



Submarine
Delivery Agency

Annual Report and Accounts 2024/2025



Submarine Delivery Agency

Annual Report and Accounts

2024/2025

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24/25 Delivery Highlights

Submarine acquisition

- HMS Dreadnought's ceremonial keel laying marked an important milestone in the programme to renew the UK's Nuclear Deterrent.
- We continued our programme of infrastructure improvements at BAE Systems' Barrow-in-Furness shipyard, to support the Dreadnought and SSN-AUKUS (SSN-A) programmes.
- The fifth Astute Class submarine, HMS Anson, joined the operational fleet having completed sea trials.
- The sixth Astute Class submarine, HMS Agamemnon, entered the water for the first time at Barrow-in-Furness.

Submarine support

- On completion of post-refit sea trials and successful certification, HMS Vanguard rejoined the operational cycle as planned.
- We delivered targeted initiatives and programmes throughout the year that have delivered real benefit across the submarine fleet to restore capability, capacity and resilience.
- We worked closely with our industry partners and Navy Command to establish a Control of Work Office on Valiant Jetty at Clyde, identified 56,000 items for codification to simplify demand ordering, and optimised warehouse space.

Submarine disposal

- We continued dismantling the decommissioned submarine Swiftsure, which remains on track toward her full dismantlement by the end of 2026.

Other achievements

- In January we announced the new circa £9 billion Unity contract with Rolls-Royce Submarines to bolster support for the Royal Navy's fleet of nuclear submarines and simplify our commercial arrangements to deliver value for money.

- We established the SSN-A Programme Interface Office at our headquarters in Bristol to coordinate and integrate the UK and Australian AUKUS programmes and supply chains.
- Minister for Defence Procurement and Industry opened the Submarine Availability Support Hub in Bristol to facilitate greater collaboration between Defence Nuclear Enterprise (DNE), Babcock International and other contractors to drive better submarine delivery and availability.



HMS Astute

Chair's Introduction

by David Goldstone CBE, SDA Interim Board Chair



I commenced the role of Submarine Delivery Agency (SDA) Chair on an interim basis on 1 September 2024. I have sought assurances from the outgoing Chair Jonathan Simcock to inform the writing of this statement and all subsequent Chair statements in this report. I have taken all the steps that I ought to have taken to make myself aware of any relevant information and to establish that the Agency's auditors are aware of any such information.

The SDA's purpose is to be the DNE's delivery agent for submarines, responsible for managing the full submarine lifecycle from design and manufacture to in-service support and disposal. This report sets out the Agency's performance in 24/25, highlighting the progress we have made and the areas we are targeting to grow our capability through our improvement strategy.

Delivering available and capable submarines for the Royal Navy in defence of the nation, including our contribution to the Continuous At-Sea Deterrent, is our top priority. Particular

highlights during 24/25 include at Devonport, where infrastructure upgrades on 9 Dock and 15 Dock increased the available docking space for submarine maintenance activities, a key factor for improving submarine availability. We have also prioritised improving how we manage our suppliers, who are so crucial to everything we do, through more effective longer term relationships. We signed the Unity contract with Rolls-Royce Submarines to better streamline and incentivise delivery. We also continue to work closely with the new Submarine Production Alliance, including in our response to the Barrow fire, demonstrated by the major milestones achieved in our acquisition portfolio and improving productivity. This includes HMS Dreadnought's keel laying and HMS Agamemnon, the sixth of seven Astute Class submarines, entering the water for the first time at BAE Systems' Barrow-in-Furness shipyard to commence in-water testing. At the other end of the lifecycle, dismantling of Swiftsure remains on track for completion by the end of 2026. These are all welcome indicators of tangible progress being made across the

full portfolio of the SDA's remit as well as supporting the Government's ambition for growth, skills and jobs.

As the CEO outlines in his statement, there is still much more to do. We must continue to advance the build programme, and restore resilience, capability and capacity to recover from historic underinvestment. Overall, our review and refresh of our improvement strategy and continued emphasis on maturing our performance management, focus and approach shows we are making progress to evolve the SDA and our contribution to the DNE's strategy and plan.

In January, I joined Board and Executive Committee members to review our improvement strategy. We acknowledged the strong progress being made to enhance the Agency's effectiveness and agreed there were opportunities to accelerate it so we can feel the benefits sooner. In the year ahead, continuing to successfully implement this strategy will see the SDA further increase its organisational capability to deliver its purpose more effectively. The Board and I look forward to continuing to support delivery of this national endeavour.

David Goldstone CBE
SDA Interim Board Chair



Vanguard class

A submarine is shown on the surface of the ocean, its dark hull and conning tower silhouetted against a dramatic, cloudy sky. The water is choppy with whitecaps. A red diagonal bar and a red arrow-shaped graphic are overlaid on the left side of the image.

Section 1

Performance Report

Performance Overview

The aim of the overview section is to provide information on our organisation, our purpose and how we have performed during 24/25.

HMS Vengeance



Chief Executive Officer's Report

by Sir Chris Gardner KBE, Chief Executive Officer and Accounting Officer



Following another year as the CEO of the SDA and building on the Chair's introduction which sets out some of the achievements the SDA has delivered over the last 12 months, I am pleased to see the progress that has been delivered against our improvement strategy and in support of the wider Defence Nuclear Enterprise's objectives.

In last year's statement I emphasised the importance of building the necessary capacity, capability, and resilience across the industrial base to deliver this national endeavour. While this year has certainly brought further challenges and there is still a long way to go, I am pleased that the Agency has met some key milestones that demonstrate the progress we are making. Understandably, focus has remained on supporting CASD as we sustain the Vanguard Class through to transition to Dreadnought and restoration of docking capacity remains critical to unlocking wider

submarine availability, so the re-opening of Devonport 9 Dock to enable HMS Victorious to enter her Deep Maintenance Period and 15 Dock to enable Astute Class maintenance is an important early step in this journey. It is vital we now follow this through with the remainder of the Devonport Infrastructure programme to meet future demand, combined with delivery of enablement and growth and upskilling of the workforce in parallel. In a similar vein, increasing stability in the submarine build programme and improving levels of productivity in Barrow continue to show benefit from the investment we are making and the shift to a continuous submarine production model backed by a Submarine Production Alliance is a marker for the future in meeting this intent.

Our suppliers are critical to what we do and as the DNE's delivery agent for submarines it is our responsibility to drive performance and productivity to where it needs to be. We are

making unprecedented levels of investment across the whole submarine enterprise, and it is vital we gain real benefit from this in support of the Government's growth agenda and commitment to the Nuclear Triple Lock. We continue to work with our key suppliers to embrace longer, better incentivised contracts to reflect not only the key role our partners play but also the uniqueness of delivering a portfolio that stretches decades into the future. The signing of the circa £9 billion Unity contract with Rolls Royce streamlines previous contracts and incentivises more efficient delivery and in setting the conditions for the future nuclear propulsion programme to meet AUKUS requirements.

In recognition of the importance of the Dreadnought and SSN-A programmes, as mentioned, we expanded the scope of the Dreadnought Alliance to include SSN AUKUS, which continues to progress the Detailed Design and Long Lead phase in preparation for production readiness. This expanded alliance will enable us to optimise submarine production alongside delivery of the investment required to build the supply chain and invest in production facilities through the Submarine Enabling Capability programme to meet future demand and double capacity.

Internally, we continue to make strong progress implementing our improvement strategy and to thicken our technical capabilities and optimise our structures within the Defence Nuclear

Enterprise and cognisant of the changes being brought about through wider Defence Reform. Our Board and Executive Committee strategy stocktake in January acknowledged the progress made and reaffirmed the validity of our strategic direction but identified new opportunities to refine the strategy's delivery approach. I look forward to driving this forward during the second half of my tenure. People remain central to our ability to deliver and building on the colleague feedback from the 2024 People Survey, my Executive Committee and I remain committed to understanding our workforce's key issues and to build further on our consistent engagement scores to ensure the SDA remains a great place to work and we can recruit and retain the talent we need in supporting this critical national endeavour.

Reflecting on the progress we have made as an organisation and as part of the wider Defence Nuclear Enterprise, I believe that we are starting to see the benefits of the work we have undertaken beginning to show genuine improvement. However, I remain far from complacent, and we must now inject further impetus. Restoration of docking capability and associated enablement will provide the opportunity to accelerate maintenance and deliver the two final Astute Class boats, which will be vital to meeting Defence outputs. Clear eyed focus on sustaining the Dreadnought programme to meet the aim of the first submarine on patrol in the early 2030s and seeing learning and productivity gains applied

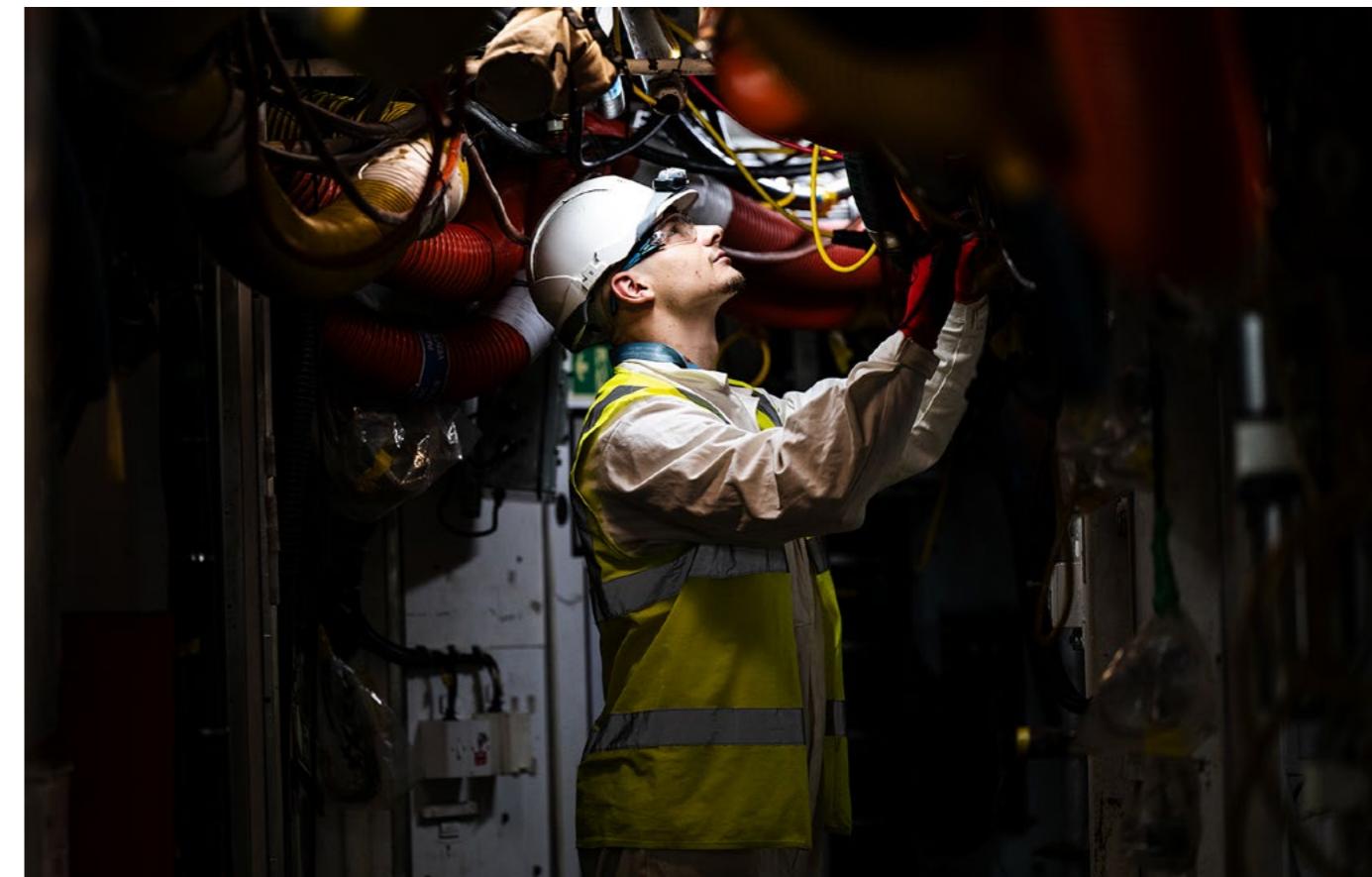
to the follow-on boats is critical to successful transition. There is a huge volume of work to be delivered to enable the future programme to deliver our AUKUS commitments. Restoration of a defuel capability for Pressurised Water Reactor 1 (PWR1) submarines and turning the Swiftsure demonstrator programme into a sustained pipeline of dismantling is vital to tackling the historic challenge of our laid-up submarines. All this and more will be required to restore the resilience, capability and capacity needed to meet our ambitions and reverse the trends of the past. There will be no quick fixes,

and it will require the collective endeavour of both the SDA, our key suppliers and the wider industrial base to deliver.

The full report contains more detail on our approach, progress, and challenges.



Sir Chris Gardner KBE
Chief Executive and Accounting Officer
15 January 2026



Chief Finance Officer's Report

by Georgina Benzies, Chief Finance Officer



The past year has seen continued focus on working collaboratively across the DNE, developing our longer strategy for improvements, and building our capabilities to meet the demands of delivering a growing and complex portfolio. Two years into our improvement strategy, we continue to focus on those areas that will drive improvement aligned to the strategy's core objectives. A first phase review found that we gained great momentum with key achievements in digitisation, 'one team' and long-term partnering, with these providing key building blocks for future change.

Performance against our corporate delivery measures gained renewed focus in 24/25, aligned with our improvement strategy, and was assessed through an Objectives, Goals, Strategies, Measures (OGSM) framework. Our Key Performance Indicators (KPIs) were split into areas that focused on on-time delivery,

available submarines and organisational effectiveness. We made progress against this new OGSM framework which enabled us to focus on areas for growth and improvement. Learning will also be incorporated into further development of the framework going forwards next year.

Equipment plan

We spent £6,693 million (23/24: £6,002 million) supporting submarine capability and availability. This represented a 12% growth in the portfolio and continues the year-on-year growth we have seen since the launch of the Agency.

The future programme shows further continued growth, alongside significant investment in infrastructure to support our future build and support programme and need to close with the disposals challenge.

Operating costs

This period, we spent £313 million on the operating costs of the agency (23/24: £266 million), against a budget of £341 million. The variance of some £28 million below budget was due to lower workforce costs as growth in our workforce was slower than planned, noting the scarce skillsets we need to employ.

This is an 18% increase on last year, reflecting the growth in organisational size needed to deliver our expanded portfolio as we improve boat availability, build the SSBN and SSN boats for the future and invest in the infrastructure required to increase our capacity to enable delivery of the future programme. We are demanding more volume from industry and we need to be able to match this to drive the pace of delivery. Payroll costs are the primary drivers of the SDA's operating expenditure. Payables dominate the SDA's balance sheet, at some £48 million (23/24: £29 million). The increase in payables reflects the continued increase in delivery activity, particularly in relation to supporting our expanding acquisition and build programmes.

While our headcount has grown, we have continued to use contractors to augment our core workforce and enable the delivery of a growing portfolio. As we look to the future, we continue to review how we can best resource our programmes and share skills across the DNE to develop a sustainable talent pipeline.



HMS Ambush

About the Submarine Delivery Agency

Who we are and what we do

The SDA is an Executive Agency of the MOD, sponsored by the DNO, and an important part of the DNE. We were established in April 2018 to strengthen the procurement, in-service support, and disposal of the UK's nuclear submarines – some of the most complex platforms in the world.

DNE mission

The DNE comprises the organisations that operate, maintain, renew and sustain the UK's nuclear deterrent. It brings together the core organisations of the DNO within the MOD, the Royal Navy, UK Strategic Command, the SDA, and AWE Nuclear Security Technologies (AWE).

These organisations work together to deliver the DNE's shared mission: deliver nuclear capabilities, deter the threat, protect the nation. The DNE delivers some of the most complex projects and programmes, bringing together the breadth of scientific, technical and delivery capabilities, all made possible by the collaboration of the people and functions that support the organisation.

Within the DNE, the SDA acts as the delivery agent for submarines through life.

SDA vision

Our vision is 'to be recognised for excellence in submarine delivery.' This recognition comes from many places: the public, the UK Parliament (who approve and fund our activities), our allies (who support our endeavour), our supply chain (with whom we achieve success), and from our people – both past and present, and the future talent we want to attract.

SDA mission

Our mission is to 'deliver available and capable submarines for the Royal Navy in defence of the nation.' Every activity undertaken by the SDA has its mission at heart. Working as part of the DNE, our mission unites us, inspires us, and motivates action. It ensures we never lose focus on the critical National Endeavour we support.

SDA purpose

Our purpose is to be 'the DNE's delivery agent for submarines'. This is a through-life role that covers the full lifecycle of submarine development, build, maintenance, upgrade, and disposal. We are the technical, safety and design authority for UK submarines, and the commissioning agent and commercial lead for our suppliers.

SDA values

The SDA Code documents our values, purpose, and behaviours, outlining the individual commitment everyone in the SDA makes to the values we hold ourselves to. The Code ensures that we understand our core values and aim to live by them daily. Our values are:

- **support** – we are committed, inclusive and thrive on teamwork
- **deliver** – we are accountable, open, and sincere in all that we do
- **aspire** – we are ambitious, trustworthy, and proud of what we achieve together

DNE behavioural principles

The SDA, alongside our DNE colleagues, is fully committed to our shared DNE behavioural principles. The behavioural principles sit at the core of how we must work together as an integrated team across the enterprise to deliver our collective mission.

DNE behavioural principles:

- **Mission first:** lead as a team, committed to the programme, prioritising its objectives.
- **Best for enterprise:** deliver those objectives as a single, integrated team, acting in the best interests of the enterprise.
- **Best athlete:** allocate clear responsibility and accountability for those objectives to those best placed to discharge them.
- **One plan, one voice:** decide best on a shared, jointly agreed management information.
- **Celebrate successes:** we have a large mountain to climb, and we need to recognise our wins on the way.
- **Stand together:** feel jointly responsible and accountable for the overall outcome.
- **No surprises, no blame:** work in an open and transparent manner.
- **Our problem, not your problem:** always look to improve and help others.
- **Every day counts:** execute with pace, urgency and precision.

SDA structure

Our corporate framework

As an Executive Agency, the SDA is an arm's length body of the MOD, sponsored by the DNO. We are a key member of the DNE that operates, maintains, renews, and sustains the UK's nuclear deterrent.

