investments in risk mitigations

Sustainability both in design and in day-to-day behaviours is a foundational element of the UKHO's HQ Site Strategy. Beyond its alignment with broader strategic goals, the decarbonisation of the site has been identified as a critical lever within the organisation's Sustainability Roadmap. To support this, the Sustainability Site Plan (SSP) included a comprehensive review of a longlist of decarbonisation actions tailored to the site's carbon footprint. These actions were then assessed through engagement with UKHO stakeholders, alongside an evaluation of technical and commercial feasibility, resulting in a prioritised shortlist focused on high-impact measures to reduce emissions from energy consumption and heating systems.

A phased investment approach has been adopted, with the initial priority being the installation of solar photovoltaics (PV) to generate on-site renewable energy. This will lay the foundation for a broader energy transition, supporting the long-term electrification of heating systems across the UKHO site. A detailed solar feasibility study is currently underway, providing a robust understanding of the technical potential, financial viability, and operational implications of solar deployment.

Subsequent phases will consider additional low-carbon technologies and energy efficiency measures, aligned to the outcomes of the feasibility assessment and evolving policy landscapes. These decarbonisation efforts form a key part of our commitment to operational emissions reduction and climate resilience, reinforcing the UKHO's leadership in sustainable estate management.

The decarbonisation actions
The following nine decarbonisation actions have been prioritised from a longer list of 22:

Solar Installation
1. Rooftop solar PV | HQ
2. Rooftop solar PV | Ritchie
3. Solar PV | grass bank

Heat electrification
5. Electrification of heat | HQ
6. Electrification of heat | Ritchie

Car park transformation
4. Solar PV | car park canopy
7. EV charging | Vehicles

Visual Impact
8. Wind Turbine
9. Tree Planting

Site emissions abatement potential:
69% by 2030 | 99% by 2050

Organisational resilience mitigations

The UKHO is acutely aware of the growing risks posed by climate change and is actively pursuing adaptation strategies to build organisational resilience. Extreme weather events such as heatwaves, storms, and flooding have been specifically identified as key resilience risks. In response, these risks are addressed through documented response plans in our Incident Management Plan, which is regularly reviewed and updated.

As part of our infrastructure resilience planning, we monitor Met Office weather alerts and maintain readiness to implement measures such as adjusting on-site operations and activating heatwave response protocols.

Sustainability report (annex) continued

The UKHO's overarching priority remains the safety, security, and wellbeing of our colleagues. Our approach to climate adaptation will continue to evolve as we integrate nature-based solutions, enhance digital infrastructure for flexible working, and assess opportunities to diversify supply chains to reduce vulnerabilities from climate-related disruptions.

Climate risk oversight

The Audit and Risk Assurance Committee (ARAC) conducts regular 'deep dive' reviews of strategic risks, including those related to climate change, allowing Non-Executive Directors to challenge management on mitigation effectiveness. The Executive Leadership Team (ELT) reviews corporate risks quarterly, with climate risks now forming a key component of these assessments. Climate-related risks and opportunities are escalated to ARAC as needed.

Risk escalation

We have a structured risk escalation process that allows operational risks, including those stemming from climate change, to be elevated to corporate or strategic levels through divisional risk focal points and ELT approval. This ensures that emerging climate risks are promptly identified and addressed at appropriate organisational levels.

Climate compliance and external engagement

UKHO aligns with high-level principal defence risks and MOD Cyber Risk Oversight Board (CROB) risks, while also considering climate-specific risks relevant to our operations. As a MOD Arm's Length Body, we can escalate significant climate risks to the MOD when necessary. We ensure compliance with HM Treasury's Risk Control Framework and maintain a separate tracker for legal and regulatory requirements, including evolving climate-related regulations.

Our risk management approach is regularly reviewed and updated to ensure ongoing effectiveness and alignment with best practices and regulatory expectations, particularly in relation to climate risk management and disclosure requirements such as TCFD.

Climate opportunities

We actively identify and assess climate-related opportunities, such as the potential for new products and services related to changing maritime conditions, sea-level rise, and increased demand for accurate hydrographic data in climate-vulnerable areas. These opportunities are integrated into our strategic planning and investment decision-making processes.

4. Target and metrics appear in the body of the report on page 19

5. Policies and governance enhancements

Climate policies and frameworks

The UK Hydrographic Office (UKHO) is committed to proactively managing its environmental impact through a suite of climate-related policies that support its broader sustainability and Net Zero objectives. These include a comprehensive environment, social and governance (ESG) Policy, which sets the overarching framework for environmental stewardship; an Operational Waste Policy and Waste and Rubbish Policy, which govern waste reduction, segregation, and disposal practices across the organisation; and a targeted Waste and Environmental Management Policy for catering services, ensuring sustainable operations within the UKHO restaurant. Collectively, these policies embed climate-conscious practices into daily operations, enhance compliance with environmental standards, and reinforce UKHO's role as a responsible public sector body in the transition to a low-carbon future.