As of 31 March 25, the MOD has moved to a new organisational design as the first step in Defence Reform. The DNE has become one of four new areas, alongside the Department of State, the Military Strategic Headquarters and the National Armaments Director Group. We remain a part of One Defence and inseparable from the rest of the MOD. At the heart of the Secretary of State's vision is clear, single points of accountability across his senior leadership team. These accountabilities have been clarified and the Chief of Defence Nuclear will become one of the new 'Quad', working with the Chief of Defence Staff, Permanent Secretary and National Armaments Director to support the Secretary of State and Ministerial team.

Our CEO receives delegation to spend operating expenditure from the Chief of Defence Nuclear, to whom he reports to. The DNO acts as our departmental sponsor, monitoring and measuring our performance. Our annual priorities are set out in the Submarine Acquisition and Support Plan, agreed with the DNO (primarily for acquisition

projects) and the Royal Navy (primarily for in-service support).

The SDA prepares accounts in accordance with HM Treasury's Financial Reporting Manual and observes the standard financial processes and rules set out by the MOD Director General Finance as the Defence Authority. The financial reports in section 3 have been prepared in accordance with the accounting boundary agreed with the MOD, which delineates between the SDA operating activities reported in our financial report and equipment procurement/support activities that are reported in the MOD Resource Account. More information regarding the accounting boundary is set out in Note 1.2 of the Accounting Information.

Operating as an Executive Agency

As an Executive Agency of the MOD, we manage our business in line with delegations afforded to us by the MOD, which flow to us through the Chief of Defence Nuclear. As an Executive Agency we have also been allocated management freedoms, including those delegated by HM Treasury and the Cabinet Office. These freedoms allow us to manage all aspects of our workforce to meet business need within our operating cost budget. Further information on our governance is provided in section 2.

The Accounting Officer, Sir Chris Gardner KBE, is required to operate the SDA on the basis of the governance, decision-making and financial

management principles set out in the HM Treasury Managing Public Money guidance and the operating practices set out in the Cabinet Office Government Functional Standards.

We ensure that our freedoms are exercised transparently, through agreed governance mechanisms including the SDA Board and SDA governance committees. We comply with government policy to publish relevant information and provide details both to HM Treasury and the Cabinet Office for monitoring purposes.

How we are organised

We are led by the CEO and the SDA Executive Committee. The purpose of the SDA Executive

Committee is to support and advise the CEO in the delivery of his duties. It is chaired by the CEO and comprises nine Directors who are responsible for delivering our strategy. As reported in the Governance Statement, the Deputy CEO and Chief Finance Officer (CFO) are members of the SDA Board, as well as being members of the Executive Committee. Further information on the responsibilities of our Board and Executive Committee is provided in section 2.

Our [Corporate Plan](#) lays out the important activities we will focus on to deliver our strategy in support of Defence's priorities. It also sets out how our performance will be effectively managed and measured.



Delivering the UK's submarine capabilities

As the DNE's delivery agent for submarines, the SDA works in partnership with the DNO and Royal Navy to deliver a broad scope of work. As noted in the Performance Analysis description later in this section, due to the sensitive nature of the work we do, classified detail on how we performed has been withheld on commercial and security grounds. Specific spending patterns and performance information against key programme and policy areas are kept within government. We are held responsible for our corporate and programme performance using a range of monitoring, reporting and review processes. Further information is provided in section 2.

Key areas of work	Executive Committee lead	How we measure success
Construction of new submarines: Delivering future submarines through delivery of the Astute, Dreadnought and SSN-A programmes.	Director Submarine Acquisition Submarine Production Alliance Managing Director	Performance against our acquisition projects' strategic milestones and other performance indicators provide an overview of the health of the acquisition submarine portfolio and delivery to time and cost.
Supporting the Continuous At-Sea Deterrent: Delivering today's capable and available submarines through in-service maintenance delivery.	Director Submarine Support	Performance against the in-service support programme and infrastructure strategic milestones and other performance indicators provide an overview of long-term sustainability in platform delivery to the Royal Navy, including associated systems and SDA-owned infrastructure dependencies.
Nuclear infrastructure: Effectively operating and maintaining SDA-sponsored facilities at Devonport, as well as the development of new facilities to meet future requirements.	Director Submarine Support	

Key areas of work	Executive Committee lead	How we measure success
Safely disposing of the UK's submarines: Actively managing the UK's submarine nuclear legacies through defueling activities at Devonport and dismantling services at the Babcock International dockyard in Rosyth.	Director Submarine Support	Performance against the agreed programme of activities, providing confidence in the progress made towards developing submarine disposal capability, including safe defueling and maintenance of decommissioned submarines.
Delivery of the Trident Weapon System: Enabling the Continuous At-Sea Deterrent through the Polaris Sales Agreement by procuring and sustaining Trident system elements and providing governance as Chief Strategic Systems Executive and the Polaris Sales Agreement Project Officer.	Chief Strategic Systems Executive	Performance against the Trident Systems Project Team delivery programme and management of the Trident relationship with the United States. Reporting directly to First Sea Lord providing the authoritative link between the Royal Navy, the United States Navy, and the DNO for all aspects of the Trident Weapon System.
Development and delivery of nuclear propulsion, combat system, and equipment that are used across different submarine types.	Technical Director	Performance against strategic milestones and other performance indicators provide an overview of the health of the acquisition and support of these vital equipment to time and cost.

Growing our capabilities

Key areas of work	Executive Committee lead	How we measure success
Submarine technology and capability development: Delivery of submarine equipment support and expert advice on safety, technical standards, and future technology exploitation.	Technical Director	Ensure the SDA is retaining capability advantage as well as delivering continuous improvement in safety through robust and consistent process application and incorporation of lessons learned.
Industrial base development: Ensuring industry partners deliver sustainably, safely, and securely through supplier and supply chain development as well as better contracting.	Commercial Director	Drive improvement in the SDA's relationship with industry and the supply chain to deliver improved performance and value for money.
Enabling SDA delivery: Through effective governance, HR, and resourcing, as well as security, accommodation management, communications, and engagement.	Director Strategy and Operations Director Human Resources	Measure the SDA's management and delivery of its corporate performance including people, process, function, and systems to ensure we operate effectively.

Key areas of work	Executive Committee lead	How we measure success
Enabling SDA delivery: Focusing on becoming a world-class delivery agent and great place to work by improving performance and enabling effectiveness.	Director Strategy and Operations	In recognition of the SDA's ambition to be a high-performing Executive Agency, assess how we are improving our internal performance and delivering our business improvement and development initiatives.

Working with industry: our commercial improvements

During 24/25 we continued to deliver our ambition of adopting longer-term and better incentivised contracts that prioritise adherence to project and programme schedules. To achieve improved supplier performance and promote agile collaboration as part of our SDA Commercial Strategy, we have set out a Long Term Partnering Roadmap. This Roadmap captures and coheres activities from across the submarine enterprise in order to show how the strategic intent is being delivered through a combination of multilateral, bilateral, and agency-delivered initiatives. A key pillar of this work is the Submarine Enterprise Supply Chain Strategy. This emerging strategy seeks to build a unified approach to reduce risk across the totality of the enterprise supply chain. The strategy outlines three areas of focus which are critical enablers to the through-life delivery of submarine capability: demand management, supply management and an underpinning collaborative approach.

Through implementation of the strategy, we will look to improve the overarching supply chain framework.

We placed a significant contract with Rolls-Royce Submarines called Unity. This circa £9 billion contract will deliver the design, manufacture, and support of the nuclear reactors to power our submarines. This new contract brings together existing and future commercial arrangements into one portfolio and has enabled the SDA and Rolls-Royce Submarines to work more collaboratively within the DNE. Unity will create more than 1,000 UK jobs and safeguard 4,000 other roles. This new approach is the first major step on the Long-Term partnering roadmap.

Through our category management approach, where similar products are grouped into categories, we are implementing a number of different categories and using sprint techniques to accelerate implementation where it delivers best effect. Our overall category management programme is being aligned with our Industrial

Primes. This will improve the use of enterprise resource, reduce duplication of category approach and adoption of a 'best athlete' approach to increase pace, improve efficiency and build category strategies that encompass the entirety of the enterprise requirement.

Submarine Production Alliance

Design and production for the Dreadnought and UK SSN-A programmes will be managed by an Alliance between the SDA, BAE Systems and Rolls-Royce Submarines. This builds on the existing Dreadnought Alliance and the Multi-party Agreement for SSN-A following Ministerial approval in January to create a single UK Submarine Production Alliance. The Alliance approach will drive towards a continuous submarine production pipeline through more effective and efficient deployment of resources, consistent production processes (with reduced interfaces) and unified demand signals across the supply chain and enabling projects. Babcock International will join the Submarine Production Alliance in due course, alongside existing members BAE Systems, Rolls-Royce Submarines and the MOD.

The Alliance meets a government commitment to work closely with its industry partners with the shared aim of improved delivery performance. Tony Meggs was appointed in October as the independent Chair of the Alliance to commence a handover ahead of

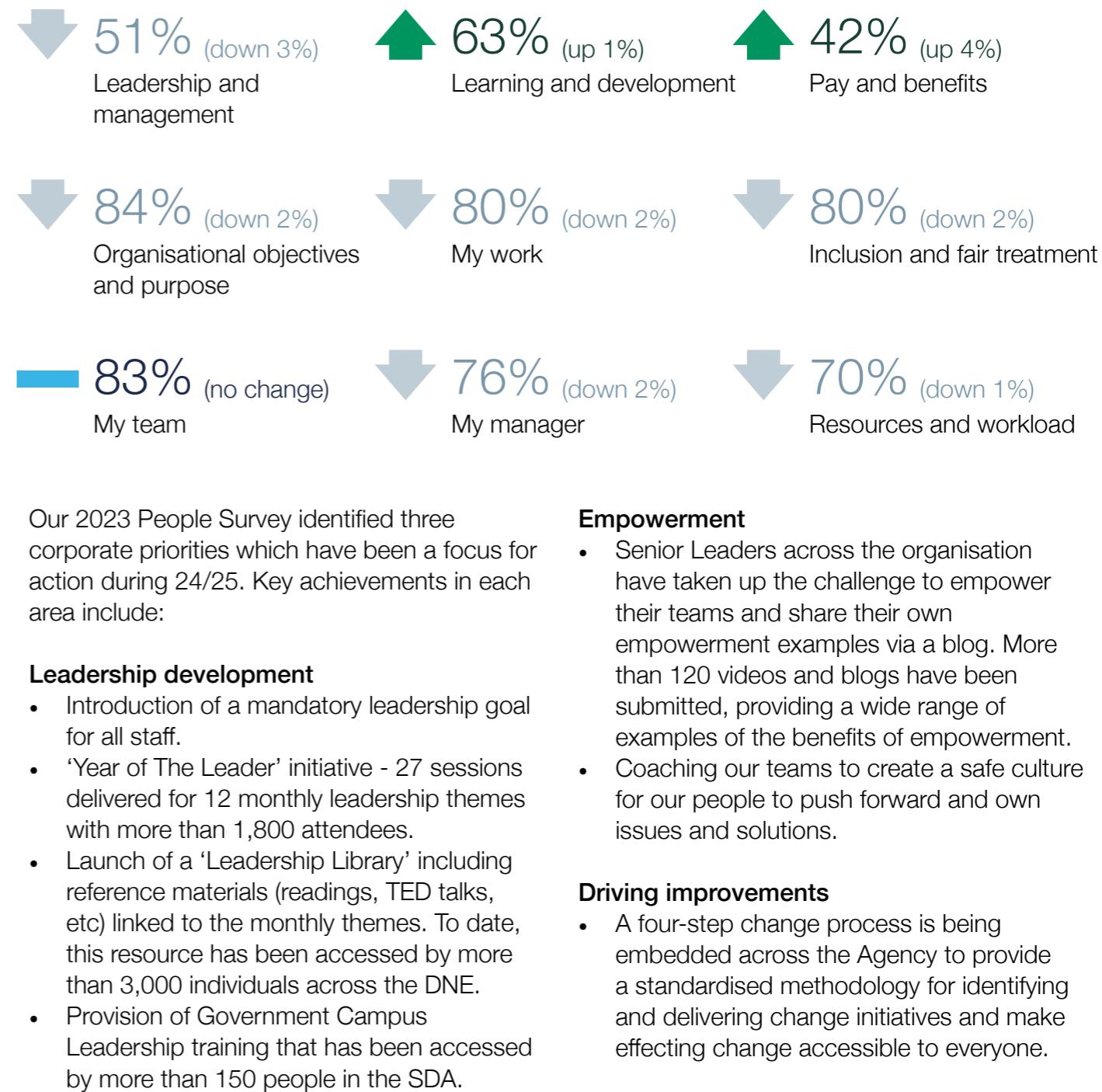
formally taking over from Sir Peter Gershon from April 2025. The Alliance Project Team, which has day to-day accountability for delivering submarine production, is led by Alex Mcmillan in the role of the Submarine Production Alliance Managing Director (formerly the Dreadnought Alliance Managing Director), who reports to the SDA CEO. Progress updates are provided throughout this report and through the [MOD's annual update to Parliament on the DNE](#).

Engaging our people

Through the annual Civil Service People Survey our workforce highlights what we are doing well and where we need to improve.

Our 24/25 response rate was 86% - the highest in the MOD. Our engagement index - the average of positive answers given against five questions measuring pride, advocacy, attachment, inspiration, and motivation - decreased by one percentage point to 63% from last year's survey.

Our overall scores however remained stable, and we continued to compare well against MOD benchmarks. Increased scores in learning and development and pay and reward reflect the emphasis we have placed on these important aspects to invest in our people.



- A collective view of strategic business change is now in place and provides a basis to prioritise, align and track change progress.
- A self-assessment maturity matrix is being used by projects to baseline their change capability and enable focused improvement.
- We have grown our Process Improvement Network with a further 63 people trained and energised to accelerate process improvement across the SDA.

Our 2024 People Survey results reinforced the importance of the corporate areas of focus therefore these will be carried forward as areas of focus for 25/26. In addition to Agency-wide activity, teams across the SDA have put action plans in place to respond to locally identified improvements.

Social media

The SDA launched its LinkedIn and X (formerly Twitter) accounts in January 2023. The channels aim to enhance recruitment, brand awareness, and highlight the SDA's progress delivering available and capable submarines to the Royal Navy. 24/25 saw both channels continue to grow with X's following increasing by 27% and LinkedIn by 54%, both achieving engagement rates above the Government average. After the success of both LinkedIn and X, the Agency launched its YouTube channel in March to promote the Agency's work to a wider audience through long-form informational videos.

Ensuring the SDA remains a great place to work: diversity, inclusion, health, and wellbeing

We are committed to attracting talent and fostering capability growth, productivity, and wellbeing. Our success relies on a diverse range of skills, perspectives, and backgrounds, operating within an empowered and inclusive environment.

We have reinforced this commitment by upskilling managers through awareness events and expanding our 'Mutual Mentoring for Inclusion' programmes across our Executive Committee and Senior Leadership Group. We held our first Diversity and Inclusion 'stand down' event for our entire workforce to provide dedicated time to engage in discussions and activities focused on promoting greater inclusion and enabling enhanced productivity, which we plan to repeat every six months.

We celebrated Pride History Month and through our Race and Culture Conference, promoted the importance of togetherness and inclusion. We also congratulated the SDA Finance and Accounting Team on winning the Diversity and Inclusion Award at the 2024 MOD Finance Awards. The SDA Executive Committee reaffirmed its 'Diversity and Inclusion Pledge,' focusing on inclusion for everyone.

We have continued to promote wellbeing support services through signposting our wellbeing services such as our employee assistance programme and fair treatment ambassadors. The new DNE Citizenship and Wellbeing Champion published a series of blogs, sharing his own wellbeing experiences and insights. We have also run a series of mental health awareness talks, monthly grief and carers' 'cafes' and bespoke wellbeing awareness talks. This work will help us address issues of anxiety, stress, and depression, which are the largest causes of sickness absence among SDA employees. We also promoted wellbeing conversations, wellbeing at work plans, and psychological safety and stress risk assessments to ensure that colleagues received the support they need. Alongside this we have conducted a review of the SDA Mental Health First Aider network. This provided additional resilience at all SDA sites as well as continuing to train and support existing first aiders.



Performance Analysis



HMS Vigilant

Historically, our performance has been measured across a range of delivery and enabling KPIs. During 24/25 we adopted a simplified approach in structure and number. Our new performance framework, called OGSM, enabled a dual focus on in-year and future delivery confidence. It clearly set out what we intended to do (our Objectives and associated Goals, which were akin to our previous KPIs) and how we would achieve and evaluate our progress (our long-term Strategies and in-year Measures). Our three Objectives, set out below, are broken-down into subordinate performance indicators.

As previously described, the specific details and status of each Objective are confidential and do not form part of any publicly available reporting on security and commercial sensitivity grounds.

Objective 1 – Available submarines

Ensuring effective and efficient maintenance remains a significant challenge and priority for the SDA. Maintaining the Continuous At-Sea Deterrent is – along with building four Dreadnought Class submarines and delivering all future upgrades to ensure the safety and effectiveness of our deterrent – part of the Government's continuing commitment to the 'triple lock' on the nuclear deterrent.

The 24/25 reporting year saw a major upgrade of 9 Dock at Devonport restore dock access, enabling the continued upkeep of Vanguard Class submarines through their

maintenance periods. The refurbishment upgraded the support services, buildings, security arrangements and dock equipment, including installation of an alternative mechanical handling package that will increase productivity and support reduced maintenance periods. HMS Victorious was first to use the renovated dock when she docked down in January, marking a key milestone in her Deep Maintenance Period.

The In Water Engineering team at Devonport deployed innovative maintenance approaches on HMS Audacious to reduce the number of activities required during the docking phase by delivering traditionally dock-dependent maintenance while she remained in water.

HMS Anson completed her sea trials which included weapons systems testing with successful firings of both Spearfish and Tomahawk test missiles and further testing at the Atlantic Undersea Test and Evaluation Centre in the Bahamas.

In December, HMS Triumph completed her final voyage to Devonport. After a career spanning nearly 34 years, the seventh and last of the Trafalgar Class attack submarines entered her decommissioning phase.

The Devonport Infrastructure programme is delivering docks in Devonport, a non-tidal berth, and cross-site facilities to enable deep maintenance of Astute Class submarines. This major infrastructure programme underscores the importance of the Astute Class to the

defence of the nation and demonstrates ongoing commitment to Devonport as the site for submarine deep maintenance. Restoration of the use of 15 Dock to enable ASTUTE Class dockings represents a major milestone that will begin to return the capability needed to drive improved submarine availability.

We have continued to deliver and drive improvements into the base maintenance programme at HNMB Clyde to facilitate the operational requirements of the Royal Navy.

Objective 2 – On time delivery

Within the Dreadnought programme, construction on the first three boats continued at BAE Systems' Barrow-in-Furness shipyard. A significant milestone was achieved when a major Dreadnought section moved from the central yard facility to the central coatings facility in October. The Dreadnought Class is the next generation of nuclear deterrent submarines that will replace the current Vanguard Class.

Within the Astute programme, HMS Agamemnon, the sixth of seven Royal Navy Astute Class submarines, entered the water for the first time in October. HMS Agamemnon will now begin the next phase of test and commissioning before leaving Barrow-in-Furness for Royal Navy sea trials.

The seventh and final Astute Class submarine is under construction and will bear the name of the legendary warrior, Achilles. Following the

fire in the Devonshire Dock Hall, the impact on completion of Boat 7 build is being assessed but some delay is inevitable. We remain focussed on mitigating the impact of this to the minimum possible consistent with ensuring there is no impact on the Dreadnought programme.

In August, AUKUS partners signed the trilateral Agreement for Cooperation Related to Naval Nuclear Propulsion which enables AUKUS partners to share submarine naval nuclear propulsion information. It also allows the UK and United States to transfer material and equipment to Australia for the safe and secure construction, operation, and sustainment of nuclear-powered submarines under the AUKUS partnership.

While SSN-A system and spatial design continued at pace, focus has also been on governance and dependencies between the UK and Australian SSN-A programmes to ensure they are managed effectively. An SSN-A programme interface office was established at our headquarters in Bristol to manage dependencies and enhance information flows. The office will identify opportunities for both programmes - including the demand for materials and services across the AUKUS Nations - and facilitate the engineering interface to aid understanding of SSN-A design intent as part of design sharing.

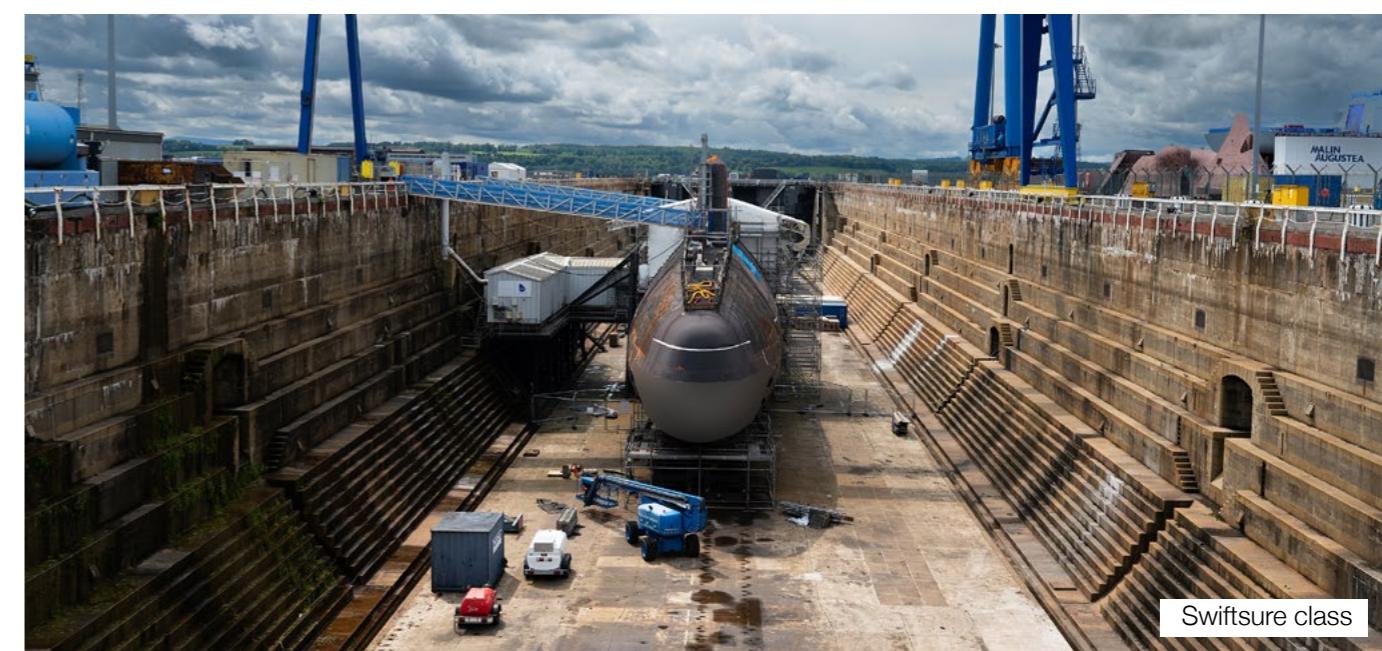
Dismantling of the decommissioned submarine Swiftsure continued at the Babcock International dockyard in Rosyth.

The programme remains on track for full dismantlement by the end of 2026. Once complete, Swiftsure will be the UK's first dismantled nuclear-powered submarine, demonstrating a proven approach for UK submarine recycling which will then be used to productionise dismantling of all other remaining Pressurised Water Reactor 1 (PWR1) submarines currently laid up.

To meet the growth in demand from the Royal Navy, a landmark contract worth circa £9 billion over eight years was awarded to Rolls-Royce Submarines. Named Unity, the contract brings together all elements of research and technology, design, manufacture, and in-service support of the nuclear reactors that power Royal Navy submarines and will enable delivery of the future needs of the AUKUS programme.

Objective 3 – Organisational effectiveness

To support our objectives that focus on current and future mission delivery, a third objective tracked the Agency's growth and maturity. This objective and subordinate performance indicators centred around enhancing supply chain and contract and risk management processes, maintaining financial and security controls, and ensuring the availability of suitability qualified and experienced personnel. The indicators also covered delivery of our internal change initiatives, improvements to organisational effectiveness and strategies for long-term organisational viability. Central to these endeavours is our ongoing commitment to fostering a highly skilled, motivated, and engaged workforce.



Safety, Environmental Protection, Climate Change, Sustainability and Security



Health, safety and environmental protection

Occupational health and safety

During 24/25 we introduced a new occupational health strategy, titled 'transition to continuous improvement'. It focused on five key areas: planning, understanding our roles, prioritising, reporting our performance, and demonstrating behaviour in support of occupational safety. The first action plan to enact the strategy was launched in June. To underpin the strategy and action plan, we prioritised the communication and provision of timely, effective, and accessible health and safety training, which contributed to achieving an occupational safety training compliance rate of 90%. We improved and refined all aspects of the occupational safety management system and rationalised procedures to reduce duplication of work. The Safety, Health and Environment team assessed itself as 'moderate' for compliance and assurance activities during 24/25.

Platform/product safety

Throughout the year we continued to implement the SDA Safety Strategy to meet defence priorities. We progressed streamlining of processes, developed a simplification roadmap, and updated safety procedures. Safety assurance was monitored through self-assessments using our ASSERT tool which enhanced safety and environmental

performance reporting efficiency. In addition to SDA delivery teams conducting bi-monthly safety reviews that were overseen by the central Health, Safety and Environmental Protection team, audits of safety and environmental management systems were conducted.

Work progressed to address legislation, policy, regulations, and guidance for improved assurance through publication of the Legislation Compliance Strategy for delivery in 25/26. We also progressed our work to address personnel competence and resources and training to align resource management with risk profiles. External resources were used to address resource deficiencies.

The Platform/Product Safety team assessed itself as 'moderate' for compliance and assurance activities during 24/25.

Environmental protection

We improved our annual assurance assessment against JSP 816, Defence's Environmental Management System Framework. Our assessment focused on environmental risk, infrastructure, and audit to help achieve a better demonstration of assurance against JSP requirements in 25/26. Our Environmental Apprenticeship Scheme, launched in 2023, offers two funded places each year for a five-year environmental degree programme with graduates of the scheme providing technical support to our teams. In 2024, two apprentices were placed,

with two more starting in 2025. The SDA's environmental capability is growing with the establishment of the Environmental Centre of Excellence, mirroring Defence Equipment & Support's (DE&S) success in this area. The Centre of Excellence unites skilled staff to enhance both their expertise and response to environmental needs. Environment was established as a technical discipline with the appointment of a leader to develop staff capabilities, career paths, and succession plans for talent retention. Staff received Institute of Environmental Management and Assessment accredited training on environmental sustainability skills, enhancing environmental competence across the SDA and DNO.

Climate change and sustainability

Task force on climate-related financial disclosure

HM Treasury issued phase two guidance for all government departments regarding compliance with Task Force on Climate-related Financial Disclosure (TCFD) recommendations in March 2024. The SDA is required to provide a separate disclosure to the MOD due to its status as an Executive Agency and publishing of separate financial accounts. The Agency welcomes the TCFD initiative, as demonstrated by the climate-related activity described in this report and in the steps the Agency has already taken to better understand the impacts of climate change

across the DNE. The SDA complies with the following TCFD recommended disclosures:

- governance – recommended disclosures (a) and (b)
- risk management – recommended disclosures (a) to (c)
- metrics and targets – recommended disclosures (a) to (c)

This is in line with the central government's TCFD-aligned disclosure implementation timetable for phase two. The SDA plans to provide information against the recommendations for 'strategy,' disclosing impacts of climate-related risks and opportunities on the organisation's strategy in future reporting periods.

Compliance statement

The SDA is reporting on climate related financial disclosures consistent with HM Treasury TCFD guidance which interprets and adapts the framework for the UK public sector. The Agency takes seriously its responsibility to undertake climate-related and sustainability activity. It has complied with all TCFD recommendations for phase one and two disclosures around governance, risk management and metrics and targets either as part of this disclosure or elsewhere within this report, to highlight its commitment to environmental matters. The Agency's climate-related activity takes place within the Equipment Plan it delivers on behalf of the Chief of Defence Nuclear. The costs

relating to this Equipment Plan are reported in the MOD Annual Report and Accounts.

Governance

Climate-related risks and issues are governed by the SDA board process outlined in the governance statement in section 2. Governance of climate-related issues is led by SDA Deputy CEO, Board member and Technical Director, Keith Beckett CBE. The Deputy CEO is also a member of the MOD Climate Change and Sustainability Steering Group which sets the direction for the management of climate change risk. The SDA Engineering Safety Director's Forum, chaired by the Deputy CEO, sponsors the DNE Climate Change and Sustainability Working Group. This working group comprises industry partners from across the submarine enterprise with the purpose of progressing climate change and sustainability themes.

The CEO approved the SDA Environmental Strategy containing three goals that focus on climate change and net zero in April 2024. Keith Beckett CBE is responsible for the delivery of the strategy and draws on the SDA Health, Safety and Environmental Protection team to discharge this responsibility. The strategy is underpinned by an environmental management plan containing five key milestones that are reported to the SDA Executive Committee.

In addition, the SDA reports quarterly emissions data for its estate and infrastructure to the DNO

for onward reporting in the MOD Annual Report and Accounts. This process will be refreshed against the new set of Greening Government Commitment requirements for 25/26.

Risk management

As the MOD centrally designates climate change as a principal risk, the SDA holds this risk at the sub-strategic level. The identification, assessment, and management of climate-related risks is integrated into the organisation's overall risk management procedure for inclusion in the overarching Health, Safety and Environmental Protection risk. This risk is managed by the SDA Health, Safety and Environmental Protection team and can be escalated to the SDA Executive Committee for further review as required.

Climate risk assessments progressed over the reporting period, with the SDA process for identifying and assessing climate-related risks aligning with the Defence Climate Risk Assessment Methodology (DCRAM). Warming scenarios of 1.0°C, 1.8°C and 3.7°C are evaluated on a near term, mid-century and end of century basis to determine how the physical and transitional impacts of climate change may affect SDA operations, health and safety, and financial and reputational performance over time.

The SDA manages climate-related risks through the Environmental Risk Management Board, run by the Central Environmental Management Team. Site-specific climate

risks are managed by local Heads of Establishment and through annual reviews of DCRAM assessments. These assessments are due to continue for SDA project teams.

Metrics and targets

The SDA has used the MOD Climate Impact Risk Assessment Methodology (CIRAM) to assess climate related risks and opportunities for both SDA owned sites. The outputs of CIRAM are managed in a site risk register owned by the Head of Establishment. The CIRAM assessments remain extant for five years.

To assess climate-related risks and opportunities, the SDA uses warming scenarios of 1.0°C, 1.8°C and 3.7°C on a near term, mid-century and end of century basis. The physical and transitional impacts of climate change and the energy transition are considered to determine how climate change may affect the SDA's operations, health and safety, and financial and reputational performance over time.

The MOD's targets for greenhouse gas emission reduction in the period 2021-2025 were set by the Department for Environment, Food and Rural Affairs in relation to a 17/18 baseline, as shown below. As SDA was part of DE&S at the time the baseline was set, the Agency is unable to report directly against the 2021-2025 target. The Agency will be able to report against the new targets when they are re-baselined to 2025 for the

next target reporting period. SDA's Scope one and two emissions are as follows:

	24/25	23/24
Scope 1 Estate GHG emissions (tonnes CO2e)	2,249	2,662
Scope 1 Platform GHG emissions (tonnes CO2e)	1,747	1,301
Scope 2 Estate GHG emissions (tonnes CO2e)	2,512	2,662

The SDA contributed to the reduction of estate emissions by virtue of a decarbonised grid.

Mitigating climate change: working towards net zero by 2050 (2021-2025 target)

- A(i). Reduce overall emissions by 30% from a 17/18 baseline.
- A(ii). Reduce estate emissions by 10% from a 17/18 baseline.

Emissions are calculated using the latest CO2 equivalent conversion factors. This allows for a range of source emissions to be collected and aggregated. This is in line with the Greenhouse Gas Protocol (GHG) methodology. Reporting boundaries are drawn to mirror accounting boundaries for clarity and reporting consistency. The reporting boundaries have not changed since the last reporting period 23/24.



Next steps

The SDA will adopt and implement the DNE Climate Change and Sustainability Strategy, approved in March for publication in early 25/26.

Safety and environmental culture

The SDA has participated in initiatives highlighting the importance of safety culture across the organisation and the DNE. Improvements in analysis, documenting 'learning-from-experience' and knowledge sharing have been implemented across the Enterprise and with our industrial partners. In January, the SDA launched a new safety culture campaign, 'oneSAFteam,' to address issues identified in previous surveys.

The Go-Green Network is an internal networking opportunity for all employees interested in sustainability, where speakers are invited to share knowledge and experience. The Central Environmental Management team ran several Institute of Environmental Management and Assessment accredited environmental sustainability training courses.

Sustainability

Our Environmental Strategy includes goals on sustainable procurement, climate change, contributing to net zero, climate adaption and resilience. We have processes and guidance for sustainable procurement and carbon accounting and continue to

collaborate with our industry partners through the DNE Climate Change and Sustainability Working Group to implement sustainability within our supply chain.

UN Sustainable Development Goals

The UN Sustainable Development Goals aim to drive global cooperation to achieve the shared blueprint for peace and prosperity set out in the 2030 Agenda for Sustainable Development. Details of the MOD's contribution to the UK Government's delivery of the Sustainable Development Goals can be found in the MOD Annual Report and Accounts.

Submarine dismantling project

The SDA is responsible for dismantling and disposing of all the Royal Navy's decommissioned nuclear-powered submarines – a complex and challenging undertaking – while meeting safety, environmental and sustainability standards, achieving value for the taxpayer, and addressing intergenerational nuclear liability expectations.

Acting as a demonstrator for dismantling, Swiftsure was dry docked in July 2023. Removal of remaining small item low level radioactive waste from Swiftsure's reactor compartment has now been completed, and to date more than 370 metric tonnes of low level radioactive waste has been successfully and safely removed from decommissioned submarines: Swiftsure, Resolution, Revenge and Repulse. For each submarine more

radioactive waste has been removed at a lower cost per tonne, and over a shorter period than for the previous vessel.

The Agency seeks to re-use any component that can be safely and appropriately repurposed into the operational fleet. Remaining metals and other non-hazardous waste materials will be recycled wherever possible, including reuse of steel for future Royal Navy submarines. Physical recycling from Swiftsure has commenced, with dismantling work due to complete by the end of 2026 in line with our Public Accounts Committee commitment.

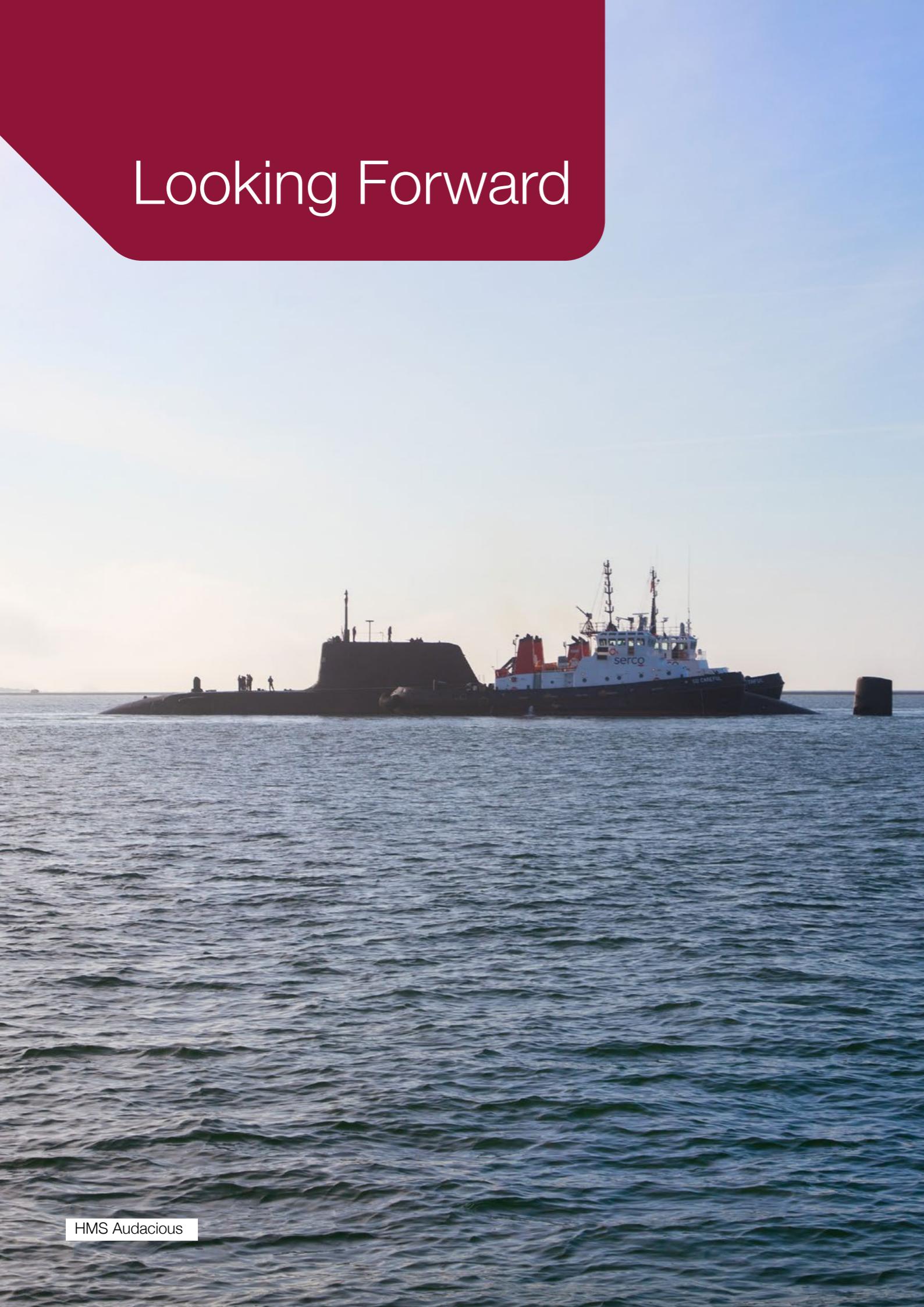
Alongside this progress, the Agency continues to investigate a long-term solution for the safe disposal of future decommissioned submarines, assessing all options for a future submarine disposal capability within the UK. Currently in its concept phase, the Submarine Disposal Capability project will ensure the appropriate infrastructure and suitably qualified and experienced personnel are in place to safely decommission, defuel and dismantle Pressurised Water Reactor 2 submarines onward.