The UKHO integrates external climate risk frameworks into its broader risk management processes to ensure alignment with national and sector-wide resilience strategies. We reference the European Sustainability Reporting Directive and the Global Real Estate Sustainability Benchmark to inform our identification and evaluation of climate-related risks, including those related to infrastructure, supply chains, and natural resource dependencies. We also consider risks highlighted in the National Risk Register and use insights from the National Adaptation Programme (NAP) to strengthen our adaptation planning. These frameworks are critical to our understanding of climate risk exposure and support the development of appropriate mitigation and adaptation measures. While not subject to a materiality assessment, this approach enhances the robustness of our climate risk disclosures in line with the TCFD recommendations.

Engagement and stakeholder communication

Climate risks and opportunities have been actively socialised across the organisation through a structured stakeholder engagement process. This began with a targeted consultation involving senior managers and their extended teams, creating space for early dialogue and feedback. A dedicated workshop was held with senior leadership to explore emerging climate-related opportunities and assess their relevance to UKHO's operations, strategy, and services. Insights from this session were cascaded throughout the organisation via a team engagement toolkit, enabling wider awareness, discussion, and participation at all levels.

This marks the start of an ongoing, iterative engagement process. The Climate Adaptation and Resilience Working Group has committed to engaging stakeholders on a quarterly basis to maintain visibility, foster a culture of shared responsibility, and ensure that climate action is embedded across all functions. These engagements will support continuous learning, co-development of solutions, and timely integration of climate considerations into planning, operations, and investment decisions.

Through these efforts, the UKHO aims to build a resilient, well-informed organisation that not only responds effectively to climate risks but also identifies and leverages opportunities for innovation and sustainable growth.

Glossary of key terms

Adaptation
Actions taken to adjust to actual or expected climate impacts, aiming to reduce harm or exploit potential opportunities.

Carbon Footprint
The total greenhouse gas emissions (expressed as CO_2e) directly and indirectly associated with an organisation's activities.

Carbon Neutrality
Carbon neutrality describes a state in which all emissions across the value chain have been calculated and reduced. Any remaining unabated emissions are addressed through the support of certified climate projects, such as reforestation or renewable energy investments.

Climate-related Risks
Risks related to the transition to a lower-carbon economy (transition risks) and the physical impacts of climate change (physical risks).

Climate-related Opportunities
Potential benefits arising from efforts to mitigate and adapt to climate change – such as energy efficiency, innovation, and access to new markets.

Decarbonisation
The process of reducing carbon dioxide and other greenhouse gas emissions across operations, value chains, or sectors.

Emissions Scopes (Scope 1, 2, and 3)
- Scope 1: Direct emissions from owned or controlled sources.
- Scope 2: Indirect emissions from the generation of purchased electricity, heating, or cooling.
- Scope 3: All other indirect emissions across the value chain (e.g. supply chain, business travel).

ESG (Environmental, Social, and Governance)
A framework used by investors and organisations to evaluate sustainability and ethical impact.

GHG Protocol
The most widely used global standard for measuring and managing greenhouse gas emissions.

Mitigation
Efforts to reduce or prevent the emission of greenhouse gases, often through changes in energy use, technology, or processes.

Net Zero
A state where an organisation balances the amount of greenhouse gas emitted with the amount removed from the atmosphere, typically through emissions reductions and offsets.

Physical Risks
Climate-related risks that arise from acute events (e.g. storms, floods) or chronic shifts (e.g. rising sea levels, temperature changes).

Resilience
The capacity of an organisation to anticipate, respond to, and recover from climate-related disruptions.

Scenario Analysis
A tool used to assess the potential impacts of climate change under different future pathways, including varying levels of global warming and policy responses.

Sustainability Roadmap
A strategic plan outlining how an organisation will meet its sustainability and climate-related objectives over time.

Transition Risks
Risks associated with the shift to a low-carbon economy, including policy changes, technological disruption, market shifts, and reputational pressures.

UK Hydrographic Office

Admiralty Way, Taunton, Somerset
TA1 2DN, United Kingdom

Telephone +44 (0)1823 484444
customerservices@ukho.gov.uk

gov.uk/ukho

Discover more about our market-leading ADMIRALTY products and services:

admiralty.co.uk

E03304887
ISBN 978-1-5286-5470-8