Security

Safeguarding personnel and information assets remains essential to ensuring the SDA can deliver available and capable submarines. The security and resilience team undertook a comprehensive review of security assurance, devising a framework that supports identification and mitigation of security risks. We enhanced our project security capability, introducing tools and training to equip our personnel with necessary skills and knowledge. Through collaboration with our DNE counterparts, we implemented enhanced processes and policies, bolstering cross-Agency resilience.

Throughout 24/25, we continued to raise workforce awareness of threats to Defence and its personnel by embedding General Security Awareness Training into our mandatory training programme. The programme is critical to cultivating a robust security culture across the Agency, supporting employees to be accountable for identifying and managing security risks or incidents and empowering them to respond to these effectively.

Looking Forward



Maintaining the in-service submarine fleet for use by the Royal Navy in defence of the nation remains the SDA's top priority. In line with the Government's commitment to the 'triple lock' that reflects the critical role the nuclear deterrent plays in the safety and security of the UK, the SDA will continue working with our partners in the DNO and Royal Navy to deliver the programmes to meet the maintenance and upgrade requirements to maintain the Continuous At-Sea Deterrent. As recognised in the Strategic Defence Review 2025, the programmes to deliver new submarines are also a top priority for Defence. We will also conclude the Astute programme, take forward the build of the four Dreadnought submarines to replace the Vanguard Class, and continue the design and development of up to 12 new attack submarines through the SSN-A programme. Our work to deliver these outputs is underpinned by our improvement strategy to enhance our organisational effectiveness, which has already demonstrated strong progress in areas including resourcing, process alignment, automation, and category management. A review of our improvement strategy confirmed that it remained valid, while identifying new opportunities to refine its delivery to further accelerate improvements in support of our mission.

The following milestones lie ahead:

Submarine acquisition

- Completion of the final stage of testing and commissioning of HMS Agamemnon, the sixth Astute Class boat, and her exit from Barrow-in-Furness to commence sea trials.

- With the move of the final major Dreadnought Boat 1 module into the Devonshire Dock Hall at Barrow-in-Furness, we will continue progress on Boat 1 construction.
- Contracting the next major phase of the Dreadnought programme, building upon the Delivery Phase 3 contracts announced in May 2022.
- Completion of the SSN-A Design Status Review – an independent review to assess status of the design and the inherent risks, issues, opportunities, and enablers and as precursor to completing its Preliminary Design Review.
- Expanding facilities in Barrow-in-Furness and Raynesway through the Submarine Enterprise Acquisition Capability (SMEAC) and Core Production Capability (CPC) programmes, which provide staged investment to increase the capacity, capability, and productivity of the UK's submarine industrial base.

Submarine support

- On time completion of Vanguard Class base maintenance periods at HMNB Clyde to deliver routine maintenance and upgrades in support of the Continuous At-Sea Deterrent.
- The acceleration of the transition from design to construction for the infrastructure programme at Devonport. The MOD and its suppliers are working together to address the challenges surrounding concurrent delivery of major infrastructure investment whilst simultaneously continuing to deliver the outputs required of an operational dockyard.

Submarine disposal

- Completion of Swiftsure's fin removal in June 2025, bringing the decommissioned submarine closer to full dismantlement by the end of 2026, in line with our commitment to the Public Accounts Committee.
- Delivering an enduring disposal capability through the Submarine Disposal Capability Project to ensure the safe and secure disposal of the UK's current (Pressurised Water Reactor 2) and future (Pressurised Water Reactor 3) decommissioned submarines.
- Recommencing defueling of Pressurised Water Reactor 1 submarines at Devonport by the end of 2026, enabled by investments to regenerate the infrastructure, skills, and personnel. Defueled Submarines can then be dismantled, which will free up valuable dockyard space by reducing the number of submarines held in storage.

Commercial

- Concluding the second phase of organisational design for the Submarine Production Alliance during 24/25, targeting commercial closure of a new Submarine Production Alliance agreement by the end of the 2025 calendar year.



Sir Chris Gardner KBE
Chief Executive and Accounting Officer
15 January 2026





Section 2

Accountability Report

Corporate Governance Statement



The Corporate Governance Statement outlines the composition and organisation of the Agency, our governance structures, and how these support our purpose. It includes:

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



Directors' report

Management

Details of the SDA Chair and CEO, and more information on the composition of the SDA Board and Executive Committee, are set out in the Governance Statement and the Remuneration and Staff Report.

Directorships and significant interests

Members of the SDA Board, including Non-Executive Directors (NEDs), must declare any other interests they have with current or potential customers or suppliers or, for example, other non-executive positions they hold. At the start of each Board meeting members are asked to disclose any changes, which are documented. Declarations of interest during 24/25 are given below.

Name	Declarations of interest
Jonathan Simcock ¹	<ul style="list-style-type: none"> Sellafield Limited – Non-Executive Director (NED) Strategic advisory service through own company, Nanagon Limited Transport for London – Member of Independent Investment Programme Advisory Group Turner & Townsend – Daughter's employer since November 2023 (Daughter not employed by Sellafield Limited or SDA)
David Goldstone CBE ²	<ul style="list-style-type: none"> Restoration and Renewal Delivery Authority – CEO and Director Major Projects Association – Unremunerated Director GB Nuclear – member of Projects and Programmes HM Treasury's Nominee Director on the Board of HS2 Ltd Independent Chair of HM Treasury's Office for Value for Money PA Consulting – Son's employer (Son not working on SDA or DNE activities)
Sir Simon Bollom KBE CB	<ul style="list-style-type: none"> Nuclear Skills Task Force – Chair Soldiers', Sailors', and Airmen's Families Association – Chair NHS New Hospital Programme – NED Altus Advisory - Director

¹ Term ended in August 2024.

² David Goldstone CBE served as SDA Acting Interim Board Chair from September until December 2024, and SDA Interim Board Chair from December 2024 onward. He was previously an SDA Board NED.

Name	Declarations of interest
Keith Beckett CBE	<ul style="list-style-type: none"> Fusion Technical Advisory Group – Member Severn Area Rescue Association – Trustee
Claire Hall	<ul style="list-style-type: none"> POA Restaurants Limited – Director
Martin Spencer	<ul style="list-style-type: none"> Civil Service Commission – Commissioner London Fire Brigade – NED Office for Standards in Education – NED Criminal Cases Review Commission - NED NHS Hampshire and the Isle of Wight Integrated Care Board – NED Companies House – NED Education and Skills Funding Agency – NED Legal Ombudsman – Lay Member Achieving for Children – NED NHS South West London Integrated Care Board – NED
Sir Chris Gardner KBE	<ul style="list-style-type: none"> Royal Naval Sailing Association – Chair of Trustees
Georgina Benzies	<ul style="list-style-type: none"> Nil
Rear Admiral Donald Doull CBE ³	<ul style="list-style-type: none"> Nil
Vice Admiral Andrew Burns CB OBE	<ul style="list-style-type: none"> Devon Wildlife Trust – Member Navy Board – Trustee

Personal data related incidents

No personal data related incidents for the SDA were reported to the Information Commissioner's Office in 24/25. The SDA collaborates with partners across the DNE to ensure any incidents suspected of relating to personal data are reported and investigated in accordance with MOD policy. The SDA measures its maturity against the UK Data

Protection Act 2018 annually, an activity governed by the SDA Chief Information Officer.

Information assurance

The SDA investigates all security incidents, taking any data loss very seriously and investigates all security incidents. During 24/25, routine investigations did not identify any data losses.

³ Stood down from SDA Board in April 2024.

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the SDA to prepare, for each financial year, accounts detailing the resources acquired, used, held, or disposed of during the financial year, and a statement of accounts in the form, and on the basis, set out in the Accounts Direction issued by HM Treasury on 9 December 2024. The accounts are prepared on an accruals basis and must give a true and fair view of the affairs of the SDA and of its net resource outturn, application of resources, 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 and to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

The Chief of Defence Nuclear, as Additional Accounting Officer, has designated the CEO of the SDA as Accounting Officer for the Agency's operating expenditure. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable; keeping proper records; and safeguarding SDA assets, as set out in Managing Public Money, published by HM Treasury. As the Accounting Officer, I am required to confirm that, as far as I am aware, there is no relevant audit information of which the department or its auditors are unaware.

As the Accounting Officer, I have taken all the steps that I should have taken to make myself aware of any relevant audit information and to establish that the department and its auditors are aware of that information. I take personal responsibility for this annual report and accounts, and the judgements required for determining that it is fair, balanced, and understandable.

Governance Statement

Introduction

I, Sir Chris Gardner KBE, as CEO of the SDA, am responsible for maintaining a sound system of corporate governance and internal control to support the SDA's purpose, while safeguarding public funds and MOD assets for which I am personally responsible. Following reviews from the Government Internal Audit Agency (GIAA), DNO, our Board and our Audit Risk Assurance Committee, I conclude that the system of internal controls in the SDA complies with the HM Treasury Code of Good Practice on Corporate Governance in Central Government Departments.

The Governance Statement represents my assurance that, as Accounting Officer, I am satisfied that this document accurately reflects the SDA's financial status and corporate position and that it is adequately controlled through sound financial management, systems, processes, and controls.

This section of the Annual Report and Accounts explains the governance structure under which we operate, including providing details of our Board, Executive Committee and sub-committee structure, and associated activities including the SDA risk and control framework.

Our governance structure

Reporting to the Chief of Defence Nuclear, our corporate performance is overseen by the SDA Board, which was chaired by Jonathan Simcock until his departure in August 2024 and then by David Goldstone as Acting Interim Chair from September to December and Interim Chair from December onward. The SDA governance structure includes the SDA Board and its sub-committees, which provide assurance that the SDA is fulfilling its responsibilities to stakeholders, and is being managed in accordance with set framework, procedures and plans. The Board operates under the provisions of a ministerially approved framework, which is set out in the SDA Framework Document.

The Framework Document

The [Framework Document](#) sets out the Secretary of State's requirements for the Agency and the Board. It provides us with the authority to pursue our strategy and the freedoms to manage our business effectively. It also specifies the governance arrangements for the Board and its Chair.

The updated Framework Document was published in February 2025. This refreshed framework reinforces the Board's role acting in an advisory capacity, as well as overseeing and advising upon the performance of the SDA on behalf of the Chief of Defence Nuclear.

Departmental sponsor

The DNO is the departmental sponsor for the SDA. It engages with, supports, and challenges the SDA Board on the agency's overall corporate performance. The DNO also carries out various oversight functions, including:

- producing the Framework Document
- monitoring performance against the Objectives, Goals, Strategies, and Measures (OGSM)
- assisting in our corporate planning process by providing information about potential policy developments or other changes that could impact performance

The DNE's behavioural principles are central to how we operate. The DNO and SDA work together as an integrated team to achieve the best outcomes for the Enterprise and our collective mission.

The SDA Board

The SDA Board has no delegated executive authority and so is advisory by nature. It provides strategic guidance and oversight to support the SDA in delivering its strategy and meeting its objectives. It endorses strategy and recommends approval of the Corporate Plan and OGSM to our Sponsor and Ministers.

The Board monitors and assesses corporate performance against OGSM and oversees financial and operating controls across the organisation and its projects and programmes on behalf of the Chief of Defence Nuclear.

It provides advice, insight, challenge, and support to me and my Executive Committee.

The SDA Board Terms of Reference set out how the SDA Board is administered, including its attendance, authority, role, and key responsibilities. The Board Terms of Reference were updated in October and agreed by the Board and the Chief of Defence Nuclear. As set out in the SDA's Framework Document, the SDA Board comprises:

- a chairperson and non-executive members that have a balance of skills and experience including experience of HR, data, technology, organisational performance management and corporate services to ensure the SDA CEO and executive members are supported and constructively challenged in their role. The Board should include a majority of independent non-executive members
- the CEO, Deputy CEO, and an appropriately qualified Finance Director (the CFO)

A 'shadow' non-executive member attended the SDA Board to promote inclusion and challenge Board members' thinking. Shadow Board members are appointed through a competitive process open to SDA colleagues from ethnic minority backgrounds. The Shadow Board will expand to a rotating cohort of three members during 25/26.

A comprehensive list of the roles and responsibilities of our Board can be found in the Framework Document.

SDA Board as at 31 March 2025



SDA Board processes

The SDA Board Support team, which reports to the SDA Director Strategy and Operations, maintains, and operates the processes and procedures that support the Board. The Board takes regular reports from me as CEO, the CFO, and Director HR, as well as monthly updates on key programmes and performance. Evidence-based papers are prepared and presented by those with appropriate seniority and expertise to share current, balanced, and accurate information.

The Board undertakes an external Board effectiveness review every three years, supplemented by an internal Board Chair-led review in the intervening years. Actions and recommendations from these reviews are implemented as appropriate. In October, the Board agreed that the six extant recommendations from the 23/24 external review that were carried forward into 24/25 would be incorporated into the 24/25 internal Board effectiveness review and implemented during 2025 alongside any new recommendations.

Board performance

By SDA Chair

The Board has continued to deliver its responsibilities of providing leadership, advice, scrutiny and challenge. We remained engaged with the implementation of the Agency's improvement strategy, including receiving regular updates and participating in a strategy review. A new approach to scrutinising the Agency's performance has reduced duplication with the Performance Committee, which Board members now regularly attend, and enabled our quarterly performance reviews to add greater value by addressing a smaller number of priority areas where we can provide targeted advice and challenge.

Board members have continued to broaden and deepen our understanding of the SDA's programme of work. This includes board discussions, participation in sub-committees and direct engagement with executives on an ad hoc basis, and with industry partners. Other highlights of business discussed during 24/25 are detailed below.

Highlights of business discussed during 24/25 include:

Subject	Discussion	Outcomes
SDA business updates	The Board received regular business updates on SDA programmes, safety, security, people, and finance.	The Board evaluated the updates and provided appropriate support and challenge to the Executive Committee.
OGSM data and design	The Board reviewed OGSM reports during their quarterly meetings. These reports highlighted corporate and programme performance data as well as progress with key milestones.	The Board considered the performance information provided, sought clarification, challenged updates, and provided advice to the Executive Committee as appropriate. The Board endorsed the performance framework introduced for 24/25 and provided feedback on the proposed OGSM for 25/26.
Risk	The Board received routine updates on the work of the SDA Audit Risk Assurance Committee.	The Board noted the issues raised and provided recommendations and guidance as required.
Corporate documentation	The Board reviewed the SDA's Framework Document, Corporate Plan and Strategy.	The Board endorsed the documents and suggested areas for improvement prior to final approval and publication.
SDA Committees	The Board received reports from its subcommittees and considered the work being taken forward.	The Board noted the work undertaken by sub-committees and provided recommendation and guidance as required.

SDA Board activity as at March 2025

The SDA Board met formally four times during 24/25 in addition to attending three strategy delivery days. In addition to the figures below, the Board held separate extra-ordinary sessions to take detailed briefings on specific programme topics or MOD-wide initiatives.

The figures in brackets indicate how many meetings an individual was potentially able to attend while in post during the year.

Name	Number of meetings attended
Jonathan Simcock ⁴	2 (2)
David Goldstone	4 (4)
Independent NEDs	
Sir Simon Bollom KBE CB	4 (4)
Martin Spencer	3 (4)
Claire Hall	3 (4)

⁴ Term ended in August 2024.

⁵ Stood down from SDA Board in April 2024.

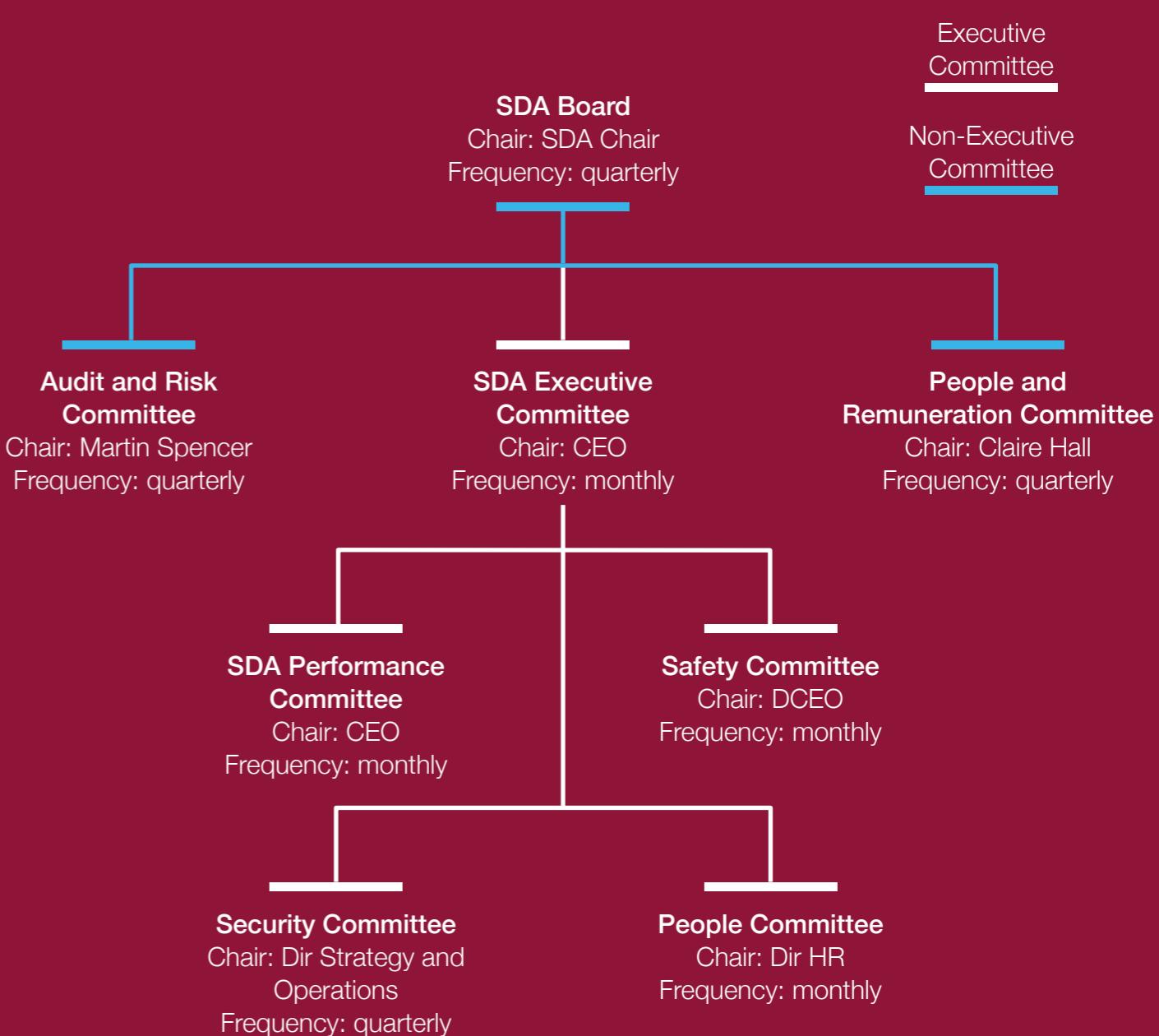
Name	Number of meetings attended
Government NEDs	
RAdm Donald Doull CBE ⁵	1 (1)
Vice Admiral Andrew Burns CB OBE	2 (4)
Other members	
Sir Chris Gardner KBE	3 (4)
Keith Beckett CBE	3 (4)
Georgina Benzie	4 (4)

SDA Board committees

The SDA Chair and NEDs attended the following sub-committees in 24/25:

- Audit Risk Assurance Committee
- People and Remuneration Committee

SDA Board and Committee framework as at 31 March 2025



Audit Risk Assurance Committee	
Purpose	To challenge the adequacy of internal controls and oversee risk management assurance processes.
Frequency	The Audit Risk Assurance Committee met quarterly during 24/25.
Membership	The meetings were chaired by an independent NED, Martin Spencer. The Board Chair, CFO, other executives or non-executives and representatives from GIAA and the National Audit Office (NAO) were invited to attend as appropriate.
Summary of discussions	The Audit Risk Assurance Committee received routine updates on the Agency's finance and risk management approaches, including reviewing the agency's streamlined set of strategic risks. The committee also engaged with Government Internal Audit Agency to discuss the audit plan and implementation of outstanding Agreed Management Actions. Other topics reviewed included government furnished equipment, programme updates, fraud prevention preparedness, whistleblowing policy review, strategy progress review, NAO audit and endorsement of the 23/24 Annual Report and Accounts.

The SDA CFO is a member of the MOD Fraud Ethics & Propriety Board and updates are provided through the Audit Risk Assurance Committee. During 24/25, we continued to respond to the threat of fraud and corruption to ensure that both the Defence and SDA mission can be met free from the destructive impact of fraud and corruption. We launched our Fraud Strategy in December, outlining what fraud is, our zero tolerance approach, and how our staff can report it. Our zero-tolerance approach to fraud and corruption is further reinforced by the standards and behaviours enshrined in the values of the Armed Services, the Civil Service Code, and the SDA Code of Business Ethics. The MOD Counter Fraud Function provides strategic coordination of our response to fraud and corruption.

People and Remuneration Committee	
Purpose	The SDA People and Remuneration Committee has been established as a Sub-Committee to the SDA Board. It advises the SDA CEO and SDA Board on matters pertaining to SDA compensation, executive and board appointments, organisational effectiveness, and people strategy.
Frequency	The People and Remuneration Committee met five times during 24/25.
Membership	The committee is chaired by a NED, currently Claire Hall, and its membership consists of a minimum of three NEDs, the CEO, Director Strategy & Operations and Director HR.
Summary of discussions	The SDA Chair maintained a standing invitation to attend, and other executives or non-executives were invited to attend as appropriate.
	Discussions focused on the implementation of the pay and reward strategy for all staff up to and including the CEO; all elements of the remuneration package were considered by the Committee. Also presented for consideration at the committee were matters relating to the SDA people strategy, employee experience and Senior Civil Service (SCS) appointments.



SDA Board sub-committees

The SDA Chair and NEDs attended as below during 24/25:

The figures in brackets indicate how many meetings an individual was potentially able to attend while in post during the financial year.

Name	Committee meetings attended
Jonathan Simcock ⁶	Audit and Risk Committee 2 (2) People and Remuneration Committee 1 (1)
David Goldstone	Audit and Risk Committee 3 (3) People and Remuneration Committee 4 (4)
Independent non-executive directors	
Sir Simon Bollom KBE CB	People and Remuneration Committee 4 (5)
Martin Spencer	Audit and Risk Committee 4 (4) People and Remuneration Committee 3 (4)
Claire Hall	People and Remuneration Committee 5 (5)
Government non-executive directors	
Rear Admiral Donald Doull CBE ⁷	Nil
Vice Admiral Andrew Burns CB OBE	Nil
Other members	
Sir Chris Gardner KBE	People and Remuneration Committee 4 (5)
Keith Beckett CBE	Nil
Georgina Benzies	Audit and Risk Committee 4 (4)

⁶ Term ended August 2024.

⁷ Stood down from SDA Board in April 2024.

The SDA Executive Committee

By CEO SDA

In leading the SDA, I am supported by my Executive Committee. The Executive Committee supports and advises the Agency to ensure we deliver our purpose. Formally, the Executive Committee helps discharge the delegations and responsibilities set out in CEO's Letter of Delegation as Accounting Officer and Letter of Authority from the Chief of Defence Nuclear. We work within the context of driving delivery against our strategy, the SDA Corporate Plan, and our Submarine Acquisition and Support Plan, while ensuring that effective working relationships are maintained between the SDA, our sponsor, customers, suppliers, and other delivery agents, including DE&S.

In line with changes of personnel during the year, we also amended the responsibilities of some Executive Committee portfolios to refocus our delivery.

Tim Sheldon departed as Director Submarine Acquisition in April with the role filled on an interim basis while competitive recruitment

took place. The role was initially filled by Commodore Martyn Boyes from April until September and then by Rear Admiral Paul Carroll from September. Following fair and open competition, Rear Admiral Paul Carroll was appointed permanently in October.

From September, the Director Submarine Acquisition role was refocused on the Nuclear Enterprise's submarine acquisition pipeline activity and the strategy to support and enable the submarine build capability, while retaining responsibility for Astute production. As part of this refocusing, we expanded the scope of the Dreadnought Alliance to include responsibility for the SDA's SSN-A programme and renamed the Alliance as the Submarine Production Alliance. The Managing Director for the Submarine Production Alliance is Alex Mcmillan, who was previously the Managing Director of the Dreadnought Alliance.

In addition to the Executive Committee, the following SDA colleagues attended Executive Committee meetings to support as required:

- Chief of Staff to CEO
- Executive Committee Secretariat

SDA Executive Committee as at 31 March 2025



The following key routine business areas were discussed at the SDA Executive Committee during 24/25:

Security	The Executive Committee reviewed a 'Security Moment' at select meetings focused on a specific security issue. A monthly dashboard from the Security Committee was also reviewed.
Safety	A 'Safety Moment' was reviewed at most meetings and the safety dashboard was provided.
Performance	The Executive Committee reviewed the performance of the SDA using OGSM data and other corporate and programme reports as appropriate. The Executive Committee received a monthly report from the CFO on financial performance including an overview of the SDA's operating expenditure.
Risk	The SDA's strategic risks were reviewed regularly, in addition to deep dives into specific strategic risks. Changes to strategic risks were reported quarterly to the DNO portfolio office.
People	The Executive Committee discussed a wide range of people issues, including diversity and inclusion, health, and wellbeing (including mental health), and resourcing. Regular 'diversity and inclusion moments' prompted further discussion on specific issues and their impact on the SDA. The committee agreed to a central diversity and inclusion pledge, and the creation of individual action plans tailored to specific priorities.
Change	The Executive Committee reviewed our progress against the SDA's improvement strategy.
Corporate operations	The Executive Committee reviewed in-year recognition awards, ensuring fair and effective use of budgets and reviewed the outcome of the People Survey, endorsing the resulting action plan. The Committee reviewed compliance and governance management information as part of this subject.

SDA Executive Committee sub-committees

Sub-committees support the work of the Executive Committee:

→ **The Performance Committee** drives delivery against our OGSM and serves as the forum for our senior leadership team to focus on key issues affecting delivery and prioritise activity to improve outcomes.

Our Performance Committee includes representatives from Navy Command Headquarters and the DNO and facilitates an organisational view on performance, while agreeing wider support required to address challenges. It is chaired by the Director of Strategy and Operations and is attended by me as CEO, all Executive Committee members, and the SDA Chair.

→ **The Safety Committee** provides support and advice to me, as both CEO and in my role as a Senior Duty Holder and Acquisition and Support Safety Lead for the Agency. The Safety Committee has oversight of our safety and environmental performance and directs work to deliver improvements in this key area for the business. It is chaired by the Technical Director and attended by the SDA Board Chair.

→ **The People Committee** meets quarterly to provide direction and oversight of our people activities in accordance with our Corporate Plan. It engages and updates stakeholders on the current issues and initiatives arising from implementation of our People strategy and developments in other

People and HR matters. It is chaired by our Deputy HR Director, with membership drawn from senior leaders across our delivery and enabling teams.

→ **The Security Committee** reviews our performance and provides direction across all elements of our security including physical, personnel, and cyber security, as well as organisational resilience. It is attended by all team leaders (or their nominated expert) and chaired by the Director Strategy and Operations, ensuring our security risks are regularly reviewed and updated.

SDA risk and control framework

During the annual horizon scan, strategic risks were prioritised to reflect current threats to strategic outputs. The Board and the Executive Committee agreed nine strategic risks to be reported and monitored quarterly at the SDA Board and Executive Committee meetings. The remaining risks were re-classified as 'sub-strategic' risks and delegated appropriately, with the option for re-escalation to the Executive Committee if required. Risk mitigation activities were reconsidered during the review, with many longer-term actions ongoing.

Mitigating actions continue to include:

- supply chain strengthening.
- information technology system improvement.

- renewed focus on asset management through all stages of the project lifecycle.
- provision of infrastructure and maintenance improvements.
- further strengthening of risk governance and assurance during 25/26.

Executive Committee members produce strategic risk statements summarising mitigation progress in the previous quarter and a forward-look of planned action. This provides assurance to the Executive Committee, the SDA Board, and the Audit Risk Assurance Committee that strategic risks are being managed effectively. Strategic risks are also reported to the Submarine Enterprise Management Office within the DNO to ensure a holistic view of Enterprise risk.

Our strategic risk landscape remains stable, and we continue to focus our efforts on causes and factors that could lead to the Agency being unable to successfully achieve its purpose such as output, supplier, organisational, and enabler risk. As with our KPIs, details and status of strategic risks are confidential and do not form part of any external, publicly available reporting on security grounds.

Principal internal controls

Each year we undertake an Annual Assurance Review as part of the overall MOD risk and assurance framework, which assures me that the SDA's risk and control management

systems are working effectively. It draws my attention to any concerns about the operation of our governance arrangements and identifies future plans to sustain and improve assurance. This document informs the Defence Audit Risk Assurance Committee and the Permanent Secretary's reports (as Accounting Officer) to Parliament as part of the MOD's Annual Governance Statement within its Annual Report and Accounts. The Agency rated itself 'moderate' for assurance activity in 24/25.

Financial

At the start of the financial year, the DNO agrees an operating cost envelope with the SDA. The SDA has the freedom to manage its workforce to meet its business needs within this cost envelope.

We are mindful of the responsibilities of the MOD's Permanent Secretary as Principal Accounting Officer and work with the Chief of Defence People to agree changes to personnel policy or practice that might have wider implications for the rest of the Department.

Commercial

The SDA continued to demonstrate strong commercial compliance during 24/25, meeting all Cabinet Office controls and transparency obligations, including publishing the forward contract pipeline in accordance with the Procurement Reform Act 2023.

In the 24/25 Commercial Continuous Improvement Assessment Framework (CCIAF), a two-yearly peer-reviewed exercise to benchmark commercial practices across the public sector, the SDA maintained its position as Defence's leading commercial entity. A score of 92.5% represents a significant increase since the 22/23 CCIAF and demonstrates a substantial uplift in capability growth.

The SDA's Commercial Profession is committed to continuous improvement and has used the CCIAF results to identify areas to further increase its capability, including 'pre-procurement' and 'procurement and contracting practices'. The SDA also delivered a Cabinet Office Masterclass on the subject of 'managing contract delivery and performance' to support capability development across the public sector.

Governance and assurance

During the reporting period the DNO completed a Public Body Review which assessed the Agency's purpose, resilience, governance and effectiveness to ensure it remains both relevant and useful to the public and aligned with MOD and Government priorities. The review concluded that the SDA is making strong progress in terms of its efficacy and accountability arrangements and remains a key part of the DNE.

This year we again worked closely with Defence Risk and Assurance on our 24/25 Annual Assurance Review, where achieved

a 'moderate' assurance rating. This report assessed the SDA's contribution to the mitigation of Defence's principal risks, reported on how relevant controls operated during the year and set out where improvements would be made to further strengthen the control environment through 25/26.

Whistleblowing and raising a concern

The SDA is committed to psychological safety for all its people and promotes a whistleblowing hotline as an independent route to raising concerns. The Whistleblowing Policy is an MOD-wide policy which the SDA fully embraces. Management information on the nature and conduct of our whistleblowing is provided by the MOD to the Cabinet Office every six months.

Conclusion

The overall governance assessment of the SDA takes into account the inputs and reviews of the GIAA, our Board and Audit Risk Assurance Committee, together with the assurance assessments made by our internal control leads through their annual assurance review cycles and by our sponsor.

Our reports and assessments demonstrate that our systems of governance and internal control environment support our business, enabling our teams to focus on providing available and capable submarines for the Royal Navy. The improvement recommendations that resulted from our Public Body Review will further

strengthen this and support us in achieving even greater organisational effectiveness.

I can confirm that the risk management and internal controls described have operated for the year under review and up to the date of the approval of these accounts. As we move into 25/26, we will continue to drive improvement to further optimise our control systems, governance structures and corporate performance.



Sir Chris Gardner KBE
Chief Executive and Accounting Officer
15 January 2026

Chair's assessment

By David Goldstone, SDA Interim Board Chair

In 24/25 we continued to strengthen our control environment and took part in a Public Bodies Review which highlighted some key areas for focus in 25/26. We have published an updated Framework Document which sets out the broad governance framework in which the Agency operates and will guide some of our key improvement activity.

Throughout the reporting period we made further improvements to our strategic risk process, to ensure appropriate focus on the key strategic risks, implemented our new OGSM performance framework and increased collaboration, engagement, and measures to ensure we learn lessons from our audit partners.

During the reporting period, our Annual Assurance Review resulted in a 'moderate' assessment and the GIAA gave an opinion of 'moderate' both highlighting areas where further improvements can be made. In 25/26 we will continue to mature our risk and control environment with a particular focus on our contribution to the mitigation of Defence's principal risks and the implementation of the Public Bodies Review recommendations. This includes further improvements to our approach for implementing GIAA management actions.

I am satisfied that the internal control environment in place is appropriate for the Agency's objectives and relationships, and that the Board and Executive will continue to improve and strengthen internal controls, working closely with our Sponsor and industry partners throughout 25/26.



Remuneration and Staff Report

SDA remuneration policy

The following remuneration policy refers to the appointment of SDA Directors to the SDA Board and Executive Committee.

The SDA has been granted the freedom to manage its workforce as necessary to meet business needs in line with Annex A of the Framework Document. This delegated authority is conducted under the provisions of the Civil Service (Management Functions) Act 1992. In exercising this authority, we are cognisant of best practice across the wider Civil Service and UK Government and MOD policies on Civil Service terms and conditions.

In setting the remuneration of our civilian senior executives, we consider the advice of our People and Remuneration Committee. Our military senior executives are bound by the remuneration policy for senior officers of the Armed Forces. The role and composition of the People and Remuneration Committee is set out earlier in section 2 of this report.

Performance and reward

The 24/25 Statement of Comprehensive Net Expenditure (SoCNE) reflects payments made or due to Directors during the financial year. Salary and reward for the SDA CEO was considered by our People and Remuneration Committee before being recommended to the Chief of Defence Nuclear for approval.

Our people were evaluated against their objectives and personal development plans to determine their end of year performance outcome. A non-consolidated performance award was paid to all staff awarded a performance rating of 'good' or higher for the 24/25 performance year. During 23/24, the Agency introduced 'capability-based pay', where salary increases were based on individuals' enhancement of their ability to deliver their role and/or support the growth of others. The approach was continued for the 24/25 performance year.

The SDA Chair's performance is reviewed by the Chief of Defence Nuclear and NED remuneration is set in accordance with MOD public appointments policy. NED performance is reviewed by the Chair to consider individual impact on Board and sub-committee performance, recognise contribution, identify improvements, and provide feedback.

Senior manager contracts

The Constitutional Reform and Governance Act 2010 requires appointments to the Civil Service to be based on 'fair and open competition'. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may otherwise be made. Unless otherwise stated, the civilian officials covered by this report hold appointments which are open-ended, except the CEO, who has a five-year contract. Early termination, other than for misconduct, would result in the individual receiving compensation

as set out in the Civil Service Compensation Scheme. Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

The terms and conditions of our Chair and independent NEDs are determined by the MOD and set out in their individual appointment letters. They are appointed on merit for a fixed term through a transparent recruitment and selection process. This process adheres to the Office of the Commissioner of Public Appointment principles. While they are paid by the SDA, they are not SDA employees or appointed as Civil Servants.

NED appointment may be terminated with one month's notice by either party or on dissolution of the Board, unless found guilty of gross misconduct when termination will be immediate. NEDs are initially contracted for three years with the option to reappoint. While Cabinet Office standard practice is for public appointments not to exceed six years, this can vary depending on the merits of each situation and individual. Our Chair and NEDs are not involved in any discussion about their own remuneration and all payments are non-pensionable. There are no compensation entitlements for early termination of a NED.

Business appointments

The SDA is aligned to departmental and Cabinet Office rules on business appointments as contained in section 4.3, annex A of the Civil Service Management Code. This policy, referenced in all senior manager contracts and directed within SDA procedures to any staff leaving the organisation, makes clear the circumstances in which individuals will be required to apply for clearance before taking up an appointment outside of the department. This includes detailed policy and guidance on our business management system and on the leavers checklist for Line Managers to advise exiting employees of their obligations. In compliance with business appointment rules, the department is transparent in the advice given to individual appointment applications for senior staff.

Remuneration and pension entitlements (subject to audit)

The following section contains details of the pay, pension and benefits-in-kind of individuals who served as SDA Board members during 24/25. The disclosures only cover the periods in which individuals were SDA Board members. If an individual left the SDA Board during the year, the disclosure only covers remuneration earned whilst a member of the SDA Board.

SDA Board executive member salaries, taxable benefits-in-kind and pension benefits (subject to audit)

SDA board directors ⁸	Salary ⁹ £000 (full-year equivalent)	Annual performance award ¹⁰ £000	Benefits in kind £00	Pension benefits £000	Totals £000
24/25					
Sir Chris Gardner KBE	275-280 (275-280)	60-65 (60-65)	-	44 ¹¹	380-385 (380-385)
Keith Beckett CBE	210-215 (210-215)	35-40 (35-40)	-	31.6 ¹² (31.6)	280-285 (280-285)
Georgina Benzies	120-125 (120-125)	25-30 (25-30)	-	106 ¹³	250-255 (250-255)
23/24					
Sir Chris Gardner KBE	260-265 (260-265)	-	-	-	260-265 (260-265)
Keith Beckett CBE	195-200 (195-200)	65-70 (65-70)	-	30.9 (30.9)	295-300 (295-300)
Bruce Martin ¹⁴	30-35 (185-190)	60-65 (60-65)	-	4.6 (27.9)	95-100 (280-285)
Georgina Benzies ¹⁵	95-100 (115-120)	20-25 (20-25)	-	109	225-230 (245-250)

8 The SDA Board Terms of Reference sets out the Board structure to include the Board Chair, CEO, CFO, Deputy CEO and NEDs. This design ensures the Agency has a meaningful ratio of Board Directors to NEDs.

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

10 From the 20/21 Annual Report and Accounts onward, SDA changed the basis for the reporting of annual performance awards from the award accrued to the award paid. The figures shown for 24/25 are the award paid in 24/25 in respect of performance in 23/24.

11 Sir Chris Gardner KBE and Georgina Benzies are the only Board members who are members of the public pension scheme. Sir Chris Gardner KBE was automatically re-enrolled onto the Civil Service Pension Scheme in November 2024. The table on the following page discloses their pension benefit.

12 Keith Beckett CBE is not a member of the Principal Civil Service Pension scheme and has elected to be a member of the Partnership Scheme.

13 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. Georgina Benzies is the only SDA Board executive member impacted.

14 Bruce Martin left the SDA Board in June 2023 – the amounts shown are salary up until leaving along with the performance awards for 22/23 and 23/24.

15 Georgina Benzies joined the SDA Board in June 2023 following her appointment as CFO. The annual performance award paid in 23/24 relates to her employment and performance prior to joining the Board.

SDA Board executive member pension benefit (subject to audit)

SDA Board executive member	Total accrued pension at pension age (and related lump sum) as at 31 March 2025	Real increase in pension (and related lump sum) (£000)	Cash Equivalent Transfer Value as at 31 March 2025 or cessation of employment, if earlier (£000)	Cash Equivalent Transfer Value as at 31 March 2024 or date of appointment, if later (£000)	Real increase in Cash Equivalent Transfer Value (£000)
Sir Chris Gardner KBE	0-5	2.5 - 5	45	-	36
Georgina Benzies	55 - 60 (plus a lump sum of 145 - 150)	5 - 7.5 (plus a lump sum of 7.5 - 10)	1,298	1,151	95

Footnotes to the previous salary and remuneration tables provide details of the arrangements for pension benefits of members of the SDA Board. The pension benefits for SDA Board executive members Sir Chris Gardner KBE and Georgina Benzies, are provided through the Civil Service Pension Scheme arrangements. Details of the Civil Service Pension Scheme arrangements can be found at: www.civilservicepensionscheme.org.uk. Accrued pension benefits and cash equivalent transfer values for these SDA Board executive member are detailed in the table above.

Cash equivalent transfer value (CETV)

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

The figures shown in the table above:

- 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
- include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements
- include any additional pension benefit accrued to the member as a result of them buying additional pension benefits at their own cost

CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV

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

SDA Board NED salaries (subject to audit)

SDA Board NEDs	24/25 £000 (full-year equivalent)	23/24 £000 (full-year equivalent)
Jonathan Simcock (Board Chair) ¹⁶	40-45 (100-105)	100-105 (100-105)
David Goldstone CBE (NED) ¹⁷	10-15 (25-30)	25-30 (25-30)
David Goldstone CBE (Interim Board Chair)	55-60 (100-105)	-
Sir Simon Bollom KBE CB	25-30 (25-30)	25-30 (25-30)
Claire Hall	25-30 (25-30)	25-30 (25-30)
Martin Spencer	25-30 (25-30)	25-30 (25-30)
Anne Baldock ¹⁸	-	15-20 (25-30)
Vice Admiral Andrew Burns CB OBE ¹⁹	-	-
Gursharan Bansel ²⁰	-	-
Air Chief Marshal Sir Richard Knighton KCB CBE ²¹	-	-
Rear Admiral Donald Doull CBE ²²	-	-

¹⁶ Remunerated as Chair for two working days per week and left the SDA board on 31 August 2024. Independent NEDs are remunerated for up to 24 working days per year.

¹⁷ David Goldstone CBE served as SDA Acting Interim Board Chair from September until December 2024, and SDA Interim Board Chair from December 2024 onward. He was previously an SDA Board NED.

¹⁸ Stood down from the SDA Board in December 2023.

¹⁹ Joined Board in April 2024 as a government NED so does not receive remuneration from the SDA for their services.

²⁰ Government NED who received no remuneration for services from the SDA and stood down from the SDA Board in May 2023.

²¹ Government NED who received no remuneration for services from the SDA and stood down from the SDA Board in June 2023.

²² Government NED who received no remuneration for services from the SDA and was on the SDA Board from June 2023 and stood down from the SDA Board in April 2024.

Pay multiples (subject to audit)

The following table provides details of pay multiples: the ratio between the highest paid SDA military and civilian executives and the median remuneration of the workforce. Total remuneration includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions or the CETV of pensions.

The banded remuneration of the highest paid civilian Director in 24/25 ranged between £335,000-340,000. This was 7.14 times the median remuneration of the workforce, which was £47,250. This is higher than the 23/24 banded remuneration of the highest paid civilian Director and the resulting median due to the highest paid civilian director receiving a performance award. The civilian salary range is between £19,756 - £276,948 (23/24: £23,300 - £263,750). The banded remuneration of the highest paid military employee in 24/25 ranged between £150,000-155,000. This was 1.82 times the median remuneration of the military workforce, which was £83,600. The military employee salary range is between £25,200-£151,000 (23/24: £24,000-£145,000).

No employee, either military or civilian, received remuneration in excess of the highest paid director during 24/25 (23/24 - nil).

	24/25 £	23/24 £
Mid-point of the £5,000 band for the annual equivalent remuneration of the highest earning military employee	152,500	142,500
Number of employees in receipt of remuneration above the highest paid Board member	-	-
Median total remuneration of military personnel	83,620	81,596
Military pay ratio	1.82	1.72
Mid-point of the £5,000 band for the annual equivalent remuneration of the highest earning civilian Board member in the tables above	337,500	267,500
Median total remuneration of civilian staff	47,251	45,236
Civilian pay ratio	7.14	5.91

Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits:

Military						
	Lower quartile		Median		Upper quartile	
	24/25	23/24	24/25	23/24	24/25	23/24
Salary	68,568	67,273	83,620	81,596	99,012	95,556
Total pay and benefits	68,568	67,273	83,620	81,596	99,012	95,556

Civilian						
	Lower quartile		Median		Upper quartile	
	24/25	23/24	24/25	23/24	24/25	23/24
Salary	37,540	33,592	45,995	43,795	61,335	58,384
Total pay and benefits	38,275	33,964	47,251	45,236	62,689	61,040

Percentage change from previous year in total salary and allowances and performance pay and bonuses for the highest paid Director and the staff average:

Salary and allowances		% change from 23/24	
		Military	Civilian
Highest paid Director		7.02%	5.71%
Staff average		3.37%	4.94%
Performance pay and bonuses			
Highest paid Director		-	(9.35%)
Staff average		-	(50.15%)

The 4.94% increase in average civilian salaries during 24/25 compared to 23/24 is due to the application of 24/25 central government pay guidance.

The 50.15% decrease in average civilian performance pay is reflective of changes performance award calculation and 24/25 organisational performance.

Ratio between the highest paid Director's total remuneration and the lower quartile, median and upper quartile for staff total pay and benefits:

	Military			Civilian		
	Lower quartile	Median	Upper quartile	Lower quartile	Median	Upper quartile
24/25	2.22	1.82	1.54	8.82	7.14	5.38
23/24	2.08	1.72	1.47	7.87	5.91	4.38

There is little change in military pay ratios.

For the reasons outlined above, the median pay ratios for civilian and military personnel are consistent with the pay, reward and progression policies for SDA employees taken as a whole. The SDA employment model has had no material impact on pay ratio movement between 23/24 and 24/25.

Staff report

Staff numbers (subject to audit)

Number (headcount) of SCS within the SDA senior leadership group, at 31 March 2025:

SCS pay band	24/25	23/24
Band 1	34	29
Band 2	6	8
Band 3 and above	1	1
Total	41	38
SDA military at 1* and above	5	4
Grand total	46	42

The number of SCS reflects the implementation of the organisational design requirements for delivery and forward management of the SDA as an Executive Agency of the MOD.

Average numbers of full-time equivalent (FTE) persons employed at the 31 March 2025:

Average staff (full time equivalent):	24/25			23/24		
	Permanent employee staff	Contingent labour	Total	Permanent employee staff	Contingent labour	Total
Armed Forces	197	-	197	205	-	205
Civilian	2,473	81	2,554	2,181	104	2,285
Total	2,670	81	2,751	2,386	104	2,490

To align with the total pay costs incurred during the year, the number of FTE civilian and military staff for the SDA (shown above) is based on an average for the financial year and is used to compensate for organisational and structural changes during the 12 month period.

The average number of civilian and military FTE employed in 24/25 increased by 197 compared with the number employed in 23/24. This is consistent with an overall increase in staff costs. Increases in staff numbers reflect the recruitment to fulfil the SDA structure required to meet the full scope of our work. This growth is within the agreed affordable structure.

Contingent labour has remained at a consistent level, with an average decrease of 10 FTE in 24/25 compared to 23/24.

Staff turnover 24/25

	March 25	March 24
Rolling 12-month turnover %	4.4	5.5
Rolling 12-month outflow (n)	108	124
Rolling 12-month average headcount	2,461.0	2,244.8

The 24/25 average headcount above covers the Agency's core workforce only and excludes military and contingent workers.

The 12-month turnover % figure excludes resignations due to retirement, death in-service, dismissal, end of contract/loan/secondment, assignment change/deployment and Civil Service internal transfers.

Staff costs (subject to audit)

The aggregate staff costs, including allowances paid, were:

Staff costs comprise:	24/25			23/24		
	Permanent employee staff £000	Contingent labour £000	Total £000	Permanent employee staff £000	Contingent labour £000	Total £000
Salaries and wage costs	141,445	12,108	153,553	127,528	14,639	142,167
Social security costs	15,449	-	15,449	13,755	-	13,755
Other pension costs	43,071	-	43,071	36,003	-	36,003
Total	199,965	12,108	212,073	177,286	14,639	191,925
Adjustment for NATO Submarine Rescue System rebate of staff costs	(381)	-	(381)	(318)	-	(318)
Adjustment for AUKUS recharge of staff costs	(2,647)	(1,540)	(4,187)	(1,983)	-	(1,983)
Net staff costs	196,937	10,568	207,505	174,984	14,639	189,623
Paid to	£000	£000	£000	£000	£000	£000
Armed Forces	29,057	-	29,057	27,084	-	27,084
Civilian	167,880	10,568	178,448	147,900	14,639	162,539
Total	196,937	10,568	207,505	174,984	14,639	189,623

The military/civilian split is shown for the total after recharges.

The increase in salaries and wages reflects the increase in workforce and application of 24/25 central government pay guidance.

Of the total 24/25 pension contributions in the table above, £33 million were payable in respect of the various schemes in which civilian staff were members. Contributions of £10 million were payable in respect of the Armed Forces Pension Scheme in which military staff were members.

Where employees opened a Partnership pension account with an employer contribution, we made contributions of £0.4 million to the relevant pension providers. Further details of pension schemes covering SDA personnel are detailed below.

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme, known as 'Alpha,' are unfunded multi-employer defined benefit schemes. An actuarial valuation of the PCSPS has been completed and can be found at: <https://www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/>.

Contributions to the PCSPS in 24/25 were calculated at a single rate of 28.97% of pensionable earnings. The Scheme Actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 24/25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

The contributions to the PCSPS for the 24/25 period was aligned to those from 23/24 and incorporate additional costs associated with the 2015 Remedy Programme, also known as the McCloud Judgment: <https://www.civilservicepensionscheme.org.uk/yourpension/2015-remedy/>.

Employees can opt to open a partnership pension account where employer contributions are age related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. Further details about the Civil Service Pension arrangements can be found at: <https://www.civilservicepensionscheme.org.uk/>. There were no contributions due to the partnership pension providers at the balance sheet date and no contributions have been prepaid.

Armed Forces Pension Scheme

The Armed Forces Pension Scheme is an unfunded, non-contributory, defined benefit, salary related, contracted out, occupational scheme. As such, this scheme is not consolidated in the accounts. Separate accounts are prepared, details of which can be found at: <https://www.gov.uk/guidance/pensions-and-compensation-for-veterans>.

Employer's contribution rates are determined by the Government Actuary. For 24/25, the employer's contribution rates have increased to 73.5% of pensionable pay for officers and other ranks. These include a contribution towards the Armed Forces Compensation Scheme at 2% for officers and other ranks.

Scheme members are entitled to a taxable pension for life and a tax-free pension lump sum if they leave the regular Armed Forces at or beyond normal retirement age. Those who have at least two years' service and who leave before age 55 will have their pension preserved until age 60 or 65, depending on the scheme. The scheme includes an Early Departure

Payment scheme for those who leave before age 55, providing they have at least 18 years' service and are at least 40 years of age. The Early Departure Payment scheme pays a tax-free lump sum and income of between 50% and 75% of preserved pension between the date of the individual's departure from the Armed Forces and age 55.

Staff sickness

The SDA saw increasing sickness absence levels during 24/25, with an average number of working days lost per employee rising from an average of 4.8 days in 23/24 to an average of 5.8 days in 24/25. The MOD average rate rose from 6.8 days to 7.2 days over the same period. Anxiety, stress, and depression is the SDA's highest cause of absence, accounting for 27% of all absence recorded (31% in 23/24), although due to the relatively low levels of absence, this equates to only 1.56 average working days lost per employee over the year (1.5 in 23/24).

Long-term sickness absence levels have risen from 2.5 average working days lost per FTE in 23/24 (55% of all absence) to 3.1 (54% of all absence) in 24/25.

Our annual 2024 People Survey PERMA index remained stable at 74%, which is in line with the wider Civil Service score. The PERMA index measures the extent to which employees are 'flourishing' in the workplace and is based around five dimensions: positive emotion, engagement, relationships, meaning and accomplishment.

To minimise sickness absence and support staff wellbeing, we have delivered a wide range of activities to upskill managers to support their staff and raise awareness for all employees, particularly in relation to positive mental health. These include:

- quarterly wellbeing dashboard to report and monitor trends and inform action
- wellbeing calendar
- monthly wellbeing blogs from the new DNE Citizenship and Wellbeing Champion
- monthly wellbeing focus with associated guidance, signposting, and events e.g. Stress Awareness Month, Men's Health Week, Suicide Prevention Day, and Time to Talk Day
- financial wellbeing sessions, stress awareness bitesize sessions for managers, and monthly grief and carers cafes
- Mental Health & Wellbeing awareness for Managers sessions
- supporting Health and Attendance policy and process upskilling through our HR Business Partners

Staff policies

Equity, diversity, and inclusion

Our commitment to diversity and inclusion is founded on the understanding of the benefits a diverse workforce brings to our organisation, such as increased creativity, better decision-making, and a deeper connection with the public we serve. We are dedicated to fostering an inclusive culture where every employee feels valued and empowered to contribute to their fullest potential. Our working environment reflects our core values to support this ethos.

We have made continuous strides towards building a diverse and inclusive organisation, with our dedicated staff networks, supported by senior leaders, serving as advocates to represent the diversity of our workforce. These networks and advocates, alongside our functional leaders, play a vital role in upholding our policies and championing ongoing behavioural and cultural transformations.

Diversity and inclusion goals

The CEO's endorsement of the Diversity and Inclusion Charter underscores our ongoing commitment to promoting diversity and inclusion, strengthening the SDA by encouraging staff to align with the charter to create an inclusive and welcoming atmosphere for all. This commitment is further demonstrated through annual reporting on progress against the Women in Defence Charter, as detailed in the 'About the SDA' section.

Maintaining a diverse workforce and fostering an inclusive environment where everyone can thrive remains fundamental to the core values of the SDA, reinforcing our zero-tolerance stance on bullying, harassment, and discrimination. In tandem with the implementation of our diversity and inclusion action plan, we are actively working towards achieving our targets to address the under representation of specific protected groups. Our collective efforts aim to ensure that our environment and behaviours embrace and appreciate all individuals.

Through the Disability Confident Scheme, we offer guaranteed employment interviews to individuals who declare a disability, provided they meet the minimum role requirements. All SDA managers are mandated to complete 'Inclusion in the Civil Service' training before engaging in any recruitment activities.

In compliance with the Public Sector Equality Duty, the SDA is legally bound to eliminate discrimination and promote equality of opportunity. This includes our commitment to supporting colleagues who acquire disabilities during their tenure with the SDA. We offer access to occupational health services, a third-party employee assistance programme, and reasonable adjustments to facilitate and empower their contributions. Various learning opportunities are available to all staff and line managers to raise awareness of disabilities, such as Autism and Neurodiversity.

Staff breakdown

The graphics below illustrates the civilian makeup of the Agency based on protected characteristics as of 31 March 2025 (compared to 31 March 2024). The data presented relies on staff declarations in our human resource management system and may not fully represent the entire workforce.

By protected characteristic:

Gender

35.2% Female (from 29.1%)

64.8% Male (from 70.9%)

Ethnicity

5.5% Ethnic minority (from 4.8%)

Disability

12.5% Disability (from 11.3%)

Sexual orientation

3.3% Lesbian, gay, bisexual (from 3.29%)

Religion or belief

3.06% Non-Christian (from 2.8%)

45.1% Secular (from 45.39%)

31.2% Christian (from 31.53%)

The graphics below illustrate the civilian makeup of the Agency at Board and SCS level as of 31 March 2025.

By gender at SDA Board level:

Total SDA Board – 8 members

Gender

25% Female (2 headcount) (from 20%)

75% Male (6 headcount) (from 80%)

By gender at SCS level:

Total senior leadership group (SCS) – 46, including 5 military

Gender

30.43% Female (14 headcount) (from 21%)

69.57% Male (32 headcount) (from 79%)

Total senior leadership group (SCS) – 41, excluding 5 military

Gender

34.15% Female (14 headcount) (from 24%)

65.85 % Male (27 headcount) (from 76%)

Pay and reward

We are committed to recognising our people for their efforts. The five principles that provide the foundation for our performance and reward are:

- competitive – consideration is given to external and internal market practices when shaping our total reward package
- fair – assurance is sought that our policies and practices are properly governed and applied consistently and transparently and in the public interest
- simple – it is important our approach is easy to understand, delivered on-time, accurately and with proportionate effort
- sustainable – it must be flexible, affordable, value for money and aligned to our business strategy and performance, enabling individual growth and progression
- transparent – providing clarity on how our people can progress their pay

Recruitment

The SDA is responsible for managing all aspects of workforce planning which includes the deployment and recruitment of talent with the necessary capabilities to deliver our business outputs. This is achieved through internal progression opportunities, z-pathing and external recruitment campaigns. During the last financial year, we made significant progress in our approach to workforce planning and resourcing, putting a stronger emphasis on inclusivity, building relationships with service providers, and developing outreach activities.

We invested in candidate engagement throughout the recruitment journey with a focus on improving the onboarding and induction experience to support retention in the first 12 months of employment. In addition, we have enhanced our approach to external marketing using the SDA's social media channels and targeted communications campaigns to raise the SDA's profile and highlight it to candidates as a great place to work.

Trade Union relationships

In line with historical and current governance arrangements, DE&S and the SDA have a joint approach to Trade Union engagement. An Employee Relations Framework Agreement was created to govern successful engagement between DE&S/SDA and the Trade Unions, including the principles, behaviours, and processes under which both parties will operate to ensure good employee relations.

The Employee Relations Team within DE&S coordinates Trade Union engagement for DE&S and the SDA. With support from DE&S, the SDA holds its own formal and informal engagement meetings and consult directly with the Trade Unions on SDA-only business. Consultation with the Trade Unions takes place in compliance with the law and to initiate engagement in the spirit of reaching agreement.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 place a legislative requirement on relevant public sector

employees to collate and annually publish data on the amount and cost of facility time. Facility time costs for 24/25 are shared between DE&S and the SDA, and these are reflected in the annual facility time data return as a combined expenditure. This information is shown below for the period 1 April 2024 to 31 March 2025:

Relevant union officials (SDA and DE&S combined):

Number of employees who were union officials during the period	Full-time equivalent employee number
69	69

Percentage of time spent on facility time (SDA and DE&S combined):

Percentage of time	Number of employees
0%	30
1-50%	39*
51-99%	-
100%	-

*3 individuals specific to SDA

Percentage of pay bill spent on facility time:

Total cost of facility time (SDA and DE&S combined)	£61,746
Total annual civilian pay bill (SDA only) ²³	£179,407,000
Percentage of total SDA civilian pay bill spent on SDA and DE&S combined facility time	0.034%

Paid trade union activities (SDA and DE&S combined):

Time spent on paid trade union activities as a percentage of total paid facility time	0.00% ²⁴
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Trade Union activity is time taken away from main role duties under section 170 (1) (b) of the 1992 Trade Unions Labour Relations (Consolidation) Act. Activities could include attendance at branch, regional or national Trade Union meetings or conferences, meeting with full-time officers regarding issues related to the workplace and voting in Trade Union elections.

The above information is also published by the Cabinet Office online at: <https://www.gov.uk/government/statistical-data-sets/public-sector-trade-union-facility-time-data>.

²³ The total SDA annual civilian pay bill (excluding contingent labour). The sum of direct wages and salaries, pension contributions and National Insurance contributions.

²⁴ The SDA does not approve payment for Trade Union officials to undertake Trade Union activities.

Civil Service and other compensation schemes exit packages (subject to audit)

There was one payment made to civilian staff in line with the Civil Service Compensation Scheme for exits under the Supporting Health and Attendance Procedure in 24/25. There was one payment of this kind in 23/24.

There were no redundancy, early retirement, or early release scheme payments in 24/25.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000 – £25,000	0	0	0
£25,000 – £50,000	0	0	0
£50,000 – £100,000	0	1	1
£100,000 – £150,000	0	0	0
£150,000 – £200,000	0	0	0
£200,000 – £250,000	0	0	0
£250,000 – £300,000	0	0	0
Total number of exit packages	0	1	1
Total resource cost £million	0	0	Redacted²⁵

We may occasionally make use of early release schemes to reduce the number of civilian personnel who are not members of the Civil Service Compensation Scheme. No such usage was made during 24/25.

²⁵ Redacted due to risk of exposure of personal information as data relates only to one individual.

Expenditure on consultancy and temporary staff

Our operating cost envelope includes the engagement of contingent labour (also known as workforce substitution) and other external support defined as Private Sector Support. Contingent labour relates to individuals who are engaged by the SDA on a demand basis to temporarily fill vacancies within the organisation. The costs of contingent labour are shown as a separate entry in the staff costs at Note 2.1a in the Notes to the Accounts.

Private Sector Support is defined by the SDA as external support to supplement our capacity and capability to manage our programme of work. This includes packages of work aimed at delivering business improvements in line with our strategic objective of developing the SDA. Private Sector Support within the SDA includes consultancy assistance and other external support. The analysis of the SDA Private Sector Support expenditure is at Note 3.

High paid off-payroll appointments

Details of the SDA's most highly paid off-payroll appointments are shown below. These represent temporary workers who are employed for limited periods of time, usually to fill short-term vacancies to deliver finite pieces of work, or to provide key skills needed to deliver our work which are not available in-house.

Government policy is that individual departments must exercise governance over such appointments where the appointees are not engaged directly on departmental payrolls. All these employees are engaged through contracting mechanisms which provide assurance that they paid the right amount of tax and national insurance contributions in 24/25.

Temporary off-payroll worker engagements as at 31 March 2025, paid more than £245 per day:

	24/25
Number of existing arrangements as at 31 March 2025	109
of which	
Have existed for less than 1 year at time of reporting	86
Have existed for between 1 and 2 years at time of reporting	13
Have existed for between 2 and 3 years at time of reporting	7
Have existed for between 3 and 4 years at time of reporting	2
Have existed for 4 or more years at time of reporting	1

Temporary off-payroll workers engaged at any point during the year ended 31 March 2025, paid more than £245 per day:

24/25	
Number of off-payroll workers engaged during the year ended 31 March 2025	160
of which	
Not subject to off-payroll legislation	144
Subject to off-payroll legislation and determined as in-scope of IR35	14
Subject to off-payroll legislation and determined as out of scope of IR35	2
Number of engagements reassessed for IR35 compliance or assurance purpose	137
Number of engagements subject to a change in IR35 status following reassessment	-

The use of contingent labour principally reflects the use of external contractors recruited on a temporary basis into critical roles through delivery partner contracts across Project Management, Project Controls, Engineering and Commercial functions. This is to meet demand requirements as the submarine programme of work continues to grow. Their use enables the Agency to supplement capability and capacity more quickly than current ability to build a core workforce.

There have been no off-payroll engagements of Board members or senior officials with significant fiscal responsibility between 1 April 2024 and 31 March 2025. We have considered those with 'significant financial responsibility' to be the CEO and CFO.



Parliamentary Accountability Report



Parliamentary accountability report

In 24/25 we responded to 27 Parliamentary Questions. We dealt with Ministerial and Treat Official correspondence from Members of Parliament, Peers, and the public, and, on average, responded more quickly than required by departmental targets. Particular areas of interest included Submarine Dismantling, the Submarine Supply Chain, the fire at BAE Systems' Barrow-in-Furness shipyard and the Unity Contract. We provided briefings to support a range of Parliamentary business.

We have continued to fulfil our statutory obligations under the Freedom of Information Act 2000 in responding to requests for information from members of the public, answering 12 requests for information.

Complaints to the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman investigate complaints from individuals who feel they have been treated unfairly, improperly or have received a poor service from government departments or their agencies. In 24/25, as in previous years, the Parliamentary and Health Service Ombudsman received no complaints about the SDA.

External reviews

No external reviews have taken place in the period covered by this report.

Parliamentary accountability disclosures

The SDA's accounts include costs relating to the operating expenditure of the Agency. Costs relating to the Equipment Plan are accounted for in the MOD resource account.

Losses and special payments (subject to audit)

Losses and special payments are unpredicted, as such Parliament cannot envisage when funding is required to cover these costs. They are emergent in nature arising as a result of an unexpected incident or failure of process, as such they are subject to a higher level of scrutiny and approval than would be the case for normal business transactions.

Losses and special payments in these accounts do not comprise the total losses arising from SDA and MOD activity in delivering submarines. They relate solely to those losses and special payments arising from the activity reported on in these accounts, i.e. the programme and project management activity of SDA. This is why this disclosure does not

include losses indicated elsewhere in the annual report, which includes commentary on losses experienced on the Equipment Plan. The MOD departmental accounts disclose these losses.

Losses and special payments during 24/25 totalled £400,000. This included a special payment of £125,000. There were no cases requiring separate reporting by value.

Remote contingent liabilities (subject to audit)

There were no contingent liabilities in 24/25.

Regularity of expenditure (subject to audit)

All material expenditure and income incurred by the SDA in 24/25 was in accordance with the requirements of HM Treasury and other government guidance.

Fees and charges (subject to audit)

The SDA recognises income, as noted in accounting policy 1.6, arising from charges related to the AUKUS programme. All charges are levied on a cost recovery



Sir Chris Gardner KBE
Chief Executive and Accounting Officer
15 January 2026



HMS Astute

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

Opinion on financial statements

I certify that I have audited the financial statements of the Submarine Delivery Agency for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Submarine Delivery Agency's

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Submarine Delivery Agency's affairs as at 31 March 2025 and its net operating expenditure for the year then ended; and

- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

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

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Submarine Delivery Agency'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 Submarine Delivery Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The going concern basis of accounting for the Submarine Delivery Agency is adopted in consideration of the requirements set out in

HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

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

Matters on which I report by exception

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

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the Submarine Delivery Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Submarine Delivery Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Submarine Delivery Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Submarine Delivery Agency's accounting policies, key performance indicators and performance incentives.
- inquired of management, the Submarine Delivery Agency head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Submarine Delivery Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Submarine Delivery Agency's controls relating to the Submarine Delivery Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money;
- inquired of management, Submarine Delivery Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team 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 Submarine Delivery Agency for fraud and identified the greatest potential for fraud in the following areas: 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 Submarine Delivery Agency's framework of authority and other legal and regulatory frameworks in which the Submarine Delivery Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Submarine Delivery Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2024, employment law and tax legislation.

I considered:

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

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I attended Audit and Risk Committee meetings and had regular communication with management and internal audit to identify any instances of fraud, non-compliance with laws and regulations, or irregular transactions.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members 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
Date: 16 January 2026

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



Section 3

The Financial Statements

Accounting Information

Statement of comprehensive net expenditure for the year ended 31 March 2025

	Notes	24/25 £000	23/24 £000
Income		(898)	-
Expenditure – programme costs			
Direct staff costs	2	207,505	189,623
Private sector support costs	3	87,235	58,746
Other programme costs	4	19,454	17,219
Total direct programme costs		314,194	265,588
Net direct programme expenditure		313,296	265,588
Expenditure – non-cash items			
Communicated costs from other MOD organisations	5	28,845	22,170
Non-cash charges DE&S corporate overhead	5	10,098	9,624
Auditors' remuneration	6	120	120
Amortisation costs		125	264
Total non-cash items		39,188	32,178
Net operating expenditure		352,484	297,766
Total comprehensive net expenditure		352,484	297,766

The Notes which follow the Statement of Changes in Taxpayers' Equity form part of these accounts.

Statement of financial position as at 31 March 2025

	Notes	24/25 £000	23/24 £000
Non-current assets			
Right-of-use assets NBV	10	27	106
Intangible fixed assets NBV		222	75
Total non-current assets		249	181
Current assets			
Trade and other receivables	7	2,704	2,335
Total current assets		2,704	2,335
Total assets		2,953	2,516
Current liabilities			
Trade and other payables	8	(47,533)	(28,669)
Total current liabilities		(47,533)	(28,669)
Non-current liabilities			
Lease liabilities	10	-	(29)
Assets less liabilities		(44,580)	(26,182)
Reserves			
General fund		(44,580)	(26,182)
Total reserves		(44,580)	(26,182)



Sir Chris Gardner, KBE
Accounting Officer
15 January 2026

The Notes which follow the Statement of Changes in Taxpayers' Equity form part of these accounts.

Statement of cash flows for the year ended 31 March 2025

	Notes	24/25 £000	23/24 £000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(352,484)	(297,766)
Adjustments for non-cash transactions			
Communicated costs	5	28,845	22,170
Non-cash charges DE&S corporate overhead	5	10,098	9,624
Auditor's remuneration	6	120	120
Depreciation and amortisation		125	264
(Increase)/decrease in trade and other receivables	7	(369)	(1,196)
(Decrease)/increase in trade and other payables	8	18,864	(6,837)
Decrease in provisions		-	-
Net cash outflow from operating activities		(294,801)	(273,621)
Cash flows from investing activities			
Purchase of intangible assets		(206)	(40)
Net cash outflow from investing activities		(206)	(40)
Cash flows from financing activities			
Net parliamentary funding – drawn down		295,023	273,722
Payments in respect of leases	10	(16)	(61)
Net increase/(decrease) in cash and cash equivalents in the period		-	-

The Notes which follow the Statement of Changes in Taxpayers' Equity form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2025

	Notes	General fund £000	Total reserves £000
Balance at 1 April 2023		(34,052)	(34,052)
Comprehensive net expenditure for the year	SoCNE	(297,766)	(297,766)
Non-cash charges communicated costs	5	22,170	22,170
Non-cash charges DE&S corporate overhead	5	9,624	9,624
Non-cash charges auditors remuneration	6	120	120
Net parliamentary funding – drawn down	SoCF	273,722	273,722
Balance at 31 March 2024		(26,182)	(26,182)
Balance at 1 April 2024		(26,182)	(26,182)
Comprehensive net expenditure for the year	SoCNE	(352,484)	(352,484)
Non-cash charges communicated costs	5	28,845	28,845
Non-cash charges DE&S corporate overhead	5	10,098	10,098
Non-cash charges auditors remuneration	6	120	120
Net parliamentary funding – drawn down	SoCF	295,023	295,023
Balance at 31 March 2025		(44,580)	(44,580)

The Notes which follow the Statement of Changes in Taxpayers' Equity form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

The financial statements contained within the Annual Report and Accounts relate to the financial year 1 April 2024 to 31 March 2025 (24/25).

The accounts have been prepared in accordance with the Accounts Direction issued by HM Treasury under Section 7 of the Government Resources and Accounts Act 2000 and International Financial Reporting Standards as adapted and interpreted for the public sector context in the Financial Reporting Manual.

Where the Financial Reporting Manual permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the circumstances of the SDA for the purpose of giving a true and fair view has been selected. The policies adopted by the SDA are described below. They have been applied consistently in dealing with items that are considered material to the accounts. The functional and presentational currency is pounds sterling and figures are expressed in thousands of pounds unless expressly stated in a note.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention, modified by the revaluation of assets and liabilities to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards in the Financial Reporting Manual.

1.2 Basis of preparation of annual accounts – accounting boundary

In supporting the MOD to meet its overall purpose, the SDA has key areas of delivery including safely delivering available, capable, and reliable in-service submarines and systems; leading the design and construction of all new UK submarines; managing the delivery of the nuclear infrastructure needed to support the submarine fleet; safely disposing of the UK's submarines that are no longer in-service; ensuring that we retain and develop the submarine technology base such that it meets our future requirements and retains our capability advantage; supporting and fulfilling our roles in international partnerships; and developing a sustainable industrial base for the Defence Nuclear Strategy. The SDA's purpose and role, together with the governance, policy, financial and human resources parameters that guide day-to-day operations are set out in the Framework Document, which is approved by the Secretary of State for Defence. The Chief Executive Officer is appointed by the MOD Permanent Secretary as an additional accounting officer, with responsibility

for the operating costs of the agency. Delegations to run the agency are granted through the Chief of Defence Nuclear. The operating cost envelope specifically encompasses staff costs, other operating costs (including travel and training), and Private Sector Support expenditure and any associated revenue. The financial statements also include costs incurred by other MOD organisations in support of the SDA operations as non-cash communicated costs (please see item 1.8 below and Note 5 to the financial statements).

Private Sector Support is defined as external support to supplement the SDA capacity and capability to manage our programme of work including those elements of external support that are being employed to deliver business improvement and transformation within the organisation (please see Note 3). It encompasses contracts for the employment of workforce support, consultancy assistance and specialised support activities. The SDA has developed and implemented accounting policies defining those activities that are to be treated as Private Sector Support.

Equipment Programme costs are those directly attributable to building the assets and bringing them into use; operational expenditure is the costs associated with the project and programme management to deliver the programme (that is the non-attributable overhead). These accounts do not account for the Equipment Programme, which is included in the MOD accounts.

1.3 Critical accounting judgments and key sources of estimation uncertainty

The key areas in which judgement and estimates are necessary are as follows:

Accounting boundary: The SDA has well-established policies and governance arrangements supporting the delineation of costs between those recognised as operating costs and reported in the agency's financial statements from those equipment procurement/support activities that are reported in the MOD financial statements. The SDA documents these policies and governance arrangements in its Finance Manual, and they have been paramount in the preparation of these accounts.

Costs which cannot be in-sourced are not accounted for within the SDA's operating expenditure. The SDA often procures activities to be performed by industrial contractors that match activities which the SDA would usually be responsible for, but which are integral and indivisible from the other Equipment Plan activities in the main contracts. The SDA could not in-source these integral and indivisible activities and it would therefore be inappropriate for such arrangements to be accounted for within the SDA operating costs.

DE&S Charges: DE&S charges the SDA for its share of the DE&S corporate overheads consumed by the agency. Corporate Services are defined as those which collectively enable the operational day-to-day running of the agency. This enables the appropriate overheads to be included in the accounts of both the SDA and DE&S. A Business Agreement between the SDA and DE&S sets out the basis for these charges. A budget transfer from DE&S to the SDA is raised at the end of the first quarter of each financial year for the SDA's share of the DE&S corporate services costs through the transfers process covering one year of the budget. Charging is based as a monthly apportionment of the agreed budget through a monthly journal and the charge is based on 1/12 of the budget. To ensure costs are materially accurate in the SDA and DE&S accounts, DE&S reconciles costs to charges regularly, typically quarterly. If the reconciliation demonstrates that the difference between costs to charges is greater than the materiality threshold of £300K then a budget adjustment is made with a year-end true up if needed.

Communicated costs: The SDA receives several benefits driven by the activities of other MOD organisations which support our operations. There is no mechanism in place for these costs to be directly charged to the SDA, so these costs are recognised within the agency's accounts as communicated costs. These costs reflect the best estimates available. Most are allocated based on an apportionment of costs based on staff number ratios. Note 5 provides further detail on communicated costs.

Accruals: payables and receivables: In instances where revenue/expenditure has been earned/inurred but not invoiced, an estimate is made of the amount to be accrued as a payable or receivable item. The SDA reviews annually the appropriateness of the materiality level set to ensure it continues to remain relevant. For 24/25, a guideline recognition threshold of £5,000 has been applied in the recognition of payables and receivables.

1.4 Changes in accounting policies and disclosures

Changes impacting the preparation of future annual accounts:

IFRS 17

IFRS 17 Insurance Contracts was issued in May 2017 replacing IFRS 4 Insurance Contracts. IFRS 17 is due to be effective in the public sector for accounting periods beginning on or after 1 April 2025. IFRS 17 requires that insurance liabilities be measured at present value of future insurance cash flows, resulting in more uniform measurements and presentation for all insurance contracts. Management has assessed the likely effect of the new standard and has concluded that there are no material assets or liabilities recognised as insurance contracts in the SDA. This standard will, therefore, have no impact on the SDA's financial statements.

New Accounting Standards 2025-26

HM Treasury is making changes that will impact the Financial Reporting Manual adaptations and interpretations of IAS 16: Property Plant and Equipment, and IAS 38: Intangibles. These changes take effect from 1 April 2025.

The changes that are likely to have an impact on SDA are as follows:

- Indexation of intangible non-current assets will cease from 1 April 2025. The intangible asset value at 1 April 2025 will be considered historic (deemed) cost. Historic deemed cost is where the previous carrying amount, as at the transaction date under the revaluation model, is considered, henceforth, to be the historic cost of the asset.
- For tangible assets, to introduce the concept of assets held for their operational capacity and to remove the specialised/non-specialised asset classification split for asset valuation purposes. The requirement in IAS 16 to revalue an asset when its fair value differs materially from its carrying value, has been withdrawn.

It is not anticipated that this will have a material impact in SDA.

1.5 Going concern

The SDA is funded on the same basis as other central government organisations (known as "on vote" or net parliamentary funding) and therefore receives funding through the MOD. As the SDA does not operate its own bank account, with liabilities being met by the MOD, the year-end net liabilities position in the Statement of Financial Position represents a timing difference that will be offset by future net parliamentary funding. The activities undertaken by the SDA form a core element of the MOD strategy; therefore, the SDA considers there is no reason to believe that the services it provides will not continue into the future within the MOD operating model. The accounts have therefore been prepared on a going concern basis.

1.6 Revenue and expenditure recognition

Funding received for revenue purposes from the MOD is treated as Net Parliamentary Funding from the MOD rather than operating income and is therefore credited directly to the general fund. Any revenue and expenditure generated directly from SDA activities is recognised in the SoCNE on an accruals basis, determined by when the related goods and services are provided and where an assessment of the stages of completion of revenue and expenditure generating activities can be reliably measured. The SDA has no major sources of revenue but recognises income under IFRS15. In 24/25, the SDA, for the first time, recognised income related to the AUKUS programme. The SDA does occasionally, where agreed in contract, receive rebates for project activity which are credited against the relevant expenditure.

1.7 Programme costs

The SDA expenditure is reported as programme costs in line with MOD annual accounts reporting requirements. Where the SDA civilian staff are temporarily reassigned to work in other areas of the MOD their salary costs are charged to those other areas. Similarly, where other areas of the MOD temporarily reassign their staff to support the SDA management activities, salary costs are charged to the SDA. The SDA recognition threshold for manual accruals in the agency is £5,000 (SDA Finance Manual, 3.3.1 and 13.2) with a line-item minimum of £500 (regarding ledger adjustments).

The freedoms granted to us as an arm's length body include the ability to manage all aspects of the workforce as necessary to meet business needs and we regularly review the appropriateness of letters of delegation as part of routine business. The freedoms granted to us also mean that in 24/25, we were exempt from certain Cabinet Office controls, which were: redundancy and compensation, learning and development and dispute disclosure.

1.8 Communicated costs

Communicated costs are indirect costs in support of the SDA's operations that are incurred through activities with other MOD organisations. These costs have been included (on an estimated basis) as a non-cash item in the SDA's SoCNE, to ensure that a full representation of OpEx is reported. Note 5 provides an analysis of these costs identifying the other MOD organisations involved and the key assumptions applied in determining the costs.

1.9 Value Added Tax (VAT)

Most of the operating activities of the SDA are deemed to be outside the scope of VAT as they relate to direct workforce costs. Irrecoverable VAT is charged where appropriate to other expenditure categories. Expenditure associated with recoverable VAT is treated as excluding VAT in the SDA accounts, with formal recovery administered by the MOD. The SDA is not separately registered for VAT and any VAT collected, or any associated recoveries are processed centrally by the MOD.

1.10 Non-current assets and amortisation

Where assets are purchased for the sole benefit of the SDA and funded through our Operating Cost Expenditure budget these are considered for capitalisation where they meet the recognised threshold of £25,000 and are intended for use for a period of over 12 months. The SDA holds a

small number of non-current intangible assets. Given the relatively low volume and value of assets purchased specifically for the SDA use, it is not our current policy to pool assets. We re-visit this policy annually to ensure that we are not omitting any significant assets from our non-current asset register.

In 24/25 we have recognised non-current right of use assets in respect of leased assets. These leased assets comprise buildings and vehicles used in the course of the SDA's business.

All EP non-current assets are held on the MOD register and managed separately to any non-current assets that may meet the capitalisation threshold and are registered as agency assets.

Amortisation

All assets are amortised on a straight-line basis. The useful life of a tangible asset is based on the estimated out of service date and for intangible assets the estimated period of use. The Useful Economic Lives of all assets are reviewed annually and revised where necessary to reflect changing circumstances.

The principal intangible asset category along with their useful life is set out in the table below:

Main category	Sub category	Useful Economic Life	Basis
Intangibles	Software licences	3-5	Length of licence

1.11 Leased assets

A right-of-use asset and a lease liability are recognised at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The SDA manages the liquidity risk inherent in these contracts through the receipt of supply finance and future income which are both approved annually by Parliament.

Right-of-use assets that do not meet the definition of investment property are presented in 'property, plant and equipment' and lease liabilities are presented in 'loans and borrowings' in the statement of financial position.

The SDA has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including Information Technology equipment. Leases are not identified where the value of the asset is below £25,000. The SDA recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

In the comparative period, as a lessee, the SDA classified leases that transfer substantially all of the risks and rewards of ownership as finance lease. As such, the SDA did not have any leases meeting this definition in the comparative period or previously.

The SDA does not operate as a lessor.

1.12 Cash and cash equivalents

Cash payments and any receipts are processed on behalf of the SDA by the MOD. The SDA does not, therefore, operate its own bank accounts, nor does it have separate cash, or cash equivalent balances within the Statement of Financial Position. The cashflow statement therefore reports the cash flows in respect of SDA processed by the MOD.

1.13 Financial instruments – receivables and liabilities

IFRS9 divides all financial assets into two classifications – those measured at amortised cost and those measured at fair value. Goods or services provided or received by the SDA but not yet invoiced are accrued at estimated fair value.

1.14 Employee benefits

A charge is made in these accounts for the value of employees' annual leave entitlements earned, but not yet taken at 31 March each year. This has been valued by reference to the SDA average staff costs, by grade, based on a 365-day year, in line with the MOD policy on recognition of untaken leave.

The value of employee performance bonuses reflected within the SoCNE reflects those paid in 24/25.

The SDA has no voluntary, or compulsory redundancies to report in 24/25.

1.15 Funding transfers for staff movements

The movement of staff from or to other MOD organisations is subject to the agreement of funding transfers between the SDA and the other transacting party before implementation. The exporting organisation continues to record expenditure until this agreement has been reached.

1.16 IFRS 8 segmental reporting

The requirement for segmental reporting under IFRS 8 is not considered appropriate for the SDA, as the organisation is operated and managed as a single entity, rather than as separate operational segments. The SDA's Sponsor department, the DNO, recognises the SDA as a single entity managed from a single central location in Bristol.

1.17 Reserves

The General Fund reserve represents the balance of taxpayers' equity in the SDA. Specifically, the General Fund reflects the net assets held at the end of financial year 24/25. The SDA has no other reserves.

1.18 Provisions for liabilities and charges

Provisions for liabilities and charges have been established under the criteria of IAS 37 – Provisions are based on realistic estimates of the expenditure required to settle legal or constructive obligations that exist at the Reporting Period Date. On initial recognition provisions are charged to the SoCNE.

2. Staff numbers and related costs

2.1a Staff costs comprise

Staff costs comprise:	24/25			23/24		
	Permanent employee staff £000	Contingent labour £000	Total £000	Permanent employee staff £000	Contingent labour £000	Total £000
Salaries and wage costs	141,445	12,108	153,553	127,528	14,639	142,167
Social security costs	15,449	-	15,449	13,755	-	13,755
Other pension costs	43,071	-	43,071	36,003	-	36,003
Total	199,965	12,108	212,073	177,286	14,639	191,925

Staff costs comprise:	24/25		23/24			
	Permanent employee staff £000	Contingent labour £000	Total £000	Permanent employee staff £000	Contingent labour £000	Total £000
Adjustment for NATO Submarine Rescue System rebate of staff costs (1)	(381)	-	(381)	(318)	-	(318)
Adjustment for AUKUS recharge of staff costs (2)	(2,647)	(1,540)	(4,187)	(1,983)	-	(1,983)
Net staff costs	196,937	10,568	207,505	174,984	14,639	189,623

The SDA has increased recruitment during 24/25 as part of requirements to deliver its customer-agreed programme of work (for example, the continued ramp up of the Dreadnought submarine programme) and planned development of the agency's capabilities. The increase in staff numbers has resulted in various associated salary increases.

Note:

(1) The NATO Submarine Rescue System project rebate from co-nations involved with the programme. This has been taken as a SoCNE credit against staff costs.

(2) The SDA's staff costs incurred in respect of AUKUS are borne by the MOD Resource account. These have been taken as a SoCNE credit against staff costs.

2.1b Split of staff costs between civilian and military

Paid to:	24/25			23/24		
	Permanent employee staff £000	Contingent labour £000	Total £000	Permanent employee staff £000	Contingent labour £000	Total £000
Military	29,057	-	29,057	27,084	-	27,084
Civilian	167,880	10,568	178,448	147,900	14,639	162,539
Total	196,937	10,568	207,505	174,984	14,639	189,623

2.2 Average number of persons employed

Average staff nos (FTE):	24/25			23/24		
	Permanent employee staff	Contingent labour	Total	Permanent employee staff	Contingent labour	Total
Military	197	-	197	205	-	205
Civilian	2,473	81	2,554	2,181	104	2,285
Total	2,670	81	2,751	2,386	104	2,490

3. Private sector support

	24/25 £000	23/24 £000
Consultancy and specialist Private Sector Support	90,153	59,349
Cr against Private Sector Support costs arising from AUKUS recharged	(2,918)	(603)
Total	87,235	58,746

The overall level of Private Sector Support contractor support has increased as the Dreadnought programme continues to expand.

4. Other programme costs

	24/25 £000	23/24 £000
Staff travel and subsistence costs	7,808	6,802
IT and telecommunications	6,386	5,663
Other infrastructure expenditure	970	888
Staff training costs	1,863	1,465
Rentals	1,715	1,398
Other costs	1,601	1,406
Cr against other costs arising from AUKUS recharged	(889)	(403)
Total	19,454	17,219

Travel and subsistence costs have risen as a result of Dreadnought and AUKUS. Information Technology and telecommunication expenditure has also risen compared to prior years as a result of agency growth, inflationary pressures and increased spending on digital in general including on cyber security.

5. Communicated costs and DE&S non-cash charges

Communicated costs

The SDA incurred the following costs from other MOD organisations in support of SDA activities. We include these costs as a non-cash item in the SDA SoCNE to ensure we report a complete representation of operating expenditure. There is no hard charge for these costs, which we apportion on an equitable basis.

MOD organisation	Description of activities	Method of apportionment	24/25 £000	23/24 £000
Defence Digital	Information systems and communication services	SDA staff as percentage of total MOD staff	16,546	12,815
Defence Infrastructure Organisation	Infrastructure and facilities management costs; MOD Guard Service	SDA proportion of costs based on staff numbers	7,392	4,193
Strategic Command	Defence Academy training; medical services	SDA proportion of costs based on staff numbers	656	699
Navy Command	Nuclear training (previously within Defence Academy)	SDA proportion of costs	1,437	1,211
Defence Business Services	Personnel and payroll services	Various	2,494	2,975
Head Office and Corporate Services	Various	Various	320	277
Total			28,845	22,170

DE&S non-cash charges

As set out in the Business Agreement between the SDA and DE&S, DE&S charges the SDA for its share of corporate overheads. This enables the appropriate overheads to be included in the accounts of both the SDA and DE&S. The Business Agreement formalises the service provision arrangements between these organisations, identifies the programme dependencies and sets out how to manage them. The DE&S Corporate Overhead Charge for 24/25 was £10,098,000 (23/24: £9,624,000).

6. Auditors' remuneration

The SDA is audited by the Comptroller and Auditor General. The charge of £120,000 (23/24: £120,000) reflects the costs incurred by the auditor in respect of the audit of the SDA 24/25 Annual Report and Accounts.

7. Trade receivables and other assets

	24/25 £000	23/24 £000
Amounts falling due within 1 year:		
Other receivables	2,630	2,169
Prepayments	74	166
Totals	2,704	2,335

8. Trade payables and other liabilities

	24/25 £000	23/24 £000
Amounts falling due within 1 year:		
Private sector support accruals	(23,320)	(11,849)
Direct staff accrual	(15,480)	(14,439)
Deferred income	(502)	-
Trade payables	(8,204)	(2,305)
Sundry payables	(27)	(76)
Totals	(47,533)	(28,669)

The direct staff accrual includes the SDA's accrual for annual leave untaken as of year-end, and a non-cash adjustment of £6,475,000, reflecting the SDA share of the MOD year-end timing liabilities for PAYE, NI contributions and pension contributions.

9. Provisions

The SDA has no provisions at year-end.

10. Commitments under lease

Right of use assets

The SDA has leases in respect of dwellings and vehicles. Under IFRS16 the SDA must disclose the following information.

10.1 Right-of-use assets	24/25	24/25	24/25	23/24
	Dwellings £000	Vehicles £000	Total £000	Total £000
Cost or Valuation				
At 1 April	264	6	271	278
Additions – new leases	-	-	-	85
Disposals	(129)	(6)	(135)	(92)
Impairments/adjustments	(11)	-	(11)	-
Revaluations	-	-	-	-
Reclassifications	-	-	-	-
At 31 March	124	-	124	271
Amortisation				
At 1 April	(160)	(5)	(165)	(58)
Charged in year	(66)	-	(66)	(199)
Disposals	129	5	134	92
Impairments	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	-	-	-	-
At 31 March	(97)	0	(97)	(165)
Net book value				
Balance at 1 April	105	1	106	220
Balance at 31 March	27	-	27	106

10.2 Lease liabilities	24/25	23/24
	Amounts falling due £000	Amounts falling due £000
Less than 1 year	(27)	(76)
1-5 years	-	(29)
Greater than 5 years	-	-
Total lease liabilities	(27)	(105)

These values for leases are included within note 8 payables.

10.3 Amounts recognised in the SoCNE for leases	24/25	23/24
	Lease values recognised £000	Lease values recognised £000
Depreciation	67	199
Interest expense	1	6
Low value and short term leases	1,715	1,398
Total	1,783	1,603

10.4 Amounts recognised in the Cashflow Statement for leases	24/25	23/24
	Lease values recognised £000	Lease values recognised £000
Interest expense	1	6
Repayment of Principal on Leases	15	55
Total	16	61

11. Related party transactions

The SDA is an Executive Agency of the MOD. As such and for the purpose of these accounts the MOD is regarded as a related party. Funding comes in the form of Parliamentary funding with all payments and receipts relating to the SDA operations being processed by the MOD on the agency's behalf.

The MOD continues to undertake a number of transactional activities on behalf of the SDA with other government departments and other central government bodies. The most significant of which relate to the calculation and processing of taxation with HM Revenue and Customs and pension benefits for both the Armed Forces Pension Scheme and the PCSPS.

DE&S provides corporate services to the SDA to assist the SDA in delivering its objectives and to maintain compliance with the requirements of being part of a Department of State. Corporate services include, but are not limited to, business support, function management, HR services, communications, infrastructure, and estate. As noted in Section 5, the SDA is charged by DE&S for its share of the DE&S corporate overheads, for 24/25 this was £10,098,000 (23/24: £9,624,000).

Details of individuals who served as Board Members during the year are listed in the Remuneration Report. No Board Member or their related parties has undertaken any material transactions with the Agency during the year.

12. Events after the reporting date

In accordance with the requirements of IAS 10 'Events after the Reporting Period', post year end events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

Following Defence Reform, and in line with the Government's ambition to reduce the overall number of Arm's Length Bodies, the status of the SDA as an Executive Agency of the MOD is under review, with no outcome known at the date the accounts have been authorised for issue. However, the full scope of the activities undertaken by the SDA will continue into the foreseeable future within the MOD operating model, as referenced in note 1.5 Going Concern.

The SDA's accounting officer has authorised these accounts to be issued on the same day as they were certified.







Submarine
Delivery Agency

